The Effect Of Online Consumer Review And Prices On Online Purchase Decisions

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ABSTRACT

This study aims to determine the effect of online consumer reviews and prices on online purchasing decisions for students of the Faculty of Economics and Business, Makassar State University. The research method used is the quantitative method with the method of collecting data, namely through observation, questionnaires and documentation. In this survey, the majority of respondents are students who have made online purchases, and overall there are 97 respondents. The data collection methodology used a questionnaire instrument that was compiled based on a Liker scale and had gone through validation and reliability procedures. The analysis was then performed using multiple linear regression analysis. The results showed that: 1) Partially the online consumer review variable had a positive and significant effect on online purchasing decisions for students of the Faculty of Economics and Business, Makassar State University. 2) Partially, the price variable has a positive and significant effect on online purchasing decisions for students of the Faculty of Economics and Business, State University of Makassar. 3) Simultaneously online consumer reviews and prices have a positive and significant effect on online purchasing decisions for students of the Faculty of Economics and Business, State University of Makassar.

Keywords: Online Consumer Review*;* Price; Purchase Decision

INTRODUCTION

Technological developments have had a great effect on the progress of communication. The development of communication technology has encouraged many people, especially the younger generation, to be technology literate and adapt to the growing use of technology. Until in the end it causes a shift in values and culture related to daily activities. One of them is that the presence of the internet has caused changes in consumer shopping behavior, which is used for buying and selling transactions to meet demand.

In Indonesia, internet usage increased by 11 percent (from 175.4 million to 202.35 million) from the previous year. The increasing use of the internet from year to year is a significant opportunity for business owners in the digital era. The increase in internet usage will also result in more opportunities for online business. According to Wearesocial

and Hootsuite data on research (Rahayu, 2021) E-Commerce is a term used to describe online purchases made using the internet, which are made by approximately 90% of Indonesian internet users. E-Commerce is a by-product of the growth of the internet and information technology. Since the emergence of this technology in the 1990s, its use has increased because of its success in providing very significant benefits for the development of business or organizational strategies (Yustiani & Yunanto, 2017). The use of online buying and selling media among students for trading is in great demand, and the practical benefits of buying and selling online are considered to be the advantages of buying and selling online for students because it reduces transaction time. (Nasution, 2018). This is what encourages students to make electronic commerce purchases, the convenience provided has influenced purchasing decisions through online shopping sites (Fiyah et al., 2019).

Based on the initial survey conducted, it was identified that students' purchasing decisions in online shopping were still relatively low. Where purchases within the last 3 months 53.1 percent (53.1%) 1-3 times, purchases, 31.9 percent (31.9%), 4-6 times purchases and 15 percent (15%) more than 7 purchase times. Decision making is the ability of consumers to choose or buy goods based on available alternative choices (Wahyurini & Trianasari, 2020). Purchasing decisions are activities carried out by consumers in order to satisfy their needs, and the purchase decisions are contained in the form of consumer behavior when buying goods. However, there is also something that causes students not to shop online, namely because of problems, which are related to the quality of goods that do not match expectations or the fear of fraud. Things like this make it difficult to make decisions in online shopping. Based on the initial survey conducted by most of the students before making an online purchase, first look for information related to the goods to be purchased through previous buyer reviews and are more interested in buying products that have cheaper prices. Therefore, it is important for online consumers to seek information before making a purchase (Latief & Ayustira, 2019).

Reviews are facilities provided on online shopping sites where consumers can give their opinions online regarding these products and services from these shopping sites, reviews are pure opinions and direct judgments from someone and not an advertisement (Auliya et al., 2017) Information about products that are more likely to be relied on is information about products available through internet discussions, which has a greater degree of effect than the seller's product information (Latief & Ayustira, 2019). So for potential customers, reviews are very useful where to make purchasing decisions (Wahyudi, 2019). The most important factor influencing the reason for buying is the price because the price represents the quantity or market value of the product sold, which requires consumers to pay for the product purchased (Yuliani & Suarmanayasa, 2021) Price is said to be an important factor for consumers because there are always different considerations for consumers in making purchasing decisions (Febriani & Khairusy, 2020). Same thing with the research of (Melati & Dwijayanti, 2020) said that when buying some product, price is the first consideration. Based on economic theory, " when

prices of certain goods or services compete in the market, price increases are determined by demand and market conditions."(Anwar & Satrio, 2015).

