

## THE EFFECT OF ONLINE CUSTOMER REVIEW TOWARDS PURCHASING INTENTION THROUGH BRAND PERCEPTION AS INTERVENING VARIABLE ON SHOPEE FOOD USERS

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**Abstract:** Nowadays, internet has evolved into people lifestyle, including online shopping that has penetrated in selling food. This study aims to determine the effect of online customer review on purchasing intention with brand perception as an intervening variable. The target of this study was Shopee users that located in Semarang City. The population of this study covered Shopee users in Semarang City with 96 respondents as sample. Research data was taken from two sources, namely primary data and secondary data. This is categorized as quantitative research with census technique sampling. Data that had been collected was analyzed using Structural Equation Modeling (SEM) with SmartPLS version 3.2 software. The results of this study shows that Online Customer Review has a significant effect on Brand Perception and Purchasing Intention, while Brand Perception has a significant effect on Purchasing Intention. Brand Perception variables was able to mediate the relationship between the effect of Online Customer Review towards Purchasing Intention.

**Keywords:** *online customer review, brand perception, purchasing intention*

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### 1. Introduction

The internet has evolved into people lifestyle. Online shopping is defined as a process of buying and selling products and services via the internet. Multiple variety of products and services which are available in online shop could trigger it becomes the fastest growth industry. Moreover, internet users reported that online shopping is one of their main activities on the internet.

Buying interest is feelings of interest towards an item or service as an initial tendency of consumer's purchase decision. Raza et al. (2014) explained that purchase intention is a process in which consumers analyze their knowledge of the product, compare the product with other similar products and make decisions about the product. This is influenced by brand perception in evaluating the product. basis for further assessment and feedback. Brand perception is an important asset. Its construction and application can create a premium effect on luxury brands. The more positive consumer's attitude towards brand perception, then the effect on purchase intention of the brand will be higher (Kotler & Keller, 2016).

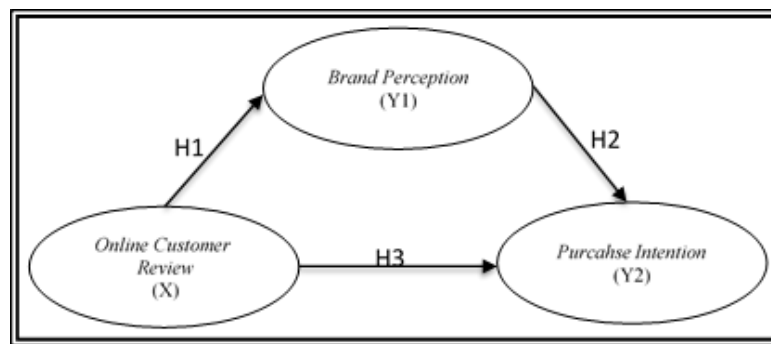
In the current digital era, the brand perception of customers is strongly influenced by consumer reviews towards products that sold through e-commerce. Review is one of several factors that determine customer purchase decision. According to Almanan in Sari (2019), Online Customer Review is a User Generated Content or information created by individual and can be used as a means for consumers to search and obtain information on a product

which will influence purchasing decisions. Ichsan et al., (2018) stated that online customer reviews had a positive and significant effect on purchasing intention. Meanwhile, online customer reviews did not have a significant positive effect on purchasing intention (Prabowo and Aji, 2021). Consumers perceived that dominant positive or negative statements in certain product reviews did not affect consumer buying interest (Syah and Indriani, 2020).

Considering the gap phenomenon and gap research above, researchers decided to conduct research with the title "The of Online Customer Review on Purchasing Intention through Brand Perception as an Intervening Variable".

## 2. Research Method

This is an Explanatory Research with a population of Shopee Food users in Semarang City for 96 respondents. This study applied a purposive sampling technique, which is a sampling technique based on certain criteria. The criteria in this study was shopee food users who were at least 18 years old domiciled in the Semarang city. The primary data and secondary data that was collected in this research were analyzed with SmartPLS ver 3.29 software, as for the empirical framework as follows:



**Figure 2.1 Empirical Research Framework**

## 3. Results and Discussion

### 3.1. Results

Data analysis was conducted to test the validity of each indicator and the reliability of the construct. The validity criteria were measured by convergent validity, while construct reliability was measured by composite reliability.

