



The Influence of Online Customer Reviews and Trust on Purchasing Decisions in E-Commerce Lazada in Surabaya City

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ABSTRACT

Published Online: August 28, 2023

This study investigated the impact of online customer reviews and trust on purchasing choices made on Surabaya City's Lazada e-commerce site. Utilizing quantitative research techniques, this investigation. 98 respondents from Surabaya city residents who were at least 17 years old and had made transactions on the e-commerce site Lazada made up the sample for this study. Non-probability sampling with a purposive sampling strategy was the sampling technique employed. Information gathered through handing out surveys. The SmartPLS 3.0 application is used in the data analysis approach, which employs Partial Least Square (PLS) analysis. The findings demonstrated that Lazada's e-commerce in Surabaya city is positively and significantly impacted by online customer reviews and trust.

KEYWORDS:

Online Customer Review, Trust, Purchase Decision

1. INTRODUCTION

The advancement of information technology is moving so quickly, and one example is the existence of the internet, which has a big impact on many areas of life, including the corporate world.. Consumers are now more interested in online shopping activities than offline, this is an opportunity for companies to attract consumers by creating an online shopping system or often called E-commerce. E-commerce is a phrase that explicitly refers to commercial transactions or exchanges that take place online (Sitinjak & Silvia, 2022). Because there are so many benefits to buying online, consumers have an easier time doing so thanks to e-commerce's rapid rise.ine, namely consumers can search and view product catalogs more effectively, consumers also do not need to spend time visiting stores so that it is more practical, and can be more cost efficient because it can be accessed anywhere and anytime. Then when shopping in stores online consumers can compare prices and quality 24 hours through e-commerce. With the current rapid development of e-commerce, the prediction is that growth will continue to occur in the next few years.

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**Cite this Article: Fisca Ardi Prasetiawati, Nuruni Ika Kusuma Wardhani, Wilma Cordelia Izaak (2023). The Influence of Online Customer Reviews and Trust on Purchasing Decisions in E Commerce Lazada in Surabaya City. International Journal of Social Science and Education Research Studies, 3(8), 1745-1749*

Popular e-commerce websites utilized by the general population in Indonesia include Bukalapak, Shopee, Lazada, Blibli, Tokopedia, and others.. According to data compiled by databoks.katadata.co.id (2022), With the biggest number of monthly visitors among its rivals in the second quarter of 2022—158.3 million—Tokopedia continues to dominate the Indonesian e-commerce business.

In addition to Indonesia, Lazada also conducts business in a number of other Southeast Asian nations, including Malaysia, Thailand, the Philippines, Singapore, and Vietnam. If you look at the data from databoks.katadata.co.id (2022) Lazada is still far behind its competitors, namely Tokopedia and Shopee, it shows that public interest in visiting and shopping online using Lazada is still minimal, especially the increasingly fierce competition between e-commerce poses a threat to Lazada, considering that Lazada is one of the top five most popular e-commerce in Indonesia. Even though if you look at 2019 to 2020 Lazada is ranked first in the online buying and selling site on the Top Brand Index. However, in 2021, Lazada experienced a drastic decline to third place, defeated by Tokopedia and Shopee, which were ranked first and second.

Table 1. Lazada monthly Visitor Count 2018-2022

E-commerce	Number of Visitors				
	2018	2019	2020	2021	2022
Lazada	58,288,400	28,383,300	36,260,600	28,173,300	26,640,000

Source: iprice.co.id

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In addition, if you look at the number of Lazada visits in 2018, the number of Lazada visitors reached 58,288,400 visitors, which experienced a significant decline to 28,383,300 visitors in 2019. However, in 2020 the number of Lazada visitors increased to 36,260,600 visitors, but the increase did not last long, because in 2021 the number of Lazada visitors decreased again to 28,173,300, and in 2022 it decreased again to 26,640,000. This is a separate concern for Lazada why consumers are no longer interested in visiting lazada e-commerce which affects consumers in making purchasing decisions.

Before deciding to make a purchase online, consumers must do research first to reduce uncertainty and risk. Because consumers cannot physically see and touch the goods they will buy and are usually only assisted by the description made by the seller. This is what makes consumers have to convince themselves so that they are not deceived and the goods they get are in accordance with what is expected and in accordance with consumer expectations.