According to Melati & Dwijayanti, (2020) said that price and online consumer review influence the buying decision. Besides that Arbaini, (2020) buying decision influenced consumer online rating and review. Amin & Hendra, (2019) Purchase decisions are influenced by Trust, Convenience, and Promotion. Febriani & Khairusy, (2020) Identify the purchasing decisions affected *Celebrity Endorer/Brand Ambassador*, price and product design. So price, *consumer online rating* and *review*, *celebrity endorser* or *brand ambassador*, as well as product design variables that affect purchasing decisions. In this research, variable *online consumer review* and prices that influence purchasing decisions as a focus study.

METHOD

A quantitative descriptive approach was used in this study. Data obtained through observation, questionnaires, and documentation. Students in the faculty of economics and business who have previously made online purchases are the population studied in this study. Random sampling method was used in the sampling process. Therefore, there are 97 samples in this study. This study used a questionnaire by *Google form* as an online data collection tool. The data analysis used in this paper is multiple linear regression analysis.

RESULT AND DISCUSSION

a. Classic Assumption Test

Table 1
Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		97
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	4.13461702
Most Extreme Differences	Absolute	.073
	Positive	.073
	Negative	-.046
Test Statistic		.073
Asymp. Sig. (2-tailed)		.200[c,d]

a. Test distribution is Normal.

Source: Data Processing Results, 2022

The results of the Kolmogorov-Smirnov test which measure normality show a significance level of 0.200. So that the data contribute normally because the value of kolmogorov-Smirnov > 0.05.

Table 2
Linearity Test Results

No	Variable	Sig Value	Sig Level	Description
1	Online Consumer Review on Purchase Decisions	0,198	0,05	Linear
2	Price to Purchase Decision	0,056	0,05	Linear

Source: Data Processing Results, 2022

From the table above it can be seen that each independent variable has a significant difference of linearity when compared to the dependent variable, which is shown above at a significance threshold of 0.05. As a result, each independent variable is linear with the dependent variable.

Table 3
Multicollinearity Test Results

No	Variable	Tolerance	VIF	Description
1	Online Consumer Review	0,897	1,115	Multicollinearity does not occur
2	Price	0,897	1,115	Multicollinearity does not occur

Source: Data Processing Results, 2022

The results of the multicollinearity test, the tolerance table lists the value of the independent variable having a tolerance value > 0.1 which indicates that there is no relationship between the independent variables *Online Consumer Review* (X1) whose value is 0.897 and the price (X2) whose value is 0.897. The results of the VIF calculation also reveal independent variables that are similar to VIF < 10 in the results. Thus, it can be concluded that there is no multicollinearity problem between independent variables in the regression model.

The heteroscedasticity test aims to determine whether the variation from one residual observation to another occurs in the regression model. Another criterion for testing is that heteroscedasticity is not a problem if the significance level between the independent variable and the absolute residual is more than 0.05.

Table 4
Heteroscedasticity Test Results

No	Variable	Sig Value	Description
1	*Online Consumer Review*	0,347	No Heteroscedasticity Occurs
2	Price	0,130	No Heteroscedasticity Occurs

Source: Data Processing Results, 2022

The results of the heteroscedasticity test shown above, each variable has a significance level greater than 0.05 so as to prevent heteroscedasticity.

b. Multiple Linear Regression Test

Tests using multiple linear regression analysis are designed to identify the influence of variables *online consumer review* (X1), and value (X2) on online purchasing decisions (Y) in students of the Faculty of Economics and Business, State University of Makassar. The following table shows the results of the analysis:

Table 5
Multiple Linear Regression Test Results

No	Variable	B Coefficient Value
1	Constant	20.092
2	*Online Consumer Review*	0.242
3	Price	0.624

Source: Data Processing Results, 2022

Based on the table above, it can be seen that the coefficients of the variables X1 and X2 are about 0.242 and 0.624, respectively, so that when applied to the regression case, it is applied to the following equation:

$$Y = 20,092 + 0,242\,X_1 + 0,624\,X_2 + e$$

These results can be explained by using the above equation: 1) The constant value of 20.092 means that if the online consumer review and price variables are assumed to be constant or unchanged, then there is a change in online purchasing decisions with a coefficient of 20.092. 2) Every increase in online consumer review units with a positive beta coefficient of 0.242, increases the influence of online consumer reviews and online purchasing decisions by 0.242. 3) The price has a positive beta coefficient of 0.624. Every increase in unit price increases online purchasing decisions by 0.624.

