

THE INFLUENCE OF PRICE CONSCIOUSNESS, ONLINE CUSTOMER REVIEWS AND ONLINE CUSTOMER RATINGS ON PURCHASING DECISIONS IN LAZADA E-COMMERCE (case study of students of the Faculty of Economics, Muhammadiyah University of Jember)

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Abstract: *Online shopping is a trend that has now penetrated the world of schools and campuses. The rapid development of internet technology has led to changes in behavior that can be seen from the shopping habits of students, who were previously accustomed to shopping in person to prefer shopping online for the convenience offered by online shops. Someone who wants to decide to buy an item will seek information about the item to minimize regret after purchasing the item. There are several factors that are considered by consumers in making purchasing decisions, namely price consciousness, online customer reviews, and online customer ratings. The type of research used is quantitative research with multiple linear regression analysis tools on 105 respondents. The results show that the Price Consciousness variable (X1) has no significant influence on the Purchase Decision variable (Y) in Lazada e-commerce as indicated by the tcount of 1,774 < ttable is 1,983 and its significance value is >0.05, while the Online Customer Review variable (X2) has a significant influence on the Purchase Decision variable (Y) in Lazada e-commerce as indicated by the tcount value of 3,408 > ttable of 1,983 and its significance value is 0.001 < 0.05. Furthermore, the Online Customer Rating variable (X3) has a significant influence on the Purchase Decision variable (Y) in Lazada e-commerce as indicated by the tcount of 4.334 > ttable of 1.983 and the significance value is 0.000 < 0.05. Price Consciousness (X1), Online Customer Review (X2), and Online Customer Rating (X3) variables are only able to influence Purchase Decision (Y) by 66.9%, the remaining 33.1% is explained by other variables or factors.*

Keywords: Price Consciousness, Online Customer Review, Online Customer Rating, Purchase Decisions

INTRODUCTIONS

The rapid development of technology in Indonesia can be seen from the innovations made by people who use internet facilities. With the rapid development of technology and information, competition is getting tougher and makes people compete to take advantage of the opportunities that exist at this time, especially companies that want to maintain their business. The internet can help our work as entrepreneurs become easier, the internet has an important role in helping the development of the progress of a business because the internet can connect millions and even billions of users in this world, apart from being a

medium of information and communication, the internet can also be used as a medium for online buying and selling which we often know as e-commers or marketaplace (Siagian et al., 2020) [9].

Online shopping is a trend that has penetrated the world of schools and campuses. The rapid development of internet technology has led to changes in student behaviour, including students of Universitas Muhammadiyah Jember. This change in behaviour is reflected in the shopping behaviour of students who prefer to shop at online stores. Purchases through online stores are not prohibited by terms and conditions and are available everywhere. This is also supported by data on the value of e-commerce worldwide and especially in Indonesia which is increasing every year. (Rachmawati et al., 2019)[11].

Many marketplaces have sprung up in Indonesia with a high number of visitors showing interest in several existing markets. Lazada is one of the many parties that take advantage of e-commerce business opportunities by revitalising the mobile market segment with its mobile application to facilitate buying and selling transactions through mobile devices. Overall, Lazada is positioned as a marketplace application. Based on data collected by Dini (2022)[2], Lazada is one of the top five online stores in Indonesia. The average monthly visitors of the two e-commerce stores reached 24.68 million and 23.1 million respectively. The figure below shows the number of Lazada visitors as <50 million visitors in the first quarter of 2022.



The problems that occur in Lazada e-commerce cannot be separated from consumer purchasing decisions or potential consumers of products available in lazada e-commerce. The purchase decision is the stage in the buyer's decision-making process where the consumer actually makes a purchase. The consumer's decision to buy a product or service begins with the recognition of needs or wants, realising that there are still many problems, then the consumer goes through several stages which finally arrive at a post-purchase evaluation. There are several factors that are considered by consumers in making purchasing decisions for an item, namely price consciousness, online customer reviews, and online customer ratings.

Price consciousness is a consumer purchasing decision that focuses on low prices. For consumers who have price awareness, consumers prioritise low prices in buying a product. Apart from assessing quality, low prices are also one of the considerations of consumers before buying, generally consumers will buy goods that suit their needs and budget (Yap, & Ng, 2018) [15]. Selain itu, *online customer review*, bagian dari *electronic word of mouth (eWOM)*, telah menarik banyak perhatian di kalangan peneliti dan masyarakat sebagai salah satu faktor yang paling berpengaruh dalam menentukan pembelian konsumen. (Mulyati dan Gesitera, 2020)[9].

