



## Analysis of OCR's Factor and Sales Promotion on E-commerce

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### ARTICLE INFORMATION

### ABSTRACT

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Indonesia one of the country with the fastest e-commerce growth in 78% of the world, demanding an unavoidable tight e-commerce business competition, thus encouraging some e-commerce to increase promotion and assessment from customers to be more attractive. The convenience offered by e-commerce attracts consumers to move from offline shopping to online shopping. Many factors influence consumers to switch from offline to online shopping, one of it is online customer reviews and sales promotions. The purpose of this study was to determine the effect of online customer reviews and sales promotions on purchasing decisions at the Bukalapak marketplace. The sample of this study was 99 respondents who were measured using Partial Least Square (PLS) analysis. The results of this study indicate that online customer reviews and sales promotions have a positive and significant effect on buying decisions.

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## INTRODUCTION

The development of sophisticated technology is increasingly having an impact on changing patterns of community interaction, social interaction, culture and economy. From these changes, the factor that most influences internet presence is the business sector, especially e-commerce. Since the emergence of e-commerce, the shift in customer behavior has changed, from buying through offline shops to buying through online shops. The difference between online shopping and direct shopping is the customer's ability to value a product so that it can lead to desire and encourage consumers to make purchasing decisions.

One of the factors that influence consumers in making purchasing decisions is information about the product to be purchased. Consumers who are going to shop online need to find more information about the product they will buy to minimize unexpected risks. The easiest way to get this information is by looking at online reviews. Online customer reviews are reviews provided by consumers related to information from the evaluation of a product on various aspects, with this information consumers can get the quality of the product they are looking for from reviews and experiences written by consumers who have purchased products from the online seller.

Apart from online customer reviews, another factor that can influence consumer purchasing decisions is sales promotions. Based on the MarcPlus, Inc survey in October 2018, it shows that Bukalapak is still lacking in increasing sales promotions. The results of this research show Shopee is in first place with 42.8%, then Tokopedia 19.8%, and finally Bukalapak at 17.5%. In the e-commerce business, marketplace players compete to offer promos to attract many users. This is part of the company's sales promotion strategy to encourage consumers to make purchasing decisions. Sales promotions are short-term incentives to encourage the purchase or sale of products or services. It takes stimulation that attracts attention so that consumers can immediately make purchasing decisions. These stimuli can take the form of incentive tools (giving samples, coupons, offers of refunds) that can motivate consumers to prompt purchases. This is a factor in the importance of sales promotion to increase purchasing decisions.

Based on iPrice data, it shows that Bukalapak visitors in the third quarter of 2019 experienced a decline in being in third position with a total visitor number of 42.9 million. Based on this phenomenon, it shows that the decrease in the number of visitors does not give a significant increase for the company. Due to the increasing number of e-commerce businesses, it is easier for consumers to switch places to shop online. If consumers are more interested in visiting e-commerce besides Bukalapak, the level of purchasing decisions at the Bukalapak marketplace will decrease rapidly.

## LITERATURE REVIEW

### OCR

E-commerce is the process of purchasing goods and services that utilize the internet network to transact safely with electronic payments. Marketplace is a meeting place between sellers and buyers to exchange goods and services for money. Online customer reviews (OCRs) are reviews provided by consumers related to information from the evaluation of a product on various aspects, with this information consumer can get the quality of the product they are looking for from reviews and experiences written by consumers who have bought products from the seller. on line. Meanwhile, according to Zeithmahl, online customer reviews are positive and negative reviews of products that have been sold at online shopping malls. Consumers are usually looking for quality information when deciding to buy a product. With the increasing popularity of the internet, online customer reviews are becoming an important resource for consumers to find out the quality of a product. According to Lee Online Customer Review can be measured through:

1. Source Credibility, relating to the perception of the recipient of the message about the trustworthiness of the source of the message, does not reflect anything about the message itself.
2. Argument Quality (Argument Quality), refers to the strength or reasonableness of a convincing argument.
3. Volume, shows the fame of the product because it relates to the sales volume of the product.
4. Timeliness, related to whether the message is

new, updated and ontime.

5. Valence, related to how the online review is viewed, for example viewed negatively or positively.

### **Sales Promotion**

According to Kotler and Keller Sales Promotion is part of a marketing campaign, consisting of a collection of incentive tools, most of which are short term, designed to stimulate the faster or more rapid purchase of a particular product or service by consumers or commerce. Meanwhile, according to Kotler and Keller, sales promotion consists of short-term incentives to encourage the purchase or sale of a product or service. According to Purnama states that sales promotion is a sales activity that is short-term and is not carried out repeatedly and irregularly, which is intended to encourage stronger acceleration of different market responses.

