

# EFFECT OF *ELECTRONIC WORD OF MOUTH* (eWOM) AND RELIANCE ON DECISION TO PURCHASE ONLINE SHOPEE

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## ABSTRACT

*This research is motivated by the promotion of shopee that are incessant. This research is intended to know and analyze the influence of electronic word of mouth and trust in online purchasing decisions at shopee. The population in this research is the students of STIE PGRI Dewantara Jombang who had shopped online at shopee. The samples in this study amounted to 100 people taken using purposive sampling techniques. The data analysis methods in this research used multiple linear regression analyses. The research results found that the variables of electronic word of mouth and trust have a positive effect on the variable of purchase decisions. This research concludes that the more positive electronic word of mouth, the higher the online purchasing decisions at shopee and the higher the level of consumer confidence, the higher the level of online purchasing decisions at shopee.*

**Keywords:** *Electronic Word of Mouth, Trust, Purchase Decision*

## A. INTRODUCTION

The development of technology and information brings major life changes. One of them is marked by the existence of the internet that appears to facilitate communication and get information quickly which has an effect, especially in trading business activities. With the internet, it is easier for companies, including small and medium businesses, to sell their products and services online. Doing business online is often referred to as *electronic commerce*. One of the *e-commerce* that is developing in Indonesia is Shopee. Shopee is one of the parties who take advantage of business opportunities *e-commerce* by enlivening the segment *marketplace* through applications *mobile* (Prayoga, 2016).

Shopee is one of the fastest growing *e-commerce sites* to attract consumers. It can be seen in the table of *top brands* with the following categories of online buying and selling sites.

**Table 1**  
**Top brand online buying and selling sites**

| MERЕК          | TBI   | TOP | MERЕК         | TBI   | TOP |
|----------------|-------|-----|---------------|-------|-----|
| OLX.co.id      | 28.9% | TOP | Lazada.co.id  | 31.8% | TOP |
| Lazada.co.id   | 18.0% | TOP | Tokopedia.com | 18.5% | TOP |
| Tokopedia.com  | 13.4% | TOP | Shopee.co.id  | 14.7% | TOP |
| Bukalapak.com  | 6.8%  |     | Bukalapak.com | 8.7%  |     |
| Elevania.co.id | 1.2%  |     | Blibli.com    | 8.0%  |     |

Top brand index 2017

Top brand index 2018

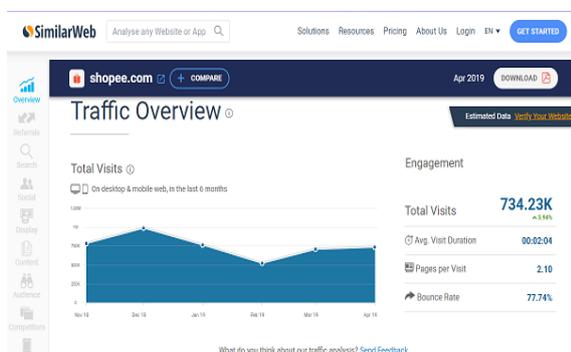
Source: (Topbrand-award, 2018)

From table 1 it is known that in 2018 shopee.co.id was in third place with TBI 14% of which TBI ( Top Brand Index) is a parameter used to measure brand strength in an award, with Lazada.co.id and tokopedia.com ranked first and second. In the previous year, 2017

Shopee has not been ranked in the *top brand award*, but within one year Shopee is already in third place.

Shopee has many features offered such as free shipping, providing *cashback*, as well as shopee coins that can be exchanged and can get discounts with the terms and conditions that apply. Offers given by companies like this will make consumers interested and decide to buy products on the shopee application. Making a decision is selecting an action from two or more choices (Schiffman & Kanuk, 2004). Consumers will search for information about one product with another.

Before consumers make a purchase of a product or service, consumers will certainly look for information about the product or service they bought. *Electronic word of mouth* refers to all positive and negative opinions from potential customers, regular customers, and previous consumers about a product or service sold by a company that is disseminated through the internet (Thurau, Gwinner, Walsh, & Gremler, 2004). The shopee application has also been visited by more than seven hundred thousand people every month. It can be seen in the following table of shopee visitors for the period November 2018 to April 2018.



