The Influence of Online Customer Reviews and Free Shipping Promotions on Purchase Decisions at PT Shopee Internasional Indonesia in Depok City, West Java

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Abstract

This research seeks to examine the influence of online customer reviews and free shipping offers on purchasing decisions among Shopee users in Depok, West Java, both individually and jointly. A quantitative approach with a non-probability sampling technique was applied. The study population consisted of Shopee users in Depok who had made multiple purchases through the platform. Purposive sampling was employed to select respondents. Data were collected through primary sources in the form of questionnaires and analyzed using multiple linear regression. The findings indicate that both online customer reviews and free shipping promotions, whether considered separately or together, exert a positive and significant impact on purchasing decisions.

Keywords: Online Customer Reviews, Free Shipping Promotions, Purchase Decisions

1   Introduction

The development of technology and communication in the modern era has brought significant changes to people's lifestyles. Information technology is increasingly easy to understand and rapidly permeates various aspects of human life, including economic, social, and cultural activities. One form of technological development that has had a significant impact is the internet. The internet has become a medium that allows people to connect without the limitations of space and time, providing information, serving as a means of entertainment, and facilitating communication. With its speed and effectiveness, the internet has now become a primary need for most people (Setiawan & Fauziah, 2017).

According to Laudon (2015:351) in Setiawan & Fauziah (2017), the internet is a global communications network that uses universal standards to connect various different networks. Its use is no longer limited to accessing the latest information or news, but also as a means of business transactions and the birthplace of new marketplaces that can reach consumers widely without being limited by space or time. This condition has driven a shift in consumer behavior in conducting buying and selling transactions. While previously people had to come directly to markets, shops, or shopping centers (malls), now they can make purchases online using smartphones or other digital devices (Jati Ariwibowo & Nugroho, 2013). This behavioral change is triggered by the convenience and time efficiency offered by online

shopping systems, thus encouraging many consumers to switch to using marketplaces as their primary means of shopping.

Changes in consumer spending patterns have become increasingly apparent since the onset of the Covid-19 pandemic. Government-imposed social restrictions, or lockdowns, to curb the spread of the virus have accelerated consumers' shift from offline to online shopping. This has led to a significant increase in transaction activity on various e-commerce platforms. The impact of this shift in consumer behavior is reflected in the results of the Top Brand Award survey conducted by Frontier Group Marketing in fifteen major cities across Indonesia. The survey, which has been running for more than two decades, shows a shift in the percentage of the Top Brand Index in the online shopping site category each year.

Based on the results of the 2021 survey, Shopee managed to rank first with a percentage of 41.80%, surpassing its closest competitors Tokopedia (16.70%) and Lazada (15.20%). In the Top Brand Gen-Z Index 2021, Shopee also ranked first with a percentage of 52.90%, far surpassing other competitors such as Lazada (23.70%) and Blibli (5.70%). This data shows that Shopee has a very strong influence, especially among the younger generation, and is able to outperform other competitors that have even been present in Indonesia.

Shopee itself is a mobile marketplace-based e-commerce platform that was first established in Singapore in 2015 before eventually expanding to various countries in Southeast Asia, including Indonesia, Malaysia, Thailand, Vietnam, Taiwan, and the Philippines. Since entering the Indonesian market in 2015, Shopee has grown rapidly by offering various product categories ranging from fashion, beauty, health, household appliances, to electronics. Shopee's advantage lies in its focus on a mobile platform that provides easy transactions directly via mobile phones. In addition, Shopee has also expanded its partnerships with various logistics and online transportation service providers to strengthen its delivery services (Liputan6, 2020). Thanks to this strategy, Shopee has repeatedly ranked first as the site with the most visitors in Indonesia (Databoks, 2020).

One of Shopee's most appealing features is online customer reviews. This feature is a form of Electronic Word of Mouth (eWOM), which is the content of reviews created by consumers after purchasing a product. According to Hidayati (2018), online customer reviews provide very useful information for potential buyers in assessing product quality before making a purchasing decision. Furthermore, consumer reviews also help sellers understand customer perceptions of their store's products and services. Chevalier and Mayzlin (2016) emphasized that positive reviews can encourage consumer attitudes that benefit the company, while negative reviews have the potential to reduce consumer purchasing interest in the product. Because they are external, companies cannot intervene in consumer assessments (Kusumasondjaja, Shanka, & Marchegiani, 2012). Thus, online customer reviews play a crucial role in increasing visitor traffic and are a highly sought-after source of information for potential buyers (Farki, 2016).