From the above understanding, it can be concluded that sales promotions are incentive tools used to stimulate the purchase or sale of a product or service more quickly and larger which is usually short-term. The indicator of sales promotion based on Utami:

1. Discount
2. Shopping Card
3. Frequent Shoppers Program

### **Buying Decision**

Generally, Schepers explains that a decision is a selection of two or more alternative options. In other words, to make a decision there must be alternative options. Conversely, if consumers do not have an alternative to choose, it cannot be categorized as a decision making. A decision-making process is an individual activity that is directly involved in obtaining and using the goods offered. The purchase decision is a process in real buying after going through certain stages according to Tjiptono After evaluating a number of alternatives, the customer can decide whether a product will be purchased or decided not to buy at all. Purchasing decision indicators according to Koller and Keller:

1. Brand Choices, consumers are free to make decisions in buying a product based on the brand they want and what they think is good, because there are differences between brands.

2. Amount of Purchase, hereby consumers are free to decide how many products they will buy, in this case more than one purchase may occur.

3. Purchase Time, consumers are free to choose when to make a purchase decision because each consumer is different. For example: buying the product every day, three times a week, once a month, and so on.

According to Almana dan Mirza "Online Consumer Review used as a means for consumers to find and get information which later will influence purchasing decisions. Online consumer review also has a function as a decision-making tool and a mechanism for consumer feedback". Nur Laili Hidayati [8] concluded that "Online Consumer Reviews have an influence on purchasing decisions due to several factors, namely in deciding product purchases, the content of other consumer reviews that influence product selection, the suitability of product information on consumer knowledge, the appropriateness of reviews given by fellow consumers, product assessment. post-purchase given by fellow consumers, considering the latest reviews given by consumers on a product".

In this case, online customer reviews have a positive influence on purchasing decisions, Buchary, Saladin explains "with sales promotions in the short term which are designed to lure related consumers to make positive purchasing decisions, where sales promotions use special programs and offers". The special offers given can be in the form of coupons, rebates / discounts, offers of refunds, and so on. Then according to Machfoedz provides an understanding that what is meant by "Sales promotion is an activity or material that in its application uses techniques, under the control of the seller or manufacturer that can communicate interesting persuasive information about the product offered by the seller or manufacturer, either directly or to parties who can influence purchasing decisions".

Based on the background and problems described previously, the following hypotheses can be formulated:

1. It is suspected that Online Customer Review has a positive effect on Purchasing Decisions
2. It is suspected that Sales Promotion has a positive effect on Purchasing Decisions for community economic empowerment.

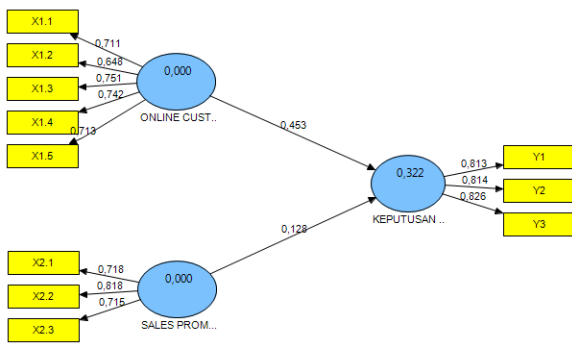
**METHOD**

**Object’s research description**

Bukalapak is one of the original marketplaces made by Indonesian children, which was founded on January 10, 2010 by Achmad Zaky, Nugroho Herucahyono and Fajrin Rasyid to be precise in a boarding house while studying at the Bandung Institute of Technology. In 2017 Bukalapak was one of the 4 startups with a valuation of more than \$ 1 billion. Bukalapak acquired the Prelo company in October 2018. Bukalapak's goal in acquiring Prelo (a second-hand e-commerce company) located in Bandung was to obtain human resources. On 27 September 2018, Bukalapak officially collaborated with DANA, an electronic money service or e-money managed by PT. Espay Debit Indonesia Koe. The number of Bukalapak sellers or merchants in 2015 was 163,000. Meanwhile, at the end of 2016 the number of sellers on their platform exceeded the 1.3 million mark. Until the end of 2018 the number had increased drastically to reach 4 million sellers. This increase encourages Bukalapak to reach the target.

**PLS Model Analysis**

Based on the results of the PLS model analysis (picture 1), it can be seen the values of the indicators against the latent variables, so that it can be seen that the online customer review variable indicator is the most influential indicator of the Bukalapak marketplace purchasing decision.



Picture 1. PLS Diagram Path Analysis

**Inner Model**

Testing of the structural model is carried out by looking at the R-Square value which is the goodness-fit test of the model. Inner model testing can be seen from the R-square value in the equation between latent variables. The value of R2 explains how much the exogenous (independent / free)

variable in the model is able to explain the endogenous (dependent or dependent) variables.