Partial Significance Test (T Test)

The T test is used to determine whether there is a significant relationship between the independent and dependent variables. The t-value is done by comparing the t-count

value in the table above with the t-table value with a significant level of a/2 = 5%/2 = 0.025 and degrees of freedom (df) = n-k-1 = 97-2-1 = 94. With the provisions it is obtained t table 1.985.

Tabel 6
T-test Results

No	Variable	t-count	t-table	Sig Value
1	Online Consumer Review	2,595	1,985	0,011
2	Price	5,287	1,985	0,000

Source: Data Processing Results, 2022

The table above shows that: 1) Online Consumer Review (X1) with a regression coefficient of 2.595 shows t count (2.595) > t table (1.985) has a positive and significant effect and sig (0.011) < 0.05. Thus, the online consumer review variable (X1) has a positive and partially significant effect on online purchasing decisions (Y). 2) The price variable (X2) with a regression coefficient of 5.287 shows t count (5.287) > t table (1.985) has a positive and significant effect and sig (0.000) <0.05. Thus, the price variable (X2) has a positive and partially significant effect on online purchasing decisions (Y).

Simultaneous Significance Test (F Test)

Table 7
F-test Results

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	862.992	2	431.496	24.465	.000[b]
	Residual	1640.247	93	17.637		
	Total	2503.240	95			

a. Dependent Variable: Buying decision

b. Predictors: (Constant), Harga, Online consumer Review

Source: Data Processing Results,(2022)

Based on the table above, the respective significance levels are 0.000 and the F-count is 24,465. When using a significance level of 5 percent and a minimum n-k DF level, the F-table becomes F(k, n-k), and the result is an F-table level of at least 3,093. So it is possible to understand the following values: sig value of 0.000 < 0.05 and F-count value of 24,465 > F-table 3,093. Thus, it can be concluded that the basic variables, namely online customer reviews (X1) and price (X2), both have a significant influence on buyer intentions (Y).

Coefficient of determination (R2)

Table 8
Coefficient of determination (R2)

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.587[a]	.345	.331	4.19965

a. Predictors: (Constant), Price, Online consumer Review
Source: Data Processing Results, 2022

Based on the results of data processing in the table above, the correlation coefficient value (R) is 0.587 or 58.7 which indicates that online consumer reviews and prices are closely related to purchasing decisions. The coefficient of determination R2 (R-squared) of 0.345 means that online consumer reviews and purchasing decisions are 0.345 or 34.5% of the price, while the remaining 65.5% is influenced by other variables outside of this study.

Discussion

In this finding, the independent variable is online consumer review and price simultaneously has a significant effect on the dependent variable on online purchasing decisions. The findings mean that online consumer reviews and prices have an influence on online purchasing decisions. This shows that with a positive review and each price change provides an increase in consumer purchasing decisions to make a purchase decision. Prices and reviews become consumer considerations when making purchases, online product consumers can see prices and reviews from consumers. This makes consumers able to buy products as desired (Melati & Dwijayanti, 2020). From this explanation, it is concluded that consumers will usually adopt a decision attitude when buying a product, meaning that there is a process that must be completed before making a purchase decision, such as analyzing the product to be purchased. You could say when making a decision, they have to choose one option over another. Aspects such as online consumer reviews and prices will play a role or contribute to how students make their purchasing decisions.

CONCLUSION

Based on the results of research and data analysis that has been carried out, the following conclusions can be drawn: 1) Partially the online consumer review variable (X1) has a positive and significant effect on online purchasing decisions (Y) Students of the Faculty of Economics and Business, State University of Makassar. 2) Partially the price variable (X2) has a positive and significant effect on online purchasing decisions (Y) Students of the Faculty of Economics and Business, State University of Makassar. 3) Simultaneously online consumer review (X1) and price (X2) have a positive and

significant effect on online purchasing decisions (Y) Students of the Faculty of Economics and Business, State University of Makassar.

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