

Price Analysis and Product Reviews on Online Shopping Decisions

Rusniati Rusniati¹, Ahsanul Haq²

¹Universitas Lambung Mangkurat, Indonesia, ²Politeknik Negeri Banjarmasin, Indonesia

Corresponding author e-mail: rusniati@ulm.ac.id

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Abstract: This study aims to analyze the effect of prices and product reviews simultaneously on online shopping decisions. Then also analyze the effect of price partially on online shopping decisions and analyze the effect of product reviews partially on online shopping decisions. The population in this study are consumers who have done online shopping. The number of samples is 100 people. The sample technique was purposive sampling and the data analysis technique used multiple linear regression. The results of the study show that price and product reviews have a simultaneous effect on online shopping decisions. Partially, price influences online shopping decisions and product reviews influence online shopping decisions.

Keywords: Online Shopping Decisions, Price, Product Reviews

A. Introduction

The internet is increasingly being used by the community along with the increasing changes in society in carrying out various activities. In a report titled Indonesian Internet Profile 2022, the Association of Indonesian Internet Providers (APJII) stated that the number of Indonesians connected to the internet in the 2021-2022 period will reach 210 million people. The number of Internet users before the pandemic only reached 175 million people. During the outbreak, it is estimated that there will be an additional 35 million people (Firmansyah, 2022).

The internet is not only used to obtain various information, but the internet has been widely used, among others, to access social media, entertainment content and even online shopping. (Lombu, 2022) states that research and markets as a market research platform have reported that the Indonesian market has the potential to grow by 19.0% throughout 2022. Shopping behavior by coming directly to physical stores has shifted to shopping behavior through e-commerce platforms (Prajana et al., 2021). Online shopping is an economic or business activity that uses information and communication technology applications in every transaction (Aisyah et al., 2021).

Digital economic transactions as a whole as of the second quarter of 2022 are still showing an increasing trend (Indrajaya, 2022). Bank Indonesia recorded that the total value of e-commerce transactions as of the end of November 2022 had reached

around IDR 435 trillion (Pink, 2022). The emergence of e-commerce and online shopping starts a new episode in human life and changes trade patterns (Adibfar et al., 2022).

Online shopping makes it easy, without having to come to the store (Mamduh, 2023), saves time and effort (Hasibuan & Yusuf, 2020), a very practical modern way (Agesti et al., 2021), has access to more information when making purchasing decisions (Wiwik Rachmarwi, 2018), prevents people from wasting time (Yilmaz, 2022), lowers consumer travel costs to search for products and shop (Kim et al., 2022). Online shopping helps consumers make purchases without leaving their homes and online shopping can also be done anywhere.

In general, price is often used as an important thing that consumers pay attention to when buying (Kotler & Armstrong, 2011) state that price is the amount of money demanded for a product. Price is the only marketing mix element that generates revenue. Price as a certain nominal amount attached to the product. Price is the amount of money set by the seller and must be paid by the consumer to the seller to obtain the product he bought. Prices that are set logically or reasonably usually make consumers agree. Price includes affordability, competition, suitability for quality and suitability for benefits.

Product reviews as a form of electronic word of mouth (eWOM). Kotler & Kevin Lane Keller (2009) explain that word of mouth marketing involves customers so that customers choose to talk to other people about products and brands. Word of mouth, the amount and nature of conversation and communication between various parties is a key aspect of social networks. Wang & Wang (2020) argue that product reviews are a source of information on product features and add value to online consumers. Lackermair et al (2013) stated that many online stores present quantitative ratings, textual reviews or a combination of the two. Product reviews include awareness, frequency, comparison and influence/effect. Purnawirawan et al (2012) suggest that the value that other people attach to a review can influence the reader's perception of the usefulness or belief in the review.

Product reviews are electronic writing written in textual form or in the form of ratings as quantitative ratings or a combination of the two forms published by consumers on the internet. Product reviews can also display consumer ratings of the products they have purchased. Product reviews can help other potential buyers to obtain information about a product. Product reviews are made based on the buying experience of the buyer who gave the review. Product reviews can be used as an important source of information for potential buyers in the product selection process for online shopping. Product reviews can of course help other potential buyers who want to buy the product and be able to make consumers decide to buy the product.

The consumer purchasing decision process consists of problem recognition, information search, evaluation of alternatives, purchase decisions, post-purchase behavior (Kotler & Kevin Lane Keller, 2009). Purchasing decisions are at a stage that reflects consumer decisions about everything related to what product to buy. Purchases can be made by consumers by visiting physical stores and consumers can

also do it online or online shopping. Online shopping decisions have their own characteristics which are very different from purchases by visiting a physical store, namely shopping decisions made through the buying process via the internet.