**Table 1.** Inner Weight

	Path Coefficients (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics (O/STERR)
Online customer review (x1) -> buying decision (y)	0,453405	0,455902	0,072675	0,072675	6,238802
Sales promotion (x2) -> buying decision (y)	0,128003	0,132552	0,059737	0,059737	2,142782

From table 1 it can be described as follows, that:

1. Online Customer Review (X1) has a positive effect on Purchasing Decisions (Y) is acceptable, with path coefficients of 0.453405, and a T-statistic value of 6.238802 greater than the Z value  $\alpha = 0.05$  (5%) = 1.96, then it is significant (positive).
2. Sales Promotion (X2) has a positive effect on Purchasing Decisions (Y) can be accepted, with path coefficients of 0.128003, and a T-statistic value of 2.142782 greater than the Z value  $\alpha = 0.05$  (5%) = 1, 96, then Significant (positive).

**RESULT AND DISCUSSION**

**The influence of online customer review to buying decision**

The results of the analysis show that the indicator of the online customer review variable that most influences purchasing decisions is the Volume / Number of Reviews indicator. In accordance with the reality in the field, Number of Reviews takes the first position because Bukalapak often displays a review feature in the form of suggestions or information (related to evaluation) products so that consumers who read more trust and can minimize the negative risk from online shopping. Consumers assess reviews as an effective source of information to find out whether the products offered are in accordance with what the seller describes or not. Rated effective because consumers think not everyone can contribute to providing reviews. Because reviews are only given by consumers who are more experienced, because they have bought and received the product. Thus, in online shopping, consumers tend to see the number of product

reviews to measure the extent to which consumers are interested and how they experience the product.

Meanwhile, the indicator of the Online Customer Review variable that has the smallest value is the Quality of Argument indicator. Consumers assess the quality of the argument does not fully influence them in making purchase decisions. Because in online shopping consumers are looking for online customer reviews to fulfill their lack of knowledge of the product to be purchased. So that the level of consumer confidence is low if only relying on reasonable reviews. In addition, the quality of arguments such as reviews that are easy to understand only helps consumers understand the content of the suggestions given but is not sufficient to convince consumers to buy the product. This can be explained that the better the online customer reviews displayed by Bukalapak, the more consumers desire to make purchasing decisions. This result is the same result with Asri Nugrahani [11] that conclude Online Consumer Review having a positive and significant influence to buying decision.

## **5.2. The influence of sales promotion to buying decision.**

The results of the analysis show that the indicator of the sales promotion variable that most influences purchasing decisions is the Shopping Coupon indicator. Shopping coupons in the form of free postage vouchers occupy the first position because they are considered more profitable for consumers. In this study, most of the respondents were 21 years old, the majority of whom were students and did not have any income. So that to save expenses, they take advantage of shopping coupons in the form of free postage vouchers offered. Bukalapak is the right tool to shop online economically. Especially for the first purchase, consumers only need to enter the voucher code on the Bukalapak application, in just seconds, the free shipping voucher is automatically ready to use. The existence of free postage vouchers plus the ease of requirements to get them is a special boost and attraction for consumers to immediately make a purchase decision.

Meanwhile, the indicator of the sales promotion variable that has the smallest value is the Frequent Shoppers Program indicator. Bukalapak provides the Frequent Shoppers Program in the form of points collected to be drawn and a chance to win prizes. Given that the number of Bukalapak users is increasing every year, consumers consider their chances of winning the lottery very small. So that consumers consider that the Frequent Shoppers Program is not a major consideration in making purchasing decisions. In contrast to shopping coupons in the form of free postage vouchers, which can directly reduce consumer costs because there are no additional costs to pay for shipping costs. This result is the same with Rohman which concluded that Sales Promotion has a positive and significant impact on Purchasing Decisions. Online Customer Reviews can contribute to Purchasing Decisions on the Bukalapak marketplace because the better the Online Customer Reviews are given, the level of Purchasing Decisions of Bukalapak consumers will increase. Sales Promotion can contribute to Purchasing Decisions at the Bukalapak marketplace because the higher the Sales Promotion offered by Bukalapak, the level of consumer purchasing decisions will increase. The existence of social media is increasingly being used by various organizations to attract consumers [15] that concluded in Azizah and Izaak, 2021.

## **CONCLUSION**

As an implication of the results of this study, several suggestions can be considered or used as material in decision making, among others, Bukalapak Indonesia can encourage consumers to always provide reviews when the product is received. The higher the volume or number of reviews displayed by Bukalapak, the information (products) that consumers receive will increase. This can help consumers in making purchase decisions to minimize negative risks for consumers who want to shop online. Sales Promotion conducted by Bukalapak by offering shopping coupons in the form of free postage vouchers received good responses from respondents. It is hoped that Bukalapak Indonesia can maintain and increase the offer of free shipping vouchers. Because the vouchers provided can save consumer

expenses when shopping online. The number of free postage vouchers provided by Bukalapak is also limited so that this can encourage consumers to immediately make a purchase decision.

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