In addition to consumer reviews, the "free shipping" promotional strategy is also a significant factor influencing consumer purchasing decisions on Shopee. According to Asauri (2015), promotions like free shipping are part of a special sales effort aimed at stimulating purchases. For many consumers, shipping costs are often a barrier, as in some cases they can exceed the price of the product purchased. With free shipping promotions, consumers feel less burdened when shopping, thus encouraging them to make purchases. Shopee itself consistently offers free shipping vouchers with a certain nominal value every day to increase customer purchasing interest.

Purchasing decisions are inherently complex processes and are influenced by many factors, both internal and external. According to Alma (2011), purchasing decisions are influenced by economic, financial, technological, political, and cultural factors, According to Kotler and Keller (2016), the marketing mix—covering product, price, promotion, place, people, process, and physical evidence—plays a role in shaping consumer behavior, where purchasing decisions typically progress from need

recognition to information search, alternative evaluation, and the final choice to buy. In this context, online customer reviews and free shipping promotions are two dominant factors influencing consumers to choose Shopee over other e-commerce platforms.

The purpose of this study is to determine the influence of online customer reviews and free shipping promotions on purchasing decisions at PT. Shopee Internasional Indonesia in Depok City, West Java, both partially and simultaneously. Based on this description, research on the influence of online customer reviews and free shipping on purchasing decisions at Shopee is important. This is not only to understand consumer behavior in the digital era, but also to provide strategic input for businesses in optimizing their services and marketing strategies amidst increasingly fierce e-commerce competition.

2   Research Methods

This research applies a descriptive quantitative approach combined with multiple linear regression analysis. The quantitative method concerns systematic procedures for collecting data, analyzing it, and interpreting the outcomes to draw conclusions and support decision-making. As noted by Priono (2016), multiple linear regression is a development of simple regression, in which the number of independent variables is expanded from one to two or more. In this study, multiple regression is employed to examine the influence of price and brand image on purchasing decisions. Data collection was carried out through a survey using questionnaires, and the results were analyzed with SPSS version 22.

Population and Sample

The population refers to the overall set of research objects, which may include humans, animals, plants, air, phenomena, values, events, attitudes, and others that can serve as sources of data (Bungin, cited in Siregar, 2013:30). In this study, the population is defined as the people of Depok who have made at least one purchase through Shopee.

The population in this study is an infinite population, so the sample size used was calculated using the Rao Purba formula (2006) in Kharis (2011) obtained 96 which was then rounded up to 100 respondents selected using purposive sampling techniques, namely respondents who met the criteria of having shopped at Shopee more than once, being at least 16 years old, because it was considered relevant to answer and understand each question and respondents residing in Depok City.

Data collection technique

Here, field research is conducted to obtain information and data related to actual conditions or facts on the ground. The steps taken include:
a) Observation
This is a data collection method that utilizes direct or indirect observation of the research object. Observational data collection techniques are used to obtain data on the process of completing the questionnaire.
b) Questionnaire
This is a method of collecting data by distributing a list of statements to respondents. The questionnaire is constructed using closed-ended questions scored on a Likert scale.

3   Results and Discussion

Validity Test

The validity test results for the Online Customer Review variable (X1) indicate that all statement items (X1.1 to X1.5) obtained correlation coefficient values between 0.677 and 0.765, which are higher than the critical value of 0.197. This outcome confirms that each indicator is statistically valid and capable of accurately measuring the construct. The consistency of values above the threshold further suggests that the instrument provides strong validity, ensuring that the items used are appropriate for representing the Online Customer Review variable in subsequent analysis (Sugiyono, 2017).