Online customer reviews, in the perspective of Ruwaida & Aqilah (2023), play a significant role in influencing consumer decisions, hence Lazada needs to be more cognizant of how the review function would affect both store valuation and consumer choices.. Then in addition to online customer reviews, to attract consumers to visit and make transactions on Lazada e-commerce, companies must build high trust or trust in potential customers. The trust factor is a key factor in every online buying and selling. A high effort must be made by the organizers of online transactions so that consumer confidence is higher, because trust has a big influence on consumer decisions to make transactions online or not. The researchers are interested in conducting additional research based on the backdrop that has been presented in order to find solutions to current issues and determine the impact of online customer reviews and trust on purchasing decisions on Lazada e-commerce in Surabaya City..

II. LITERATURE REVIEW

Online Customer Review

Online customer reviews are a tool or media enabling consumers to examine reviews provided by other customers regarding experiences in purchasing or using items, services at the company, according to Jamil & Purwanto (2022). Meanwhile, according to Lackemair in Rahmawati (2021) online customer review is an assessment of a product or company given by consumers which can be positive or negative, the assessment is made according to the experience of the person doing the review. According to Rinaja et al., (2022) online customer review can be measured using indicators, namely: (1) Perverse Usefulness; (2) Reputable Sources; (3) Strong Arguments; (4) Value; and (5) Review Volume

Trust

According to Nurhidayat & Marsudi (2022) Trust is a belief in a particular party to carry out a transaction relationship based on a belief that someone who is trusted will fulfill all his obligations whether it is expected or not. Meanwhile, according to Schiffman & Kanuk (2008: 356) in Resa & Andjarwati (2019) argue that trust is a statement that exists in the mind or verbally that is able to describe a person's knowledge and judgment of a thing or idea. According to Rafidah & Djawoto (2017) in Nitta & Wardhani (2022) trust can be measured using indicators, namely: (1) Reliability; (2) Honesty; (3) Care; (4) Credibility; (5) Competence.

Purchase Decision

Purchasing decisions are the last stage in purchases made by consumers. At this stage, consumers are faced with several choices so that consumers will make decisions to choose products that are in accordance with what consumers need (Napitupulu & Supriyono, 2023). Then according to Nurhidayat & Marsudi (2022) purchasing decisions mean choosing two or more alternative choices according to certain interests and making choices that are considered profitable. According to Thomson (2013) in Amin & Hendra (2020) there are 4 indicators in purchasing decisions, namely: (1) According to needs; (2) Has benefits; (3) Accuracy in buying a product; (4) Repeat purchases.

Online Customer Review and Purchase Decision

Online customer review (OCR), as defined by Jamil & Purwanto (2022), is a tool or media that allows customers to read feedback about their experiences using the company's goods and services. Then, in accordance with Wardhani et al. (2020), an online customer review (OCR) is a review provided by consumers related to information from an assessment of a product from various aspects. With this information, consumers can obtain the quality of the product they desire from reviews and experiences written by consumers who have purchased the product. Because they offer broad product information as well as positive or negative product attributes, online customer reviews are utilized as a foundation for decision-making before making a purchase. This material is typically provided by buyers, so with numerous reviews it will give prospective buyers a lot of information. For this reason, online customer reviews can make it simpler for potential customers to decide whether or not to purchase a product (Saskiana, 2021).

This is supported by Ruwaida & Aqilah's (2023) opinion, which claims that online customer reviews play a significant role in influencing purchasing decisions. According to research by Sitingjak & Silvia (2022), Shopee customers' shopping decisions are significantly influenced by online customer reviews. Online consumer reviews have a positive and large impact on online shopping decisions at Tokopedia, according to research by Nurhidayat & Marsudi (2022).

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H1 : Online Customer Review has a positive effect on Purchasing Decisions of Lazada e commerce customers in Surabaya

Trust and Purchasing Decision

Trust is one of the vital reasons that encourages someone to make an online purchase with low risk considerations. According to Nurhidayat & Marsudi (2022) Trust is a belief in a particular party to carry out a transaction relationship based on a belief that someone who is trusted will fulfill all his obligations whether it is expected or not. According to Ling et al., (2010) in Amin & Hendra (2020) argue that trust is needed when making online purchases and when someone is going to make an online transaction, the first thing they consider is whether the seller and the site they visit are safe and trustworthy or not. Because there is no face-to-face interaction, the buyer's confidence in the seller and the online marketplace takes center stage.