While the third factor is Online Customer Rating is the same thing as Online Customer Review but the opinion given by consumers is in the form of a determined scale, usually the rating given by consumers to

online stores is in the form of stars provided by the online store is one to five stars where if you get five stars it means that it shows better value while if you get one star it shows worse value (Lackermaid et al., 2013) [6].

LITERATURE REVIEW

Marketing Management

Marketing is a combination of activities related to identifying consumer needs, creating, offering and exchanging products and services of value, as well as developing sales promotion, distribution, service and service prices. The basic concept of marketing is a social and managerial process by which individuals and groups obtain value by creating, offering and exchanging what they need and want. Whereas management is a process that includes planning, organising, acting, directing and controlling. (Satriadi et al., 2021)[12]. Marketing management is the process of analyzing, planning, organizing, and managing programs that include the conceptualization, pricing, promotion and distribution of products, services and ideas designed to create and maintain profitable exchanges with target markets to achieve company goals (Suparyanto & Rosad, 2015) [14].

Online Purchasing Decision

The decision-making process begins with a need. To fulfil these needs, it is necessary to evaluate to get the best choice from consumer opinions. Consumers need information, the amount and importance of which depends on the needs of consumers and the situations they face. Marketers must study consumer behaviour as a manifestation of all human activity. Marketers also need to know what role each plays and who is involved in the purchase decision. For example, men usually decide to buy their own shoes and women prefer their own clothes (Arbaini, 2020)[1].

E-commerce

Ecommerce is a dynamic set of technologies, including applications and business processes that connect companies, consumers and a community through electronic transactions, which organise the electronic exchange of goods (Handayani, 2018)[3]. According to (P. and A. G. Kotler, 2012)[5] E-commerce is an online channel that can be accessed through a person's computer, which merchants use in their business activities and consumers obtain information using computers, the process of which begins with providing information services to consumers when they make choices. The development of technology, computers and telecommunications supports the development of internet technology. With the presence of the internet, business people no longer experience difficulties in obtaining information to support their business, even nowadays tend to receive very different information, so information must be filtered to get the right and relevant information. This turns the information era into the internet era (Arbaini, 2020)[1].

Price Consciousness

According to (P. and A. G. Kotler, 2012)[5], price is the amount of money charged to consumers for a product or service. Consumers will search for sales or promotional offers by visiting internet sites to compare prices from different online or e-commerce stores (Santoso et al., 2016). (Konuk, 2015)[4] found that price-conscious consumers are less concerned with product quality, they enjoy planning and shopping, when they shop they usually buy impulsively to switch brands and feel interested in new products. Price

consciousness is the tendency of consumers to look for price differences. Price-conscious consumers tend to choose cheaper products..

Online Customer review

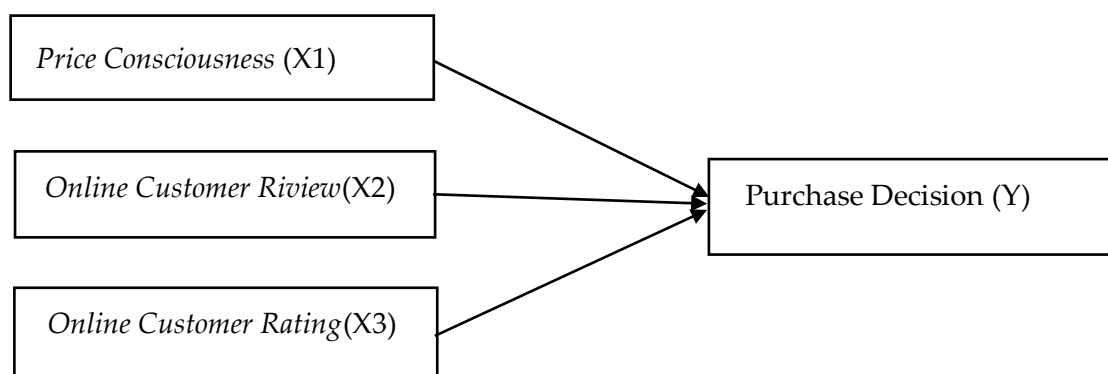
Online customer reviews are a form of electronic word of mouth (eWOM) that refers to user-generated content posted on websites or third-party websites (Machfoedz, 2010). Online customer reviews of today's consumers are not only considered when buying a product, but can also describe product expectations (Mu'nis and Komaladewi, 2020)[9]. Electronic Word of Mouth (eWOM) is defined as positive claims or criteria made by people who buy a product, people who have bought a product, or anyone who wants to comment on a product, which facilitates consumer comparison with similar products. of products sold in online shops, this is due to the rapid adoption of digital marketing to benefit consumers, ie. consumers do not need to visit different sellers in person. If consumers have difficulty in assessing product quality or if the required product criteria are unclear, the availability of information becomes one of the deciding factors in decision-making. This information is obtained from reviews of consumers who have purchased or used the product. Potential consumers must get information about the product before buying. The reason is that potential consumers do not yet have experience with the product (NINGSIH, 2019) [11].