(Source: Similar Web, 2019)

**Figure 1 Shopee visitors for the period November 2018-April 2019**

In Figure 1 the number of shopee visitors has fluctuated. From November to December 2018 shopee visitors experienced an increase, then from January to February 2019, it decreased. From March to April 2019 shopee application visitors experienced an increase again. This fluctuation is because consumers who shop *online* have trust or lack of trust in the store.

Trust is a very important basis for conducting transactions or purchasing activities *online*, a transaction will occur if both parties trust each other with one another so that all buying and selling processes are easier and more efficient if there is no basis of trust between the seller and buyers, there will be no transactions in the world of *e-commerce* (Ilham, 2017)

So that this discussion does not widen and get out of the background of the researcher, the authors only limit the research by observing whether there is an **"Effect of Electronic Word Of Mouth (E-Wom) and Trust in Online Purchase Decisions at Shopee (Study of Site Pgri Dewantara Jombang Students)"**.

## B. LITERATURE REVIEW

### Purchase Decision

According to (Kotler & Keller, 2008) the purchasing decision is the decision of consumers to purchase a product through the stages through which consumers before making a purchase that includes: perceived need, activities before buying, behavior while wearing, and feeling after buying. A consumer buying decision is the process of choosing one of several solutions and the correct follow-up. After that, the consumer can evaluate the options

and then determine the next steps to take. Purchasing decision indicators quoted from (Kotler, 2007) are as follows:

1. Product Stability
2. Buying Habits of Products
3. Recommendations for
4. Repurchase

### ***Electronic Word of Mouth (eWOM)***

*Electronic word of mouth* refers to all positive and negative opinions from potential consumers, regular consumers, and former consumers about products or services sold by companies that are spread over the Internet (Thurau, Gwinner, Walsh, & Gremler, 2004). According to (Fhonna & Utami, 2018) *Electronic word of mouth* is more effective than direct sales by marketers. consumers are more likely to be influenced by the advice of others who have experienced the benefits of the product, than by promises made by marketers. Because information allows consumers to have various considerations to improve purchasing decisions. According to (Goyette, Ricard, Bergeron, & Marticotte, 2010) in measuring *electronic word of mouth* using the following indicators:

1. *Intensity*
2. *Content*
3. *Positive Valence*
4. *Negative valence*

### **Trust**

According to (Kotler & Keller, 2012) trust is a component of cognitive and psychological factors. Trust is related to belief, based on evidence, suggestion, authority, experience, certain things are right or wrong. Trust is a certain party's belief in another party in conducting a trading relationship based on the belief that the person they trust has all the expected obligations (Putra, 2018). Trust has a profound impact on behavior. Through actions and learning processes, people will gain beliefs and attitudes that influence buying behavior. The indicators of trust quoted from (Mauludiyahwati, 2017) are as follows:

1. Satisfaction Guarantee.
2. Attention.
3. Candor.

### **Relationship of *Electronic Word of Mouth* to Purchase Decisions**

*Electronic word of mouth* is often used by consumers who want to find the product information they need, using technological developments such as online forums, review sites, and social media sites to facilitate the exchange of information between communicators (Prasad, Gupta, & Totala, 2017). The results of previous research conducted (Sari, Saputra, & Husein, 2017) and (Purnamasari & Yulianto, 2018) that *electronic word of mouth* has a positive and significant effect on purchasing decisions.

### **Trust Relationships Buying Decisions**

Trust is the belief of certain parties towards others in conducting trading relationships based on the belief that the person they trust has all the expected obligations (Putra, 2018). In research conducted by (Putra, 2018) and (Ilham, 2017) that trust has a positive effect on purchasing decisions.

### **Hypothesis**

H1: The more positive *electronic word of mouth*, the higher the purchase decision *online* at Shopee.

H2: The higher the level of consumer confidence, the higher the level of purchasing decisions *online* at Shopee.

## C. RESEARCH METHOD

### Design

This study uses quantitative methods. This type of research uses the method of *Explanatory Research*. This research was conducted to know the effect of *electronic word of mouth* and trust on purchasing decisions. Measurement scale using a Likert scale. The technique in determining the sample uses a non-probability technique, namely the *purposive sampling technique*. The data analysis method used is multiple linear regression analysis and the data is processed using SPSS.

### Population and Sample

The population in this study were STIE PGRI Dewantara Jombang students who had shopped *online* at Shopee. The sample in this study was STIE PGRI Dewantara Jombang students who did shopping *online* through shopee with the criteria that they had shopped *online* at shopee as many as 100 respondents.