According to earlier studies by Wijaya & Kempa (2018) and Kurniawati (2022), consumers of Lazada make major judgments based on their level of trust.

H2 : Trust has a positive effect on Lazada e commerce customer purchasing decisions in Surabaya

Trust and

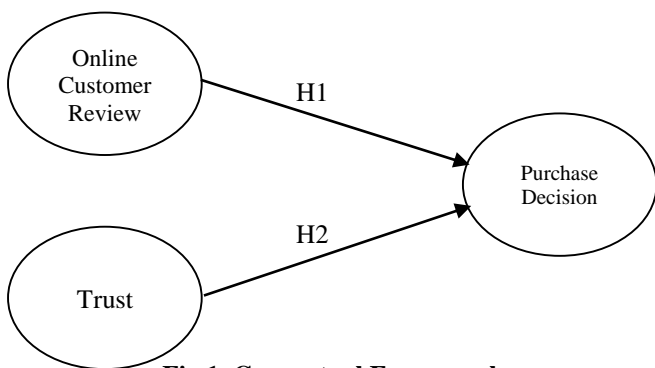


Fig 1. Conceptual Framework

III. RESEARCH METHODS

Quantitative methods are applied in the research. In this study, a measurement scale—an ordinal scale with Likert weighting methods—is employed to generate quantitative data. Residents of Surabaya City who have made purchases on Lazada e-commerce make up the study's sample. Due to the unknown population, Ghozali (2015)'s sample measurement guidelines, which multiply the number of indicators by 5–10 estimated parameters, were used to determine the number of samples in this investigation. There were 14 indicators in this study, and there were 7 study parameters. Then the number of samples used was 14 x 7 = 98. The sampling technique uses nonprobability sampling technique, namely purposive sampling method by distributing questionnaires online via google form. The data analysis method uses Partial Least Square (PLS) analysis with the help of the SmartPLS 3.0 program.

IV. RESULTS AND DISCUSSION

Through the results of distributing questionnaires, there were 57 female and 41 male respondents out of a total of 98 respondents. Most of the respondents were aged 17-26 years with a total of 45 people.

Validity and Reliability Test

Table 2. Average Extracted (AVE) and Composite Reliability

	AVE	Composite Reliability
Online Customer Review	0.621535	0.891331
Kepercayaan	0.690197	0.917570
Keputusan Pembelian	0.717121	0.910141

Source : Data Processed 2023

In general, the variables in this study may be regarded to have good validity because the results of the AVE test for the Online Consumer Review variable are 0.621535, the Trust variable is 0.690197, and the Purchasing Decision Variable is 0.717121.

The Online Consumer Review variable is 0.891331, the Trust variable is 0.917570, and the Purchasing Decision variable is 0.910141, according to the Composite Reliability test results. All three variables in this study have Composite Reliability values above 0.70, indicating their reliability.

Inner Model (Structural Model Testing)

Table 3. R-Square

	R-square
Online Consumer Review	
Kepercayaan	
Keputusan Pembelian	0.734332

Source : Data Processed 2023

R2 has a value of 0.734332. According to this interpretation, the model may account for the occurrence of purchasing decisions that are 74.43% influenced by independent factors such as online consumer reviews and trust variations. While other factors (apart from Online Consumer Review and Trust) not included in this study account for the remaining 26.57% of the explanation.

Hypothesis Testing

The following figure 2 illustrates the importance of the Bootstrapping TStatistic value result:

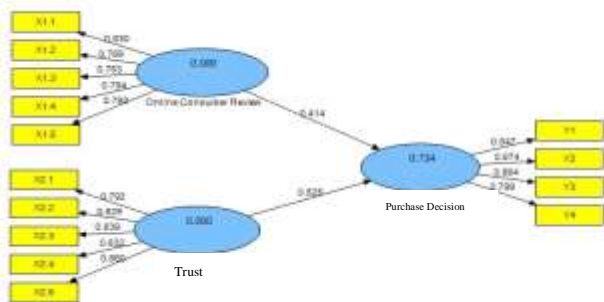


Fig 2. T-Statistic Bootstrapping
Source : Data Processed 2023

It is clear from Figure 2 that each variable's loading factor exceeds the arc between it and the indicator. Above the arc between exogenous and endogenous factors, the path coefficient's size is visible. It is also clear that the R-square size falls exactly inside the purchase choice variable's endogenous variable circle of 0.734. Additionally, it is evident from the Online Consumer Review indication's greatest indicator, Percieved Usefulness (perceived advantages) (X1.1), which has a factor loading of 0.830. Competence (X2.5), the largest indication with a factor loading of 0.860, as well as factor loading for the Trust indicator.