Online Customer rating

Online customer ratings are a subset of reviews that use an asterisk format, rather than text, to express a customer's opinion. The rating can be interpreted as a user's judgement of product preference in relation to his/her experience, referring to the psychological and emotional state he/she experiences when interacting with a virtual product in a mediated environment. (Li, 2002)[7]. Online product ratings are one of the consumer perspectives on the quality of online products, although there are sometimes biases in the measurement, mostly due to consumer product ratings that reflect global consumer satisfaction not only with the product, but also with the way online retailers serve consumers. . In addition, the problem is that consumers do not rate the entire product, for example, the reason may be that due to delays in the delivery of goods, consumers give low ratings to the products sold, or consumers give good ratings because the seller compromises on speed in delivery.

Conceptual framework

Based on the literature review, the framework between Price Consciousness, Online Customer Riview, and Online Customer Rating on purchasing decisions is as follows:



Description:

—————> : Partial

Independent Variable

X1: Price consciousness affects Purchasing Decisions

X2: Online Customer Reviews have an effect on Purchasing Decisions

X3: Online Customer Rating has an effect on Purchasing Decisions

METHODS

Research Design

The research method used in this research is the causal association method and uses a quantitative approach. In this study there are independent (influencing) and dependent (influenced) variables. This study will analyse the effect of price consciousness, online customer reviews and online customer ratings on purchasing decisions on lazada e-commerce.

Population, Sample, Sampling

The population in this study were 948 students of the Faculty of Economics, Muhammadiyah University of Jember who had purchased an item through Lazada e-commerce at least once. The sample of this study was 105 samples of students of the Faculty of Economics, Muhammadiyah University of Jember. The sampling technique in this study is to use non-probability sampling techniques with a purposive sampling approach.

RESULTS AND DISCUSSION

Data Quality Test

Data Validity Test

Table 1 Data Validity Test

| NO | Variable/Indicator | Criterion 1 | | Criterion 2 | | Description |
|-------------------------------|--------------------|-------------|------------|----------------|-------|-------------|
| | | r count | r table | Value Alpha | Sign. | |
| PRICE CONSCIOUSNESS | | | | | | |
| 1 | X1.1 | 0.926 | 0.1918 | 0.000 | 0.05 | Valid |
| 2 | X1.2 | 0.889 | 0.1918 | 0.000 | 0.05 | Valid |
| 3 | X1.3 | 0.925 | 0.1918 | 0.000 | 0.05 | Valid |
| ONLINE CUSTOMER RIVIEW | | | | | | |
| 1 | X2.1 | 0.932 | 0.1918 | 0.000 | 0.05 | Valid |
| 2 | X2.2 | 0.907 | 0.1918 | 0.000 | 0.05 | Valid |

| | | | | | | |
|-------------------------------|------|-------|--------|-------|------|-------|
| 3 | X2.3 | 0.933 | 0.1918 | 0.000 | 0.05 | Valid |
| ONLINE CUSTOMER RATING | | | | | | |
| 1 | X3.1 | 0.903 | 0.1918 | 0.000 | 0.05 | Valid |
| 2 | X3.2 | 0.936 | 0.1918 | 0.000 | 0.05 | Valid |
| 3 | X3.3 | 0.938 | 0.1918 | 0.000 | 0.05 | Valid |
| PURCHASE DECISIONS | | | | | | |
| 1 | Y1.1 | 0.915 | 0.1918 | 0.000 | 0.05 | Valid |
| 2 | Y1.2 | 0.938 | 0.1918 | 0.000 | 0.05 | Valid |
| 3 | Y1.3 | 0.914 | 0.1918 | 0.000 | 0.05 | Valid |
| 4 | Y1.4 | 0.904 | 0.1918 | 0.000 | 0.05 | Valid |
| 5 | Y1.5 | 0.888 | 0.1918 | 0.000 | 0.05 | Valid |

Based on table 1 above, it is known that the correlation between each indicator on the total construct score of each variable shows valid results because $r\text{-count} > r\text{-table}$ and the significance value is < 0.05 . So it can be concluded that all statement items are declared valid.

