

Research Article

# The Influence of Online Customer Review, Rating, Service, and Price on Repurchase Intention at Shopee

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**Abstract:** This study examines the influence of online customer reviews, ratings, service, and price on repurchase intention at Shopee, the number 1 e-commerce company in Indonesia. This study aims to determine whether the four variables influence repurchase intention at Shopee. The number of samples in this study was 200 respondents, and the analysis method used was Structural Equation Modeling (SEM with the help of PLS software). The influential variables are online customer reviews, ratings, and service. The price variable has no effect on repurchase intention at Shopee. These results are very helpful for both sellers and buyers because all variables can be measured and improved for even better results. This study concludes that it is important to read review ratings and feel the service sellers provide before making repeat purchases.

**Keywords:** E-Commerce, Online Customer Reviews, Ratings, Repurchase Intention, Service.

## I. INTRODUCTION

In this digital era, people's shopping has changed from visiting physical retail stores to online e-commerce. Data from the Ministry of Communication and Information Technology (Kemkominfo) explains that the development of online buying and selling sites in Indonesia has increased by 91% during the COVID-19 pandemic. In addition, internet users also reached 73.3% [1]. With the Covid-19 pandemic, it is very encouraging for people to shop online through e-commerce because they spend a lot of time at home. The growth of e-commerce in Indonesia is influenced by several factors, including the rapid development of smartphone technology and a more technologically literate society that is easy to adapt to the rise of new technology. E.g., Shopee is one of the leading e-commerce in Indonesia, where sellers and buyers are brought together to make transactions easily and safely because the payment made by the buyer will not reach the seller before the buyer finishes the transaction.

According to research conducted by SIRCLO and KIC (Katadata Insight Center), since the COVID-19 pandemic in Indonesia, people have proven to shop online more often than visiting offline retail stores. The use of digital wallets increased by 11%, while the use of debit cards and interbank transfers continued to decrease by 10%. In addition to the pandemic that requires people to engage in social distancing, the number of digital wallet users continues to grow. For example, OVO released a 50% cashback promo in April 2020 through 37 online marketplaces in Indonesia and did a campaign for shopping from home [2].

In Indonesia, there are several e-commerce sites where people shop online. Based on Similarweb, which was summarized by databoks.katadata.co.id, Shopee became the most visited e-commerce in 2023 with the following data [3]:

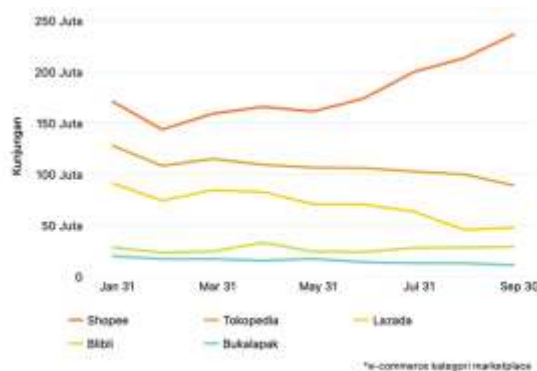


Fig. 1 Chart of e-commerce visits in Indonesia in 2023



One of the features that is useful for both sellers and buyers is the reviews and ratings that can be given by customers who have finished their orders on Shopee. This feature is very useful because it can increase trust for potential buyers. In this feature, buyers can write opinions and ratings about the products and services the seller provides. Online Customer Reviews (CRE) significantly influence consumer behavior and have become an important source of information for customers, affecting as much as 20-50% of all online purchase decisions [4]. In addition to online customer reviews, Online Customer Ratings (CRA) can also increase customer trust. The difference is that online customer ratings only show buyer satisfaction with the seller's product/service, while five stars indicate that the buyer is very satisfied.

In addition to online reviews and customer ratings, other things that are important to customers are service and price in accordance with the value of a product. Service is one of the important variables in answering customer satisfaction style, deft, empathy, and all facilities [5]. The last variable of this research is price, which is also a consideration for customers. The four variables, namely online reviews and customer ratings, service and price, are important because this has never been done in other research before. These variables are features that can be improved in e-commerce and affect customer repurchase intention.

## II. LITERATURE REVIEW

### A) Online Customer Review

Online Customer Reviews are reviews given by consumers regarding information from product evaluations on various aspects; with this information, consumers can get the quality of the product they are looking for in reviews and experiences written by consumers who have purchased the product from the seller online [6]. Online customer reviews are used as a means for consumers to search for and obtain information that will later influence purchasing decisions [7]. Customer review is a form of word-of-mouth communication in the marketplace, where prospective customers get information about the product to be purchased from customers who have purchased the product in the marketplace. Customers find it easier to conduct comparative surveys with products to be purchased in other marketplaces that provide similar products; the rapid use of digital marketing benefits customers, and customers do not have to visit different stores directly [8].