#### a. Validity test

Validity test was used to measure the validity of a questionnaire. It can be said that a questionnaire was valid if it was able to reveal something that would be measured by the questionnaire. This test was carried out using a measure of convergent validity in PLS. The convergent validity value of each indicator can be seen from the loading value. Individual indicators were considered valid if they had a loading value above 0.70, however, in the development stage, the loading value of 0.50 to 0.60 was still acceptable.

**Table 3 1 Result for Cross Loading**

|      | <i>Brand Perception</i> | <i>Online Customer Review</i> | <i>Purchasing Intention</i> |
|------|-------------------------|-------------------------------|-----------------------------|
| X1.1 |                         | 0,874                         |                             |
| X1.2 |                         | 0,768                         |                             |
| X1.3 |                         | 0,866                         |                             |
| X1.4 |                         | 0,754                         |                             |

|      |       |  |       |
|------|-------|--|-------|
| Y1.1 | 0,858 |  |       |
| Y1.2 | 0,889 |  |       |
| Y1.3 | 0,879 |  |       |
| Y2.1 |       |  | 0,823 |
| Y2.2 |       |  | 0,729 |
| Y2.3 |       |  | 0,875 |

Source: Data processing with PLS, 2022

Data in Table 3.1 shows that the requirements were fulfilled, so that all the constructs in the estimated model met the criteria of good discriminant validity, which means that the results of data analysis can be accepted because the values that described the relationship between constructs showed progress. Another method to evaluate discriminant validity was using the Square Root of Average Variance Extracted (AVE). The recommended value was above 0.5. The following is the AVE value in this study:

**Table 3 2 Average Variance Extracted (AVE)**

| Variable                      | Average variance extracted (AVE) | Root of AVE |
|-------------------------------|----------------------------------|-------------|
| <i>Brand Perception</i>       | 0,766                            | 0.875       |
| <i>Online Customer Review</i> | 0,668                            | 0.817       |
| <i>Purchasing Intention</i>   | 0,658                            | 0.811       |

Source: Data processing with PLS, 2022

Table 3.2 shows that all constructs in the research model have AVE value above 0.5, so it can be concluded that all indicators in this study were valid.

#### **b. Reliability Test**

The reliability test was carried out by evaluating the composite reliability value of the indicator block that measured the construct. The results of composite reliability show a satisfactory value if it was above 0.7. The following is the composite reliability value in the output:

**Table 3 3 Composite Reliability**

| Variable                      | Composite Reliability Value |
|-------------------------------|-----------------------------|
| <i>Brand Perception</i>       | 0,903                       |
| <i>Online Customer Review</i> | 0,882                       |
| <i>Purchasing Intention</i>   | 0,847                       |

Source: Data processing with PLS, 2022

Table 3.3 shows the composite reliability of each construct was good, which was above 0.7. According to Chin (1998) an indicator can be said to have good reliability if the value above 0.70 and can be maintained and accepted at a value of 0.50 to 0.60. It can be seen here that the value for all variables had a composite reliability value of > 0.5, which means that it had a good reliability value and can be used for further research processes. In this case, reliable means that the indicators used in real research were in accordance with the real conditions of the research object.

#### **c. Inner Model Test**

After the estimated model met the Outer Model criteria, the next step was to test the structural model (Inner model). Here are the Adjusted R-Square values in the construct:

**Table 3 4 Adjusted R-Square**

| Variable             | Adjusted R-square |
|----------------------|-------------------|
| Brand Perception     | 0,508             |
| Purchasing Intention | 0,739             |

Source: Data processing with PLS, 2022

Table 3.4 shows that the value of Adjusted R-square variable construct Brand Perception (Y1) was 50.8%. This means that the Online Customer Review variable can explain the Brand Perception variable construct by 50.3%, while the remaining ( $100\% - 50.8\% = 49.2\%$ ) was explained by another variable. Adjusted R-square variable construct Purchasing Intention (Y2) was 73.9%. This means that the constructs of the Online Customer Review and Brand Perception variables were able to explain the Purchasing Intention (Y2) variable construct of 73.9%, while the remaining ( $100\% - 73.9\% = 26.1\%$ ) was explained by other variables.