## D. RESULTS AND DISCUSSION

Based on the questionnaire that was distributed to 100 respondents to shopee consumers at STIE PGRI Dewantara Jombang students, data were obtained about respondents' descriptions based on how often they did transactions at shopee, gender, and age.

Based on how often you make transactions at shopee, it is known that more than twice with a percentage of 52%, then two transactions with a percentage of 35% and one-time transactions with a percentage of 13%. Based on gender, it is known that most of the respondents are female with a total of 81% and male sex with a percentage of 19%. These results show that women prefer to shop online.

Based on age, it is known that aged 22 years with a percentage of 38%, respondents aged more than 20 years as many as 13%, respondents aged 21 years as many as 28%, and those > 22 years as many as 21%. The results based on age show that shopee consumer behavior is dominated by the age range of 22 years.

### Description Research Data of Purchasing Decision(Y)

Assessment of 100 respondents on the purchasing decision variable (Y) according to the classification of score levels consisting of 4 statements about purchasing decisions. This shows that the purchasing decision variable has an average index value in the high category. Consumers assessing purchasing decisions at shopee can perceive that shopee can be the main choice for their next purchase, and consumers intend to shop again at shopee.

### *Electronic Word of Mouth (X1)*

Assessment of 100 respondents to *electronic word of mouth (X1)* according to the classification of score levels consisting of 13 statements. Shows that the variable *electronic word of mouth* has an average index value included in the good category. It can be concluded that with this electronic word of mouth, consumers always take advantage of all information about products by other users on the Shopee application.

### Trust (X2)

100 respondents' assessment of trust (X2) according to the classification of score levels consisting of 6 statements. This shows that the trust variable has an average index value included in the good category. This shows that respondents assess products from shopee to be trusted and can provide satisfaction to their customers. Shopee can provide good quality products and by consumer expectations.

### Statistical Test Data

#### Normality Test Data

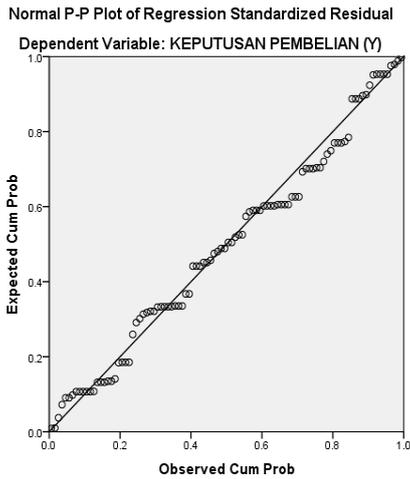


Figure 2 Normality Test Results

Figure 2 shows that the results of the P-Plot normality test are that the data spread around the diagonal line and follows the diagonal line, so it can be concluded that the regression model meets the assumption of normality.

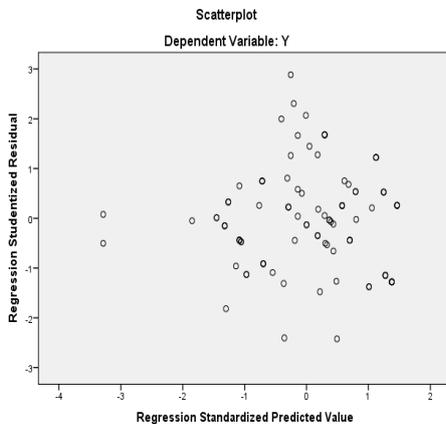
**Multicollinearity Test**

**Table 3**  
**Multicollinearity Test Results for**

| Model       | Collinearity Statistics |       |
|-------------|-------------------------|-------|
|             | Tolerance               | VIF   |
| (Constant)  |                         |       |
| 1 EWOM (X1) | .367                    | 2,727 |
| TRUST (X2)  | .367                    | 2,727 |

Table 3 shows that the regression model does not experience multicollinearity problems. This can be seen in the value *tolerance* of each variable which is greater than 10 percent (0.1). The results of the VIF calculation also show that the VIF value of each variable is less than 10. So it can be concluded that there are no symptoms of multicollinearity between independent variables in the regression model.

**Heteroscedasticity Test**



Source: SPSS Appendix, Processed Primary Data, 2019

### Figure 3 Heteroscedasticity Test Results

Figure 3 shows that the points on the graph *scatterplot* do not have a clear distribution pattern and the points spread above and below the number 0 on the Y axis. shows that there is no heteroscedasticity problem in the regression model.