Online shopping is known as the process of purchasing goods and services from sellers who sell them via the internet (Vaghela, 2014). Direct marketing is the use of direct consumer channels to reach and deliver products to customers without marketing intermediaries. Furthermore, it is also stated that marketers can use a number of channels, such as interactive TV, Web and mobile sites (Kotler & Kevin Lane Keller, 2009). Online shopping is no longer foreign and is increasingly recognized by consumers so that online shopping is also growing. Consumers feel that online shopping is a fun shopping alternative besides shopping by visiting physical stores in person. Consumers can do online shopping via the internet wherever they are. This also means that online shopping decisions are shopping decisions that refer to the process of purchasing products via the internet.

Price and product reviews play an important role in purchasing decisions. Prices and product reviews simultaneously influence purchasing decisions in online shopping (Aisyah et al., 2021). Prices affect purchasing decisions in online shopping (Aisyah et al., 2021 ; Hamdani, 2022). Product reviews support consumer decisions (Lackermair et al, 2013).

B. Methods

In general, the price is set carefully by the seller. Mistakes in setting prices can be fatal. Consumers tend to judge price as synonymous with product performance and overall product quality (Kotler & Kevin Lane Keller, 2009) explain that purchasing decisions are based on how consumers perceive prices and also what the current actual prices are that they consider. Product reviews help potential customers in obtaining information about the buying experience of other consumers. Product reviews are an important source of information for consumers and also support their purchasing decisions (Lackermair et al., 2013). Prices and product reviews are able to make consumers decide to do online shopping. This research model is as follows:

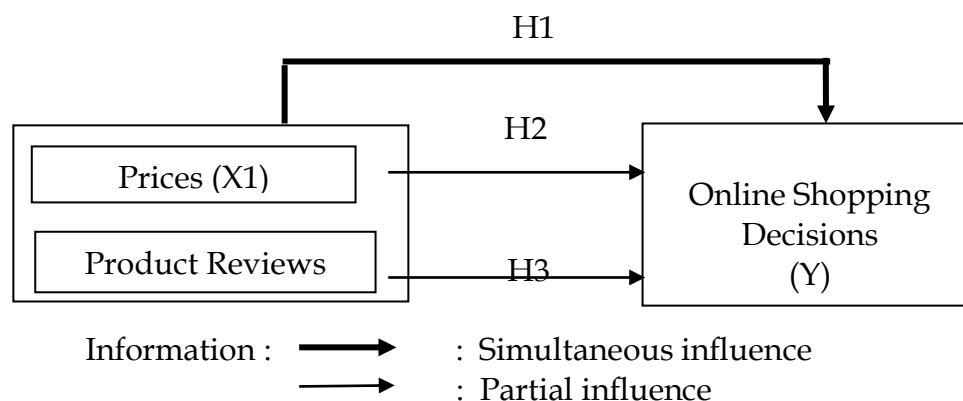


Figure 1. Research Model (Kotler & Armstrong, 2010) (Lackermair et al., 2013) (Aisyah et al., 2021) (Hamdani, 2022)

The hypothesis in this study is: (H1) Price and product reviews simultaneously influence online shopping decisions; (H2) Price has a partial effect on online shopping decisions; (H3) Product reviews have a partial effect on online shopping decisions.

This research is a causality research (Ferdinand, 2014) explains that causality research is research that wants to find an explanation in the form of a causal relationship between several concepts or variables or strategies developed in management. This study focuses on examining the effect of price and product reviews on online shopping decisions in Banjarmasin City. The population of this study are consumers who have done online shopping. The sampling technique used is purposive sampling and the criteria are at least 17 years old, domiciled in Banjarmasin City, have done online shopping on the basis of their own decisions on online shopping applications. The number of samples was determined as many as 100 people.

Data collection techniques were carried out using a questionnaire. The measurement scale used is a Likert scale with a scale of 5, namely strongly agree, agree, neutral, disagree and strongly disagree. Then also tested the validity and reliability. Sugiyono (2016) states that a valid instrument means that it can be used to measure what should be measured, then it is also stated that the instrument can display what must be displayed. Usually, the minimum requirement is considered eligible if $r = 0.3$. Furthermore, Trihendradi (2013) explained that the questionnaire instrument must be reliable. This means that the instrument produces a consistent measure when it is used to measure repeatedly. The questionnaire instrument was declared reliable if it had a Cronbach alpha value > 0.6 . The data analysis technique used in this study is multiple linear regression.

C. Results and Discussion

Characteristics of Respondents

Characteristics of respondents based on gender, age, last education and income can be seen in table 1.

Table 1. Respondent Characteristics

Characteristics	Items	Frequency (person/percent)
Gender	Man	22
	Woman	78
Age	17- 21 years	39
	>21-25 years	49
	>25 years	12

Last education	SMA	59
	S1	27
	Other	14
Income	< Rp.3.000.000	37
	< Rp.3.000.000 - Rp.6.000.000	51
	> Rp.6.000.000	12

Source: Data processed, 2023

In table 1 it can be seen that for the sex category the most are women, the most age category is in the age range >21 – 25 years, the most recent education level category is high school, the highest income category is in the range < Rp.3,000. 000 - IDR 6,000,000. The online shopping application that is the most chosen shopping place for them is Shopee. The online shopping applications that were also selected were Tokopedia, Lazada and others such as Zalora, TikTok Shop. The most purchased products are fashion products (clothes, shoes, bags, shoes, hijab and others). Then there are also other products purchased such as cosmetics, household appliances, electronic goods and cellphone accessories. This also means that most of the respondents are women who are of productive age and accustomed to using the internet, including for shopping activities, although men also do online shopping. They also have a supportive income to do online shopping.