Data Reliability Test

Table 2 Data Reliability Test

| NO | Variable | Alpha Count | Standard Alpha | Description |
|----|------------------------|-------------|----------------|-------------|
| 1 | Price Consciousness | 0.900 | 0.60 | Reliable |
| 2 | Online Customer Riview | 0.914 | 0.60 | Reliable |
| 3 | Online Customer Rating | 0.916 | 0.60 | Reliable |
| 4 | Purchase Decisions | 0.949 | 0.60 | Reliable |

According to table 2 above, it is known that the variables Price Consciousness (X1), Online Custom-er Review (X2), Online Customer Rating (X3), and Purchase Decision (Y) have an alpha coefficient value > 0.60 . So it can be said that each item on each of the variables Price Consciousness (X1), Online Customer Review (X2), Online Cus-tomer Rating (X3), and Purchasing Decisions (Y) are suitable for use as measuring instruments in this study.

Multiple linear regression test

Multiple Linear Regression Test Results

Table 3 Multiple linear regression test

| NO | Variable | Coefficient Regression (β) | t-count | Value Signifikanc e |
|----|-------------------------------|--|---------|---------------------------|
| 1 | Konstanta | 3.088 | 1.202 | 0.232 |
| 2 | <i>Price Consciousness</i> | 0.298 | 1.774 | 0.079 |
| 3 | <i>Online Customer Riview</i> | 0.535 | 3.408 | 0.001 |
| 4 | <i>Online Customer Rating</i> | 0.725 | 4.334 | 0.000 |

According to table 3 above, the multiple linear regression equation is obtained as follows:

$$Y = 3.088 + 0.298X_1 + 0.535X_2 + 0.725X_3 + e$$

Description:

- Y = Purchase Decision
- X1 = *Price Consciousness*
- X2 = *Online Customer Riview*
- X3 = *Online Customer Rating*
- E = *Standard Error*

1. The constant value (Y) of 3,088 means that if the variables *Price Consciousness* (X1), *Online Customer Review* (X2), and *Online Customer Rating* (X3) are 0 (zero), then the value of the Purchasing Decision variable (Y) will be at 3,088. Or if there is no influence from the variables *Price Consciousness* (X1), *Online Customer Review* (X2), and *Online Customer Rating* (X3), the Purchasing Decision (Y) will change.
2. *Price Consciousness* Coefficient (X1) = 0.298.

If the *Price Consciousness* (X1) variable increases by 1 point, while *Online Customer Riview* (X2) and *Online Customer Rating* (X3) are considered constant, it will cause an increase in Purchasing Decision (Y) by 0.298.

3. *Online Customer Review* Coefficient (X2) = 0.535

If the *Online Customer Riview* (X2) variable increases by 1 point, while *Price Consciousness* (X1) and *Online Customer Rating* (X3) are considered constant, it will cause an increase in Purchasing Decision (Y) of 0.535.

4. *Online Customer Rating* Coefficient (X3) = 0.725

If the *Online Customer Rating* (X3) variable increases by 1 point, while *Price Consciousness* (X1), *Online Customer Riview* (X2) are considered constant, it will cause an increase in Purchasing Decision (Y) by 0.725.

Classical Assumption Test

Data Normality Test

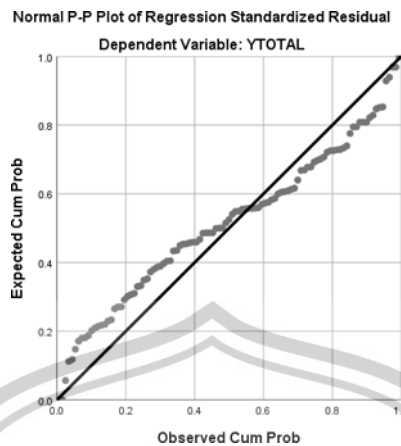


Figure 4 Graph of Data Normality Test through P-Plots

By looking at the display in Figure 4 of the p-plot graph above, it can be seen that the points spread around the diagonal line, and the direction of the spread follows the direction of the diagonal line. This shows that the regression model is suitable for use because it fulfils the assumption of normality.

Multicollinearty Test

Table 5 Multicollinearity Test Data

| NO | Variables | Tolerance Value | VIF Value |
|----|-------------------------------|-----------------|-----------|
| 1 | <i>Price Consciousness</i> | 0.312 | 3.205 |
| 2 | <i>Online Customer Riview</i> | 0.416 | 2.401 |
| 3 | <i>Online Customer Rating</i> | 0.359 | 2.788 |

According to table 5 above, it is known that the VIF value of *Price Consciousness* (X1) is $3.205 < 10$, the VIF value of *Online Customer Riview* (X2), is $2.401 < 10$, and the VIF value of *Online Customer Rating* (X3) is $2.788 < 10$. So it can be concluded that there is no correlation between independent variables.