### Multiple Linear Regression Analysis

The equation is obtained:

$$Y = 2.351 + 0.084X_1 + 0.401X_2 + e$$

The above equation can be explained as follows: The

- 1) value of 0.084 in the variable *electronic word of mouth* (X1) is positive so it can be said that the more positive *electronic word of mouth*, the higher the purchase decision.
- 2) The value of 0.401 on the trust variable is positive so it can be said that the higher the level of trust, the higher the level of purchasing decisions.

### T-test

In X1 *electronic word of mouth* with a significance level of 95% (0.05). The significance number (P value) in *electronic word of mouth* is 0.025 <0.05. Based on these calculations, H0 is rejected or means that the variable *electronic word of mouth* has a significant influence on the purchasing decision variable.

In the variable X2 *trust* with a significance level of 95% (0.05). The significance number (P value) on the confidence variable is 0.000 <0.05. Based on this comparison, H0 is rejected or means that the trust variable has a significant influence on the purchasing decision variable.

### Determinant Coefficient ( $R^2$ )

**Table 6**  
Determination Coefficient Test Results ( $R^2$ )

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1     | .772 <sup>a</sup> | .596     | .588              | 1,862                      |

Source: Appendix SPSS, Primary Data Processed, 2019

Based on Table 4.10, the value of R Square of 0.596 means simultaneously pembelianmelalui penelitian decision influenced by variables *electronic word of mouth* and trust at 59, 6%, and the rest is influenced by other factors not examined in this study, namely 100% - 59.6% = 40.4%.

### Discussion

#### Effect of *Electronic Word of Mouth* on Purchase Decisions

results of the tests carried out by researchers show that *electronic word of mouth* has a positive and significant effect on purchasing decisions *online* at Shopee, meaning that the more positive reviews and comments made by Shopee consumers, the more people who make purchasing decisions at Shopee. shopee. It is proven by potential consumers when they see and read information about products in Shopee that are delivered by real consumers who have used the product so that after reading the information, consumers will want to buy products at Shopee.

The results of this study support the research conducted by the results of previous studies conducted (Sari, Saputra, & Husein, 2017) and (Purnamasari & Yulianto, 2018) it was found that *electronic word of mouth* has a positive and significant effect on purchasing decisions.

### **Trust Effect On Purchase Decisions**

results of the tests conducted by researchers show that trust has a positive and significant effect on purchasing decisions *online* at Shopee, meaning that the higher the trust, the higher the level of online purchasing decisions at Shopee. Based on research, shows that shopee always tries to give satisfaction to its consumers so as not to feel disappointed and assumes that shopee is one of the shopping places *online* most trusted so that it can lead to purchasing decisions.

The results of this study support the research conducted by the results of previous studies conducted (Putra, 2018) and (Ilham, 2017) it was found that trust has a positive and significant effect on purchasing decisions.

## **E. CONCLUSION**

### **Conclusion for this research**

1. *Electronic Word of Mouth* has a pretty good contribution in influencing purchase decisions *online* at shopee. Consumers are more likely to see information from comments given by other consumers. This means that the more positive *electronic word of mouth*, the higher the online purchase decision at Shopee.
2. Trust makes a good contribution to the level of purchasing decisions. With clear information and by the products offered, consumers will trust the store *online* shopee and vice versa. This means that the higher the level of trust, the higher the level of purchasing decisions *online* at Shopee.

### **The Suggestions from the research are:**

1. Based on the test results, the variable *electronic word of mouth* has an average score in a good category, this needs to be maintained. The frequency of interaction with other shopee users must also be increased to get more information about prices, shipping, and products.
2. Based on the test results, the trust variable has an average score in a good category. Shopee must be able to maintain and maintain the quality and quantity of products so that consumers believe and feel satisfied in transacting at Shopee.
3. Based on the test results, the purchasing decision variable has an average value in the good category. For purchasing decisions at online shops to continue to increase, consumers must get used to transacting at shopee.
4. The accuracy of this research model in explaining the variation of purchasing decision variables is good, further researchers can develop a better research model by using other variables such as promotion, product quality, and service quality as the dependent variable. Further researchers are also advised to use a new model in measuring purchasing decisions.

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