The validity test of the Free Shipping Promotion variable (X2) demonstrates that all indicators (X2.1 to X2.4) yield correlation coefficient values between 0.574 and 0.752, exceeding the critical r-value of 0.197. These findings indicate that each item is valid and suitable for measuring the construct. The fact that all coefficients surpass the minimum threshold confirms that the measurement instrument possesses adequate validity, ensuring the indicators can reliably represent the Free Shipping Promotion variable in further analysis (Sugiyono, 2017).

The validity assessment for the Purchase Decision variable (Y) shows that all items (Y1 to Y5) obtained correlation coefficient values ranging from 0.705 to 0.797, which are well above the r-table threshold of 0.197. This indicates that each statement item is statistically valid and capable of measuring the intended construct. The consistently high coefficients confirm that the instrument demonstrates strong validity, ensuring that the indicators appropriately capture the concept of purchase decisions for subsequent analysis.

Reliability Test

The reliability testing results indicate that all variables in this study meet the required reliability criteria. The Online Customer Review variable (X1) produced a Cronbach's Alpha coefficient above the minimum standard of 0.70, signifying that the items are internally consistent and reliable. Similarly, the Free Shipping Promotion variable (X2) obtained a Cronbach's Alpha value greater than the threshold, confirming that the measurement items consistently represent the construct. The Purchase Decision variable (Y) also demonstrated a Cronbach's Alpha coefficient exceeding 0.70, further validating the internal consistency of its indicators. These outcomes collectively suggest that the research instruments used for all three variables are highly reliable and can be confidently applied in further statistical analysis.

Classical Assumption Test

Normality Test

The Normal P-P Plot of Regression Standardized Residual for the dependent variable Purchase Decision illustrates that the data points are distributed closely along the diagonal line. This pattern indicates that the residuals follow a normal distribution, as the observed cumulative probabilities are nearly identical to the expected cumulative probabilities. The absence of significant deviations from the diagonal suggests that the assumption of normality has been met. Consequently, the regression model used in this study fulfills one of the classical assumption tests, ensuring the validity of subsequent hypothesis testing and statistical inferences.

Multicollinearity Test

The results of the collinearity diagnostics show that the Online Customer Review and Free Shipping Promotion variables have tolerance values of 0.880, which are above the minimum threshold of 0.10, and VIF values of 1.136, which are below the critical value of 10. These results indicate that no multicollinearity exists among the independent variables in the regression model. Thus, the model satisfies the classical assumption of multicollinearity, ensuring that each predictor can be analyzed independently without mutual interference (Sugiyono, 2018).

Heteroscedasticity Test

The heteroskedasticity test using the Glejser method shows that the significance values for the Online Customer Review (X1) variable and the Free Shipping Promotion (X2) variable are 0.280 and 0.076, respectively. Since both values are greater than the 0.05 significance level, it can be concluded that heteroskedasticity is not present in the regression model. This finding indicates that the variance of the residuals is homogeneous across all levels of the independent variables, thus fulfilling the classical assumption of homoskedasticity (Sugiyono, 2018).

Multiple Linear Regression Test

The multiple linear regression analysis shows that the constant has a coefficient of 1.774 with a significance value of 0.369, indicating that it does not significantly influence the model. The Online Customer Review variable yields a regression coefficient of 0.580, with a value of 6.477 and a significance of 0.000 (< 0.05). This result demonstrates that online reviews have a positive and significant effect on purchase decisions, meaning that more favorable reviews lead to higher consumer likelihood of making a purchase.

The Free Shipping Promotion variable produces a regression coefficient of 0.396, with a value of 4.670 and a significance of 0.000 (< 0.05). This indicates that free shipping promotions also exert a positive and significant influence on purchase decisions, suggesting that such promotions encourage consumers to complete their transactions.

In terms of collinearity statistics, both independent variables show tolerance values of 0.880 (> 0.10) and VIF values of 1.136 (< 10). These values confirm the absence of multicollinearity in the regression model.