#### d. Hypothesis testing

**Table 3 5 Hypothesis testing**

|  | Original Sample (O) | Median Sample (M) | Standard Deviation (STDEV) | T Statistic ( O/STDEV ) | P Values |
|--|---------------------|-------------------|----------------------------|-------------------------|----------|
| Brand Perception -> Purchasing Intention       | 0,648               | 0,646             | 0,088                      | 7,347                   | 0,000    |
| Online Customer Review -> Brand Perception     | 0,717               | 0,723             | 0,055                      | 13,053                  | 0,000    |
| Online Customer Review -> Purchasing Intention | 0,271               | 0,275             | 0,092                      | 2,932                   | 0,004    |

Source: Data processing with PLS, 2022

The data processing results is shown in each hypothesis testing that had been proposed, namely:

##### 1) The Effect of Online Customer Reviews towards Brand Perception

Based on the PLS test results in table 3.5 towards the first hypothesis, namely the effect of Online Customer Review (x) on Brand Perception (y1), it was obtained the original sample estimate result of 0.717, the value of t count ( $13.053 > t$  table (2.00)) and the value of P values  $0.000 < 0.05$ . Online Customer Review has a significant positive effect on Brand Perception, which means that if the Online Customer Review got better results, then Brand Perception would increase.

##### 2) The Effect of Online Customer Reviews towards Purchasing Intention

Based on the PLS test results in table 3.5 towards the second hypothesis, namely the effect of Online Customer Review (x) towards Purchasing Intention (y2), it was obtained the original sample estimate result of 0.271, the t-count value ( $2.932 > t$  table (2.00)) and the P values  $0.004 < 0.05$ . Online Customer Review has a significant effect on Purchasing Intention, which means that if the Online Customer Review obtained better results, then the Purchasing Intention would increase.

##### 3) The Effect of Brand Perception on Purchasing Intention

Based on PLS test results in table 3.5, towards the third hypothesis namely the effect of Brand Perception (y1) towards Purchasing Intention (y2), it was obtained the original sample estimate result was 0.648 t arithmetic value ( $7.347 > t$  table (2.00)) and the p value  $0.000 < 0.05$ . There was a significant and positive influence between

the Brand Perception variables towards Purchasing Intention, which means that if the Brand Perception increased, then the Purchasing Intention would also increase.

**Table 3 6 Direct and Indirect Effects**

|   | Original Sample (O) | Median Sample (M) | Standard Deviation (STDEV) | T Statistic ( O/STDEV ) | P Values |
|---|---------------------|-------------------|----------------------------|-------------------------|----------|
| <i>Online Customer Review -&gt; Brand Perception -&gt; Purchasing Intention</i> | 0,464               | 0,466             | 0,069                      | 6,752                   | 0,000    |

Source: Data processing with PLS, 2022

#### **4) Indirect Effect of Online Customer Review towards Purchasing Intention through Brand Perception.**

Based on data in Table 3.6, it can be seen that there was an indirect effect between the Online Customer Review variable on Purchasing Intention through Brand Perception as intervening variable with an estimate value of original sample was 0.464 t arithmetic value (6.752) > statistical t value (2.00) and p value 0.000 < 0.05 so that it can be concluded that the Brand Perception variable was able to mediate the relationship between the Online Customer Review variable and the Purchasing Intention.

### **3.2. Discussion**

The first hypothesis namely the effect of online customer reviews on brand perception, shows that there was a significant positive influence between online customer reviews on brand perception, which means that if the online customer reviews obtained better results, then brand perception of shope food users in the city of Semarang would increase. Next, the second hypothesis, namely the effect of Online Customer Review on Purchasing Intention, shows that there was a significant and positive relationship between Online Customer Review and Purchasing Intention, which means that if the Online Customer Review got better results, then the Purchasing Intention would increase.

Based on the cross loading results for each indicator from Online Customer Review starting from the lowest order to the highest order were:

- Attractiveness with a cross loading of 0.874
- Expertise with a cross loading of 0.768
- Credible with a cross loading of 0.866
- Pleasant with a cross loading of 0.754

Thus, the smallest cross loading value was Pleasant with a value of 0.754. Based on this reason, Shopee should be able to improve the review display becomes more unique and interesting, for example by providing several emoticons in each review or colors that can be changed according to consumer tastes, to increase brand perception on Shopee food in the Semarang city. The highest cross loading value was Attraction with a value of 0.874, so it is better for Shopee to maintain the attractiveness, namely consumer review feature which is easy to see and use for new online consumers. This result was in line with previous studies which mentioned a positive relationship between Online Customer Review and Brand Perception (Gräfinholt, 2015), and (Ichsan et al. (2018) which stated that Online Customer Reviews Influence Purchasing Intention. In other words, if the Online Customer Review for Shope food obtain better results, then it will increase the Brand Perception and Purchasing Intention.