The results of research conducted by Latifa P. and Harimukti W. produce several indicators from online customer reviews as follows [6]:

1. Perceived Usefulness (perceived benefits)

From online customer reviews, buyers can see the opinions and assessments that previous buyers have felt. Opinions and assessments can be in the form of photos, videos and writings listed by previous buyers. This is very helpful for other buyers to weigh whether the quality of the product and the seller's service are in accordance with what is being sought.

2. Source Credibility

Credibility is how far an argument or opinion can be trusted and relied upon. The more reviews with similar content, the more credible the review is.

3. Argument Quality

The quality of the argument refers to the persuasive power of the opinions written by buyers about the products or services they receive. The opinions are usually about the advantages and disadvantages of the products and services received. The stronger the persuasiveness given can increase the trust of potential customers.

4. Valence

Valence is a phrase contained in a sentence or word in an opinion that can determine the nature of the opinion towards something positive or negative. Positive opinions can positively impact sellers and potential customers, increase customer trust, and ultimately lead to a sale-and-purchase transaction.

5. Volume of Review

The number of product reviews shows the number of customers transacting with a store. The more positive reviews increase the product's reputation and the trust of potential customers.

### B) Online Customer Rating

Ratings to provide a product assessment in the form of a star symbol given by customers to service providers or products whose results can be trusted, there is no intermediary between the assessor and the service provider in the assessment system, and it cannot be manipulated [7]. Rating is an assessment of the experience of consumers who have purchased products from e-commerce. In e-commerce, ratings are indicated by a star logo of one to five stars. The number of stars customers give is directly proportional to the satisfaction they get from the quality of the product or the seller's service. One star means that the customer feels dissatisfied or disappointed with the product purchased or the seller's service that handles customer needs. While five stars are the opposite, meaning the customer is very satisfied with the product or service the seller provides. According to Lee and Shin, the rating consists of three dimensions [9], namely:

1. Credible, consisting of:
  - It can be trusted.
  - Honest
2. Expertise, consisting of:
  - Professional
  - Useful
3. Likeable, consisting of:
  - Likeable
  - Interesting
  - Likely to buy from this website.

### **C) Service**

Service is one of the most important things when running an online store in e-commerce, especially Shopee. This can increase customer satisfaction from the seller's services to its buyers. In the context of e-commerce, service quality is known as an effective way to highlight competitive advantages and can increase success in the long term [10]. In the journey of Aryani and Rosnita, Gilbert et al. revealed that the importance of service quality encourages customers to commit to a product and service to a company so that it positively impacts increasing market share product [11].

In the customer survey, according to Kotler and Keller in a journal written by Fika Ayu Widyanita, the most significant thing that prevents customers from shopping online is an unpleasant experience, no social interaction and personal consultation from company representatives to customers [11]. Dissatisfaction can lead to bad marketing to their relatives, so companies can lose the opportunity to get more customers.

A company must fulfil the service expected by the customer. Parasuraman developed the SERVQUAL scale, which is widely used by researchers in analyzing service quality, not only physical services but also expanding the context of online services [10]. The SERVQUAL scale includes several dimensions which contain several indicators as follows:

1. Tangible (can be felt by customers)

The thing meant to be tangible means that the customer can see it. The indicators are user-friendly website navigation, attractive website appearance, well-organized and easy to understand.

2. Reliability

The services provided by an online store are reliable for customers, with indicators such as a professional nature and attitude, sending goods according to customer orders, and providing various easy transaction methods.

3. Responsiveness

The service provided to customers must also be fast and clear. Some indicators are fast, free to provide advice in serving customers and completing shopping transactions, and convenient transactions.

4. Guarantee

Good service provides clear and acceptable guarantees for customers. Indicators of this guarantee are security in transactions, maintaining customer data and privacy, being thorough and not making mistakes in product delivery.

5. Empathy

A service given to customers should have high empathy. The indicators provide good and clear FAQs, always help customers meet their needs during transactions, and are willing to exchange opinions freely with customers.

### **D) Price**

According to Oentoro in the journal by Fenny Krisna Marpaung et al., price is a value that can be exchanged for money or services owned by a person or group at a certain point [12]. Determining the price of a product/service is one of the important aspects of buying and selling transactions because it greatly affects the profits and running of a company's operational activities.

According to Dharmestha and Handoko in the journal written by Arini Nur Safitri, there are three indicators of price perception as follows [13]:

1. The product price matches the product quality.

A price can be assessed by the amount of rupiah spent to obtain a product/service, and the price of a product should be directly proportional to the quality of the product obtained. The higher the product price, the higher its quality should be and vice versa.