Based on the coefficients obtained, the regression equation can be formulated as follows:

$Y = 1.774 + 0.580X\_1 + 0.396X\_2 + e$

Where:

Y = Purchase Decision

X_1 = Online Customer Review

X_2 = Free Shipping Promotion

e = Error term

Overall, the results confirm that both online customer reviews and free shipping promotions significantly and positively affect purchase decisions, implying that enhancing customer feedback quality and providing shipping incentives can effectively increase consumer buying behavior.

t-test

a. The regression results indicate that the Online Customer Review variable (X1) has a coefficient value of 0.580. This implies that for every one-unit improvement in the quality or frequency of online reviews, the purchase decision (Y) will increase by 0.580, assuming the free shipping promotion remains constant. In other words, the more positive and reliable the reviews provided by previous buyers, the greater the probability that other consumers will proceed with a purchase. Online customer reviews represent a form of electronic word of mouth (e-WOM) that serves both as a social reference and as evidence of genuine user experiences. These findings align with Putra and Ardani (2019), who concluded that online reviews significantly affect purchasing decisions due to their higher credibility and relevance compared to traditional advertising. Likewise, Apriani (2021) emphasized that consumers frequently rely on online reviews as a key reference when making shopping decisions in e-commerce.

b. Meanwhile, the free shipping promotion (X2) has a coefficient of 0.396, meaning that every one-unit increase in the intensity of the free shipping promotion will increase purchasing decisions by 0.396, assuming other variables remain constant. Although its contribution is smaller than online customer reviews, free shipping promotions still play a significant role in attracting purchase intention. This strategy reduces consumers' psychological barriers to additional costs, which are often perceived as burdensome in the final decision in online transactions. This finding supports research by Handayani & Widiastuti (2020), which explains that free shipping has a positive and significant effect on purchasing intention because consumers perceive a direct financial benefit. Research by Susanti (2022) also confirms that free shipping promotions are one of the most effective promotional factors in increasing transaction volume on e-commerce platforms.

F test

The ANOVA results reveal that the regression model has a sum of squares of 460.266 with a mean square of 230.133 and an F-value of 48.136. The significance value obtained is 0.000, which is far below the threshold of 0.05. This indicates that the model is statistically significant, meaning that the independent variables—Online Customer Review (X1) and Free Shipping Promotion (X2)—simultaneously exert a significant influence on the dependent variable, Purchase Decision (Y). The residual sum of squares is 497.210 with a mean square of 4.781, while the total variation in the model is 957.477. These results confirm that the regression equation is appropriate to explain the relationship between the predictors and the outcome variable.

Goodness of Fit (R2)

The model summary indicates that the regression model yields a correlation coefficient (R) of 0.693, suggesting a strong relationship between the independent variables—Online Customer Review and Free Shipping Promotion—and the dependent variable, Purchase Decision. The coefficient of determination (R Square) is 0.481, meaning that 48.1% of the variation in purchase decisions can be explained by the two predictors included in the model. The Adjusted R Square, which accounts for the number of predictors, is slightly lower at 0.471, yet still indicates a substantial explanatory power. The standard error of the estimate is 2.187, reflecting the average deviation of the predicted values from the observed data. In addition, the Durbin-Watson statistic is 2.003, which falls within the acceptable range around 2, suggesting that no autocorrelation exists in the residuals. These findings confirm that the regression model is robust and appropriate for explaining the relationship between online reviews, free shipping promotions, and consumer purchasing decisions.

4   Conclusion

The findings of the multiple linear regression analysis reveal that both online customer reviews (X1) and free shipping promotions (X2) exert a positive and significant influence on purchase decisions (Y). Among these, online customer reviews demonstrate a stronger impact ($\beta = 0.580$) compared to free shipping promotions ($\beta = 0.396$). This highlights the crucial role of review quality in building consumer trust and motivating purchasing behavior, while free shipping incentives remain significant by lowering additional expenses for buyers.

The results of the simultaneous test (F-test) also confirm that the two predictors collectively affect purchase decisions, with an F-value of 48.136 exceeding the critical F-table value of 2.76. Moreover, the coefficient of determination (R²) of 0.481 suggests that 48.1% of the variance in purchase decisions can be explained by these two variables, whereas the remaining 51.9% is attributable to other factors not examined in this study.

In conclusion, online customer reviews and free shipping promotions are key elements that e-commerce platforms should emphasize to enhance consumer purchasing decisions.

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