The third hypothesis was the effect of Brand Perception towards Purchasing Intention, which obtained that there was a significant and positive influence of Brand Perception towards Purchasing Intention. Based on the results of cross loading for each indicator of Brand Perception starting from the lowest order to the highest order were:

- a. Brand Experience with a cross loading of 0.858
- b. Brand Affect with a cross loading of 0.889
- c. Brand Trust with a cross loading of 0.879

Thus, the smallest value of cross loading on brand perception was Brand Experience with a value of 0.858 for the value of brand perception with the Brand Experience indicator. Therefore, Shopee needs to improve the shopping experience for users, for example in terms of facilitate customers complaints related to the system at Shopee. The highest value of cross loading on the brand perception variable was Brand Affect with a value of 0.889. Therefore, Shopee should be able to improve and maintain about a brand that has a meaningful social effect for consumers. Furthermore, the highest value of Purchasing Intention with an indicator of the customer preference level in buying, shows that shopee has fulfilled the needs of its users with various available features. This results was in line with Foster's research, (2016) which stated that Brand Perception has a significant and positive effect on Purchasing Intention. This result was also supported by Anggraeni and Asnawati (2017), which mentioned that Brand Perception has a positive and significant effect on Purchasing Intention. If the Brand Perception increases, then the Purchasing Intention will increase.

The fourth hypothesis namely the effect of Online Customer Review towards Purchasing Intention through Brand Perception as intervening variable, shows a significant and positive influence, which means that if Online Customer Review mediated by Brand Perception gets better result, then it will increase Purchasing Intention of Shopee users in the Semarang city. While the results of cross loading for each indicator of Purchasing Intention starting from the lowest order to the highest order were:

- a. The level of customer desire with a cross loading of 0.823
- b. The tendency of customers to choose with a cross loading of 0.729
- c. The level of customer preference in buying with a cross loading of 0.875

Furthermore, the highest value of Purchasing Intention with an indicator of the level of customer preference in purchasing goods, shows that shopee has fulfilled the needs of its users with various available features. The smallest value of the cross loading purchasing intention was the tendency of customers to choose 0.729, which needs to get more attention by facilitating consumers in choosing products that match their criteria or in terms of improving the algorithm system on shopee.

#### **4. Conclusion**

The following conclusions can be drawn from the present study : The testing results of the first hypothesis obtained that the Online Customer Review variable has a significant positive effect on Brand Perception. This means that the hypothesis which states that there is an influence of Online Customer Review towards Brand Perception is accepted. the second hypothesis namely Online Customer Review variable has a significant effect on Purchasing Intention. This means that the hypothesis which states that there is an influence of Online Customer Review on Purchasing Intention is accepted. Furthermore, the third hypothesis namely the Brand Perception variable has a significant effect on Purchasing Intention. This means that the hypothesis which states that there is an effect of Brand Perception towards Purchasing Intention is accepted. Then the fourth hypothesis namely the Online Customer

Review variable has a significant effect on Purchasing Intention through Brand Perception as an intervening variable. This means that the hypothesis which states that there is an influence of Online Customer Review on Purchasing Intention through Brand Perception as an intervening variable is accepted.

Based on this study results, several suggestions are recommended to improve Brand Perception and Purchasing Intention on Shopee as following: First, the analysis results of the Online Customer Review variable shows that the lowest cross loading indicator value was the Power indicator with a value of 0.754. Thus, in term of cross loading indicator of Pleasant, it is expected that Shopee should be able to improve the reviews display becomes more unique and interesting, for example by providing several emoticons in each review or colors that can be changed according to consumer interest.

Second, the Brand Perception variable has the lowest cross loading indicator value, was the Brand Experience indicator with a value of 0.858. Thus, the Brand Experience indicator was expected to improve the shopping experience for users, for example facilitating customer complaints which related to the system at Shopee. Then third, regarding the Purchasing Intention variable, the lowest cross loading indicator value was the customer tendency indicator in choosing 0.729. Thus, in term of the indicator of the customer's tendency in choosing, it is expected that the shopee consumer can be facilitated in choosing products that match the criteria or in terms of improving the algorithm system on shopee.

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