

# The Effect of Electronic Word of Mouth on E-Purchase Decision at Marketplace

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## ABSTRACT

This study discusses the effect of eWOM information quality, eWOM information credibility, eWOM information usefulness on e-purchase decisions with 390 women respondents who use marketplace applications in Indonesia. This study employed Amos SEM data analysis techniques to test the hypotheses. The results of the study proved that all variables were declared influential and significant. Recommendations and implications are explained in this study so that they can be developed in future research.

**Keywords:** *EWOM Information Quality, EWOM Information Credibility, EWOM Information Usefulness, E-Purchase Decision, Marketplace.*

## 1. INTRODUCTION

The increasing development of the internet provides changes for consumers to seek information, behave, interact, and choose products to be used [1]. Consumers not only need information related to the required product but also information from sources/third parties who have previously used/purchased the product through computer media. The information is often referred to as eWOM/online reviews, which is considered an effective promotional model in marketing [2].

The amount of information obtained by consumers will be taken into consideration to get the best product and the company will continue to strive to improve the quality of the products offered. On the other hand, a large amount of information obtained will make it difficult for consumers to make choices in making decisions [3].

Indonesia is one of the countries that have significant marketplace development [4] and is predicted to continue to increase until 2023. However, data from the 2019 digital report states that although purchases have increased, Indonesia is only able to produce 23% and includes countries with low digital growth [5], which means that there are problems to solve.

COVID-19 pandemic provides opportunities for digital companies to continue to increase their

promotions, this is proven where e-commerce growth continues to increase [6]. The value of e-commerce transactions has continued to increase since 2017-2020, which means that it will also increase digital transactions rapidly [7]. The fashion and beauty and health categories are still the best-selling consumer product choices in the marketplace during the COVID-19 pandemic, based on the data taken from a survey of 3500 online consumers spread across Southeast Asia. Previous research has proven that the internet influenced consumers to explore information from various reviews from other consumers [8]. Based on the background above, this study discussed the influence of eWOM information quality, eWOM information credibility, and eWOM information usefulness on e-Purchase decisions in marketplaces in Indonesia.

### 1.1 eWOM Information Quality

The quality of the reviews and the relevance of the information obtained will provide a positive experience for consumers and provide benefits in making decisions [9]. Consumers who have a greater intention to adopt, when finding useful information which information quality and information usefulness have a positive effect on the usefulness of information that is influenced by information quality [10, 11].

### 1.2 eWOM Information Credibility

The role of the credibility of the information source will result in the perception of the recipient of the message and be the beginning of the persuasive process of individuals to adopt the information obtained [11,12].

eWOM information credibility will positively affect eWOM information usefulness in addition to information adoption and purchase intention [3].

### 1.3 eWOM Information Usefulness

Consumers will consider reviews important when they decide to buy a product based on the results of the information obtained because the usefulness of information is considered a predictor for consumers to adopt information [10], [11].

### 1.4 e-Purchase Decision

Online purchasing decisions are a process of choosing a product that consists of an ordering system that is on a company's web [13]. The usefulness of information will affect improving company performance in the form of increased online purchases [14], [15].

#### Research Hypothesis Models and Concepts

1. eWOM Information Quality (X1) affects eWOM Information Usefulness (Y1)
2. eWOM Information Credibility (X2) affects eWOM Information Usefulness (Y1)
3. eWOM Information Usefulness (Y1) affects e-Purchase Decision (Y2)

## 2. METHODS

This research is explanatory research. The population of this study was marketplace visitors with a total sample of 390 respondents by using probability sampling for technique sampling [16]. The data were analyzed using SEM AMOS to test the hypothesis.

## 3. RESULTS AND DISCUSSION

In this model, measurements were made using the Fit Measurement Model to measure validity and reliability through CFA (Confirmatory factor analysis). Here are the results obtained:

1. The eWOM Information Quality variable has a value of 0.968 and has good construct reliability.
2. The eWOM Information Credibility variable has a value of 0.968 and has good construct reliability.

3. The eWOM Information Usefulness variable has a value of 0.978 and has good construct reliability.
4. The e-Purchase Decision variable has a value of 0.974 and has good construct reliability.

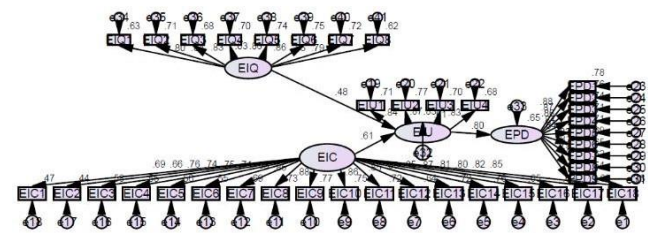
### 3.1 Model goodness of Fit Test

Table 1. Model Goodness of Fit

Good of Fit Index	Results	Critical Value	Conclusion
Cisquare/DF	2.918	$2 < X^2/df < 5$	Good Fit
CFI	0.918	$\geq 0,9$	Good Fit
GFI	0.802	$\geq 0,9$	Bad Fit
AGFI	0.779	$\geq 0,9$	Bad Fit
RMSEA	0.068	$\leq 0.08$	Good Fit
RMR	0.281	$\leq 0.05$	Bad Fit

Source: Research Data Processing, 2021

The results of the data indicate that the c.r. has met the criteria where 3 out of 6 values are concluded in good criteria so that the model is feasible for research.



Source: Research Data Processing, 2021

Figure 1. Research Model Structure

1.The effect of eWOM Information Quality on eWOM Information Usefulness is significant as indicated by the CR value above the t table value of 10,073 meaning that EIQ has a significant influence on EIU. These results support the research conducted by [2, 3, 11].

2.The effect of eWOM Information Credibility on eWOM Information Usefulness is significant as evidenced by the total CR (Critical Ratio) value which is greater than the t table value of 11.244 and supports the previous research results [2, 3, 11].

3.The effect of eWOM Information Usefulness on e-Purchase Decision is significant with a value of 6,690 above the t table value and supports the results of the previous study [10].

## 4. CONCLUSIONS

This study was conducted to see the influence of eWOM information quality, eWOM information credibility, eWOM information usefulness on e-purchase decisions, especially in the marketplace.

It showed that all hypotheses were declared influential. This study focused on the marketplace in Indonesia that examined consumer behavior in deciding to make purchases online based on sources of information obtained from previous consumers. As a consideration, good quality information through clarity of information, ease of understanding of information, style of information conveyed and details related to products are part of a good level of quality in a product.

Meanwhile, the credibility of information from reviews related to the brand, reputation, accuracy of the credibility level will also be taken into consideration in the message conveyed to consumers. The results of quality and credible information were used by consumers to adopt and bring it into action in a purchase decision.

The results of this study contribute to the promotion strategy through eWOM in the form of information that comes from consumers who have purchased products and will have an influence on other potential consumers based on the information they receive.

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