Total Mean Score

The total mean scores for variables X1, X2 and Y can be seen in table 2.

Table 2. Total Mean Score

Variable	Total Mean Score
X1	4,42
X2	4,57
Y	4,44

Source: Primary data processed, 2023

Based on table 2 it can be seen that the total mean score for all variables has a value of more than 4. The average respondent stated in the range agree to strongly agree on statements for price, product reviews and online shopping decisions.

Multiple Linear Regression Test Results

The results of multiple regression can be seen in table 3.

Table 3. Summary of Multiple Regression Results

Dependent Variable (Y)	Independent Variable (X)	Coef. Reg	t	Sig
Online Shopping	Price (X1)	0,344	4,126	0,000
Decisions (Y)	Product Reviews (X2)	0,229	3,043	0,003
Constanta = 3,045	F = 54,164			
R Square = 0,528	Sig F = 0,000			
Adj R Square = 0,518				

Source: Results of Data Processing, 2023

The regression equation is $Y = 3.045 + 0.344X_1 + 0.229X_2$. The regression coefficient values are all positive. This means that there is a unidirectional relationship between price and online shopping decisions and there is also a unidirectional relationship between product reviews and online shopping decisions. $F_{count} > F_{table}$ or $54.164 > 3.09$ so it is concluded that H_0 is rejected or H_1 is accepted. This means that price and product reviews simultaneously influence online shopping decisions. The Adj R square value is 0.518 which means that the contribution of the independent variable to the dependent variable is 51.8%. This also means that price and product reviews have a simultaneous effect on online shopping decisions by 51.8% and the remaining 48.2% are influenced by other variables not examined. $t_{count} > t_{table}$, for $X_1 = 4.126 > 1.98472$ so it can be concluded that H_0 is rejected or H_2 is accepted. This means that price has a partial effect on online shopping decisions. Furthermore, for $X_2 = 3.043 > 1.98472$, it can be concluded that H_0 is rejected or H_3 is accepted. This means that product reviews have a partial effect on online shopping decisions.

Price and product reviews have a significant simultaneous effect on online shopping decisions. The existence of upper and lower limits on the price of a product is able to show the performance and quality of the product itself. In general, consumers have their own thoughts for a reasonable price limit to buy a product. Then for product reviews it is also able to provide the information needed by consumers. The presentation of electronic writing written by consumers who have previously purchased the product, both in textual form and in the form of ratings, is very beneficial for future prospective buyers. The existence of an appropriate price and product reviews that support a product can make consumers decide to also shop online for that product.

Price has a partially significant effect on online shopping decisions. Prices set by sellers in online shopping applications can influence online shopping decisions. Prices that are affordable by consumer purchasing power can make consumers able to buy it. Prices that compete with other similar products in online shopping applications also make consumers decide to shop online. Prices that are in accordance with the quality reflect the fairness of the value attached to the product

and this also affects online shopping. Then a price that is in accordance with the benefits of the product makes consumers feel right to buy the product.

Product reviews have a partially significant effect on online shopping decisions. The existence of product reviews makes consumers aware of the existence of electronic writing that has been published by previous buyers via the internet. Product reviews presented in online shopping applications can be in the form of reviews in textual form or in the form of ratings or a combination of the two. Product reviews are able to provide information about the product to potential buyers. Prospective buyers use product reviews to obtain additional information about the product they are going to buy. Product reviews really help potential buyers to decide to shop online. Consumers can also compare product reviews with one another so they can decide which product to buy. Product reviews are an important source of information that also influences online shopping decisions.

The presence of various online shopping applications makes consumers free to choose online shopping places that suit them. Consumers first look at the online shopping application that is their choice, then determine the product to be purchased with various considerations. Consumer considerations can be in the form of price and product reviews. In general, online sellers present complete products with prices and also provide facilities for product reviews.

D. Conclusion

Online shopping is something that is familiar to consumers. Even though at this time shopping by directly visiting physical stores has started to be done, online shopping is still an option when consumers feel the various benefits. Online shopping provides convenience and makes it easy to obtain products without having to do a search by going to several physical stores. Online shopping is more practical and does not spend much time on the go. Prices and product reviews are very important for consumers in supporting online shopping decisions. Price and product reviews simultaneously influence online shopping decisions. Prices have a partial effect on online shopping decisions and product reviews also have a partial effect on online shopping decisions. In online shopping applications, affordable, competitive prices, in accordance with product quality and according to product benefits can influence consumers to shop online. Then the existence of product reviews that can be used as an important source of information about products and can compare one product review with another is also able to influence consumers to shop online.

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