2. Price comparison with other similar products

Customers who make comparisons before buying a product usually tend to compare first. Comparison of prices of similar products that are too far will be considered an unreasonable price.

3. The product price matches the benefits obtained.

The benefits of a product are the features that customers can feel regarding the product they purchase, and the product's benefits should be in accordance with the product's price.

#### E) Repurchase Intention

Repurchase intention is a consumer action in repurchasing based on purchases or experiences that have been felt in the past. This repurchase shows that there is a loyalty trait in the consumer. In a journal written by Arfiani Bahar and Herman Sjahrudin, according to Sundalangi et al., high repurchase intention is indicated by a high level of customer satisfaction when they decide to buy a particular product after trying the product and then having feelings of liking or disliking the products [14].

Several indicators of repurchase intention, according to research by H.-C. Wu, which are more directed towards customer repurchase intention on online retail channels, are stated in the following dimensions [15]:

1. Intention to possibly repurchase using online channels.
2. Intention to become a loyal customer.
3. Intention to shop online in the future.

This is in line with research by Yasri et al., which states that repurchase intentions are expressed in dimensions [16]:

1. Intention to tend to repurchase.
2. Intention to purchase products and services from the same brand in the future.

### III. RESEARCH METHODOLOGY

This research was conducted online by distributing questionnaires that were made on Google Forms with the title “The Influence of Online Customer Review, Rating, Service, and Price on Repurchase Intention at Shopee”, targeting respondents who have ever/often shopped at Shopee e-commerce and are domiciled in Indonesia. The number of samples in this study was 200 respondents, and the analysis method used was Structural Equation Modeling (SEM) with the help of PLS software. The research was conducted in May 2024. The data listed in this study used primary and secondary data. Primary data is obtained by distributing questionnaires to respondents who often shop at Shopee, while secondary data is obtained from literature studies, journals, and websites.

### IV. RESULT AND DISCUSSION

#### A) Analysis of Data

Table 1: Profile of the Respondents

| Demographic | Group              | Frequency | Percentage |
|-------------|--------------------|-----------|------------|
| Gender      | Male               | 86        | 43%        |
|             | Female             | 114       | 57%        |
| Age         | 15 – 20            | 39        | 19.5%      |
|             | 21 – 25            | 82        | 41%        |
|             | >25                | 79        | 39%        |
| Occupation  | College Student    | 80        | 40%        |
|             | Full-Time Employee | 96        | 48%        |
|             | Unemployed         | 24        | 12%        |

Table 2: Path Coefficient

|          | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T statistics ( O/STDEV ) | P values |
|----------|---------------------|-----------------|----------------------------|--------------------------|----------|
| CRA → RI | 0.283               | 0.265           | 0.129                      | 2.198                    | 0.028    |
| CRE → RI | 0.388               | 0.39            | 0.084                      | 4.636                    | 0        |
| P → RI   | 0.168               | 0.178           | 0.089                      | 1.882                    | 0.06     |
| S → CRE  | 0.872               | 0.869           | 0.031                      | 28.111                   | 0        |
| S → RI   | 0.151               | 0.156           | 0.122                      | 1.238                    | 0.216    |

1. Online Customer Review (CRE) on Repurchase Intention (RI)

The first hypothesis tests online customer reviews' influence on repurchase intention. The p-value of CRE is 0 (<0.05), which means that there is an attachment relationship between the online customer review (CRE) and repurchase intention (RI). The original sample number is 0.388 (>0.15), so it can be concluded that the significant level of CRE on RI is at the medium level.

2. Online Customer Rating (CRA) on Repurchase Intention (RI)

The p-value in the CRA shows 0.028 ( $<0.05$ ), so the CRA and RI variables have a relationship that is bound to each other. The value of the original sample is 0.283 ( $>0.15$ ). This shows that there is a moderate interdependent relationship between CRA and RI.

3. Price on Repurchase Intention (RI)

The third hypothesis is the effect of price on repurchase intention. The p-value of the price is 0.06 ( $>0.05$ ), which means there is no relationship between price and RI.

4. Service on Repurchase Intention (RI)

The p-value in the table 2. shows 0.216 ( $>0.05$ ), so the service variable is not related to repurchase intention.

5. Service on Online Customer Review (CRE)

From Table 2. the service has a relationship with CRE because the p-value is 0 ( $<0.05$ ) with a strong level of relationship, indicated by the original sample value of 0.872 ( $>0.35$ ). This relationship exists because the service can affect CRE, which can affect RI.