Heteroscedasticity Test

Table 6 Heteroscedasticity Test

| NO | Variables | Significance Value | Alpha |
|----|-------------------------------|--------------------|-------|
| 1 | <i>Price Consciousness</i> | 0.275 | 0.05 |
| 2 | <i>Online Customer Riview</i> | 0.056 | 0.05 |
| 3 | <i>Online Customer Rating</i> | 0.193 | 0.05 |

According to table 6 above, it is known that the glejser significance value of *Price Consciousness* (X1) is $0.275 > 0.05$, the glejser significance value of *Online Customer Riview* (X2), is $0.056 > 0.05$, and the glejser significance value of *Online Customer Rating* (X3) is $0.193 > 0.05$. Where all variables have a sign value. Glejser > 0.05 so it can be concluded that heteroscedasticity does not occur.

**Hypothesis test
 T test**

Table 7 T Test

| NO | Variables | Significance Count | Significance Level | t _{count} | t _{table} | Description |
|----|-------------------------------|--------------------|--------------------|--------------------|--------------------|----------------|
| 1 | <i>Price Consciousness</i> | 0.079 | 0.05 | 1.774 | 1.983 | No Significant |
| 2 | <i>Online Customer Riview</i> | 0.001 | 0.05 | 3.408 | 1.983 | Significant |
| 3 | <i>Online Customer Rating</i> | 0.000 | 0.05 | 4.334 | 1.983 | Significant |

According to table 7 above, it is known that the variable *Price Consciousness* (X1) has a significance value > 0.05 , while the variable *Online Customer Riview* (X2), and *Online Customer Rating* (X₃) has a significant value < 0.05 . then it is also known that the variable Price Consciousness (X₁) has a tcount value $< t_{table}$ of 1.774, while the variable Online customer riview (X₂) has a tcount $> t_{table}$ of 3.408, and Online Customer rating (X₃) has a tcount $> t_{table}$ value of 4.334. this means that the Price Consciousness variable (X1) has no influence on Purchasing

Decisions (Y), while the Online Customer Rview variable (X_2) and the Online customer Rating variable (X_3) have a positive effect on purchasing decisions (Y).

F Test

Table 8 Test F

ANOVA^a

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|--------------|----------------|-----|-------------|--------|-------------------|
| 1 Regression | 3697.509 | 3 | 1232.503 | 68.085 | .000 ^b |
| Residual | 1828.339 | 101 | 18.102 | | |
| Total | 5525.848 | 104 | | | |

a. Dependent Variable: YTOTAL

b. Predictors: (Constant), X3TOTAL, X2TOTAL, X1TOTAL

According to table 8 above, it is known that the significant value is $0.000 < 0.05$, it can be concluded that the variables *Price Consciousness* (X1), *Online Customer Rview* (X2), and *Online Customer Rating* (X3) together have a significant influence on Purchasing Decisions (Y).

Test Coefficient of Determination (R^2)²

Table 9 Coefficient of Determination (R^2)²

Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .818 ^a | .669 | .659 | 4.255 |

a. Predictors: (Constant), X3TOTAL, X2TOTAL, X1TOTAL

According to table 9 above, the coefficient of determination R^2 is located in the *R-Square* column. It is known that the coefficient of determination (*R-Square*) is 0.669. This value means that the variables *Price Consciousness* (X1), *Online Customer Rview* (X2), and *Online Customer Rating* (X3) are able to influence Purchasing Decisions (Y) by 66.9%, the remaining 33.1% is explained by other variables or factors.

CONCLUSIONS

From the results of statistical testing regarding the effect of *price consciousness, online customer reviews, and online customer ratings* on purchasing decisions on *e-commerce lazada* (case study of students of the economics faculty of muhammadiyah university jember), the following conclusions can be drawn:

1. *The price consciousness* variable (X1) in this study does not have a partial influence on the purchasing decision variable (Y) but simultaneously can contribute to influencing the purchasing decision variable (Y) in Lazada *e-commerce*.
2. The variable *online customer review* (X2) in this study partially or simultaneously has an influence on the purchasing decision variable (Y) in Lazada *e-commerce*.
3. The variable *online customer rating* (X3) in this study partially or simultaneously has a positive effect on the purchasing decision variable (Y) in Lazada *e-commerce*.

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