Table 4. Path Coefficients (Mean, STDEV, T-Values, PValues).

	Path Coefficient (o)	Samp le Mean (M)	Stand ardeviat ion (STD EV)	T Statistic s (O/STERR)	P Value s
Online Customer Review(X1)->Purchase Decision (Y)	0.413916	0.407359	0.073296	0.073296	5.647190
Trust(X2)->Purchase Decision (Y)	0.525313	0.530187	0.068503	0.068503	7.668450

Source : Data Processed 2023

Through table 4, it can be concluded that the hypothesis is explained:

1. With path coefficients of 0.413916 and a T-statistic value of 5.647190 greater than the Z value of $0.05 (5\%) = 1.96$, then Significant (positive) online consumer reviews have a positive impact on purchasing decisions can be accepted.
2. With path coefficients of 0.525313 and a T-statistic value of 7.668450 higher than the Z value of $0.05 (5\%) = 1.96$, it can be concluded that trust has a beneficial impact on purchasing decisions.

VI. DISCUSSION

The Effect of Online Consumer Review (X1) on Purchasing Decisions (Y) on Lazada Consumers

Based on the results of hypothesis testing that has been carried out, Online Consumer Review has a positive effect on purchasing decisions on Lazada e-commerce in Surabaya City. This shows that the better consumers see the Online Consumer Review feature, the more purchasing decisions will increase. Online consumer reviews are used as a basis for consideration before making a purchase because they provide general product information, good or bad characteristics of a product. This information is usually what buyers need because with many assessments it will provide a lot of information for potential buyers. So that the existence of online customer reviews can make it easier for prospective buyers to be able to make a decision to purchase a product. According to the findings of this study, the Percieved Usefulness indicator (perceived benefits) is the indication from the descriptive analysis of the most significant Online Consumer Review variable. So it shows that consumers in general are very concerned about the benefits they feel when using online products or services. This is in line with the logic that consumers tend to look for products or services that provide real and meaningful benefits to them. The outcomes are consistent with the findings of Sitinjak & Silvia's research from 2022, which found that Shopee customers' online customer reviews significantly influence their purchasing decisions. Online consumer reviews have a positive and large impact on online shopping decisions at Tokopedia, according to research by Nurhidayat & Marsudi (2022).

The Effect of Trust (X2) on Purchasing Decisions (Y) on Lazada Consumers

According to the findings of the hypothesis testing that was done, trust influences Lazada's e-commerce in Surabaya City purchases in a favorable way. This shows that the better the trust provided by Lazada e-commerce, the more purchasing decisions will increase. Trust is one of the vital reasons that encourages someone to make an online purchase with low risk considerations. According to Ling et al., (2010) in Amin & Hendra (2020) argue that trust is needed when making purchases online and when someone is going to make a transaction online, the first thing they consider is whether the seller and the site they visit are safe and trustworthy or not. Because there is no face-to-face, the buyer's trust in the

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seller and the online buying and selling site becomes the main thing. So it can be said that if someone has trust in a brand, it is likely that consumers will decide to make a purchase (Kurniawati, 2022).

Based on the results of this study, the indicator from the descriptive analysis of the Trust variable that has the most influence is the Competence indicator. It shows that Lazada e-commerce management must focus on developing competence, be it through training, certification, work experience, or the use of appropriate technology, so that it can help companies gain consumer trust. When consumers believe that the party they trust has sufficient competence in meeting their needs, they will feel more confident and comfortable interacting and making transactions with that party. The results obtained are in accordance with the research of Wijaya & Kempa (2018) and Kurniawati (2022) which states that trust has a significant effect on purchasing decisions for Lazada consumers.

V. CONCLUSION

According to the PLS test findings, it can be said that:

1. Lazada e-commerce in Surabaya City benefits from the positive influence of online consumer reviews on purchasing decisions. This implies that inhabitants of Surabaya can be persuaded to make purchases through Lazada's online marketplace through Online Consumer Review.
2. In Surabaya City, trust influences consumers' decisions to buy on Lazada.com. This indicates that trust can influence Surabaya city citizens' decisions to make purchases through Lazada e-commerce.

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