**Table 3: Specific Indirect Effect**

|              | Original Sample<br>(O) | Sample Mean (M) | Standard Deviation<br>(STDEV) | T statistics<br>( O/STDEV ) | P values |
|--------------|------------------------|-----------------|-------------------------------|-----------------------------|----------|
| S → CRE → RI | 0.338                  | 0.339           | 0.076                         | 4.445                       | 0        |

Table 3. shows that Online Customer Review (CRE) is mediation from service to Repurchase Intention (RI). The p-value of 0 ( $<0.05$ ) shows that service, CRE and RI have a significant relationship; however, judging from the sample value of 0.338, the relationship between these three variables is in the medium category.

**Table 4: Fit Measures**

|            | Saturated Model | Estimated Model |
|------------|-----------------|-----------------|
| SRMR       | 0.072           | 0.074           |
| d_ULS      | 0.974           | 1.047           |
| d_G        | 0.59            | 0.618           |
| Chi-square | 614.893         | 627.119         |
| NFI        | 0.747           | 0.742           |

SRMR is the square root of the difference between the residuals of the sample covariance matrix and the hypothesized covariance model. As quoted from smartpls.com, the SRMR value that fits in the model is below 0.08. The remaining 0.08 – 0.1 is still acceptable. In Table 4. the SRMR value shows 0.072 ( $<0.08$ ), so it can be interpreted that this research model is acceptable.

One of the first fit measures proposed in the SEM literature was the normative fit index by Bentler and Bonett. The NFI is an incremental measure of fit; its weakness is that it does not penalize for model complexity [17]. An acceptable value in line with PLS path modeling is above 0.90 [18]. In Table 4, the NFI values show 0.747 ( $<0.90$ ), which means that the model is still acceptable, but something can still be improved.

**Table 5: R-Square**

|     | R-Square | R-Square adjusted |
|-----|----------|-------------------|
| CRE | 0.76     | 0.759             |
| RI  | 0.825    | 0.822             |

R-square is a value that shows how much the independent variable affects the dependent. R-square is worth from 0 to 1; the higher the R-square value, the stronger the influence of the independent variable on the dependent.

In Table 5, the R-square value owned by Online Customer Review (CRE) is 0.76, which indicates that the influence of the CRE is 76%. This shows that the online Customer Review (CRE) has an influence that is considered strong because the R-square value is more than 0.6.

The R-square value owned by repurchase intention (RI) is 0.825, which is 82.5% of the variability by this variable can be explained by the Repurchase Intention (RI) variable. The number 0.825 can be interpreted as a “strong” model because the value exceeds 0.6.

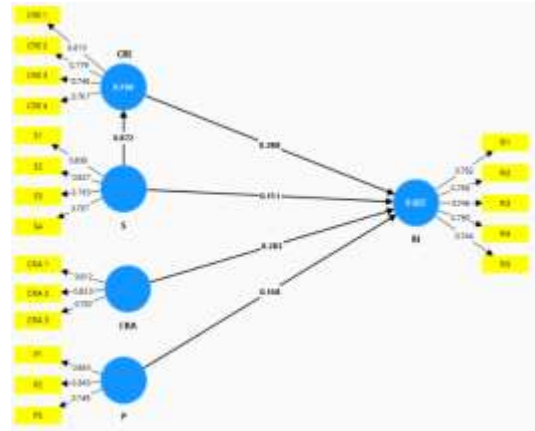


Fig. 2 The Result of PLS Algorithm

## B) Discussion

This research concludes that online reviews written by customers positively and significantly impact repurchase intention at Shopee. This result indicates that customers who want to make repeat purchases still read and consider online reviews. The more positive the online review content, the higher the customer's intention to repurchase.

The online ratings customers have positively and significantly affected customer repurchase intention at Shopee. This is similar to customer reviews; the higher the product rating in e-commerce, the higher the repurchase intention for customers who have already bought it.

Based on the p-value results, the variable price does not positively and significantly affect repurchase intention at Shopee. This is because customers who have bought at Shopee are more concerned with the quality of the product itself, which can be seen in reviews, ratings, and service.

The variable service does not directly affect repurchase intention but is mediated by online customer reviews, which will affect repurchase intention at Shopee. Service in Shopee has a corresponding influence on customer reviews; the better and more satisfied the customer will be with the service provided, the better the content of the customer review will be. This influences repurchase intention because positive reviews will increase repurchase intention at Shopee.

## V. CONCLUSION

This research illustrates that as many as 200 respondents assessed the effects of online customer reviews, ratings, service, and prices on repurchase intention in Shopee. These results are very helpful for both sellers and buyers because all variables can be measured and improved for even better results. After conducting an online survey via Google Forms, the results show that online customer reviews and ratings influence customer repurchase intention. Service affects repurchase intention with the mediation of online customer reviews. This study concludes that it is important to read review ratings and feel the service sellers provide before making repeat purchases. However, this research cannot be used as a definitive answer because researchers only surveyed 200 respondents, whose reach was limited. However, this study can illustrate the important role of the four variables in increasing repurchase intention at Shopee.

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