



# The Role of Online Customer Reviews in E-commerce

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**Abstract.** There are four (4) aspects in online customer review, namely (1) awareness, (2) frequency, (3) comparison, (4) effect. Online customer review is writing that explains the condition of a product that has been purchased by the buyer. The purpose of this research is to analyze the role of online customer reviews in e-commerce. This study uses a descriptive qualitative method with data collection using triangulation analytical techniques through the Manager of PT. Hyarta Danadipa Raya and online traditional market consumers as informants. The data sources used are secondary data and data collection methods with documentation used to investigate, find, describe, and analyze the research focus, namely: The role of online customer reviews in purchasing e-commerce through four aspects (1) awareness (awareness), (2) frequency (frequency), (3) comparison (comparison), (4) effect. The results show that the role of online customer reviews in e-commerce is: (1) Improving the quality of products and services. (2) Measuring customer satisfaction, (3) Other sources of customer information (4) Providing data in business decisions.

**Keywords:** Online Customer Reviews, E-Commerce.

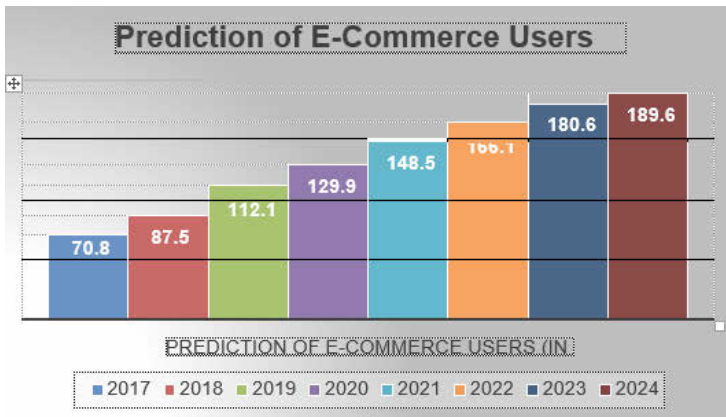
## 1 Introduction

E-commerce business in Indonesia is increasingly promising. During a pandemic, this digital-based trading business is even projected to grow 33.2 percent from 2020 which reached IDR 253 trillion to IDR 337 trillion this year. Online trade, e-commerce, marketplace, is extraordinary, it can even grow 33.2 percent, when viewed from the perspective of consumer behavior, in all online -based lines of trade, the trend of digital-based transactions has increased as people are at home during the pandemic. In addition, the existence of increasingly established technology accompanied by easier and faster transaction speeds greatly helps accelerate this type of digital business. the time provided for people to log into online trading platforms during the pandemic has gone from 3.7 hours/day to 4.7 hours/day during the lockdown and to 4.2 hours/day after the lockdown ended. Based on this, the projected e-commerce transactions will be IDR 337 trillion this year. An increase of 33.2 percent compared to 2020 transactions of IDR 253 trillion.

The factor that has accelerated digital economic transactions this year is because the Covid-19 pandemic has not yet hit. " Last year's e-commerce business was estimated at IDR 253 trillion, an increase from 2019 to IDR 205.5 trillion. Then this year it

increased significantly to IDR 337 trillion, “the increase in the number of transactions through e-commerce is also inseparable from government policies in encouraging digital acceptance for the community, and continuing to accelerate the development of fintech and digital banking. It is not just e-commerce-based businesses that are increasing. The use of electronic money has increased by 32.3 percent or the equivalent of IDR 266 trillion in 2021. In 2020, the central bank estimates that the use of electronic money will reach IDR 201 trillion. E-commerce business continues to grow and there is annual growth. The trend of digitization will continue to grow rapidly. This is also reflected in the projected digital banking transactions in 2021 which will increase to around IDR 32.206 trillion, growing 19.1% from the projected realization of digital banking transactions last year which reached IDR 27.036 trillion. Sales through e-commerce reached.

15.4 percent. In fact, the sales value of e-commerce transactions (gross merchandise value /GMV) rose 54 percent from USD 21 billion in 2019 to USD 32 billion (or equivalent to IDR 266.3 trillion) and is predicted to continue to increase to USD 83 billion in 2025. (Ministry of Communications and Informatics RI, 2022).



**Fig. 1.** Prediction of the Number of E-Commerce Users in Indonesia in 2024 Source: Indonesian Cultural, Culinary and Tourism Statistical Data in 2020.

E-Commerce is a business model that is applied to online shopping in marketplaces. Online shopping is the main alternative that many people choose. E-commerce is all buying and selling activities carried out through electronic media. Although the means include television and telephone, nowadays e-commerce is more common via the internet. There is an understanding of the notion of e-commerce and marketplace. The term e-commerce is used to describe all transactions that use electronic media.

Market place is one of the e-commerce models, where it functions as an intermediary between sellers and buyers. Sellers who trade on the marketplace only need to serve purchases. All other activities such as website management have been taken care of by the platform. E-commerce is part of e-business, where the scope of e-business is broader, not only commercial but also includes business partners, customer service, job vacancies, products, information and so on. With the existence of electronic commerce

(e-commerce), customers can access and place orders from various places or countries. Big cities in Indonesia, supported by the era of advanced technology, have lots of places that provide internet access facilities via mobile phones, laptop/notebook using wifi technology.

E-commerce continues to increase, there are various driving factors that make activities in the marketplace for online shopping. First, because of the many promo programs offered by e-commerce companies. This certainly makes a lot of people very interested. During this pandemic, various online shopping promotions were offered, both on social media and on billboards outside of digital electronics. Second, with the pandemic situation, people are more required to avoid crowded places. Automatically to meet their needs, people tend to choose to shop online [3]. The desire to shop through e-commerce will continue to increase in the future.

The more people communicate through the internet, especially in e-commerce stores, consumers can easily share their experiences or opinions about using e-commerce goods and services. In the same way, they can look up what other people think online about how other people comment about the goods and services. In addition, it is also necessary to look at how to shop online because there are still many cases where people do not know how to shop through e-commerce and cases where the goods ordered do not match the order which makes consumers feel at a loss.

Based The description above shows that there is a phenomenon, namely that e-commerce is the people's choice for shopping because with various considerations of time efficiency, in a post-pandemic situation there are still many people who shop through e-commerce. PT Hiyarta as an e-commerce user who manages the online market, wants to improve products as well as services. The way to improve the product is to do an evaluation online customer reviews or product reviews on sites that include:

(1) awareness/awareness in buying products, (2) frequency/frequency in frequently giving reviews, (3) comparisons/comparisons in comparing product reviews, (4) effects in selecting or purchase of products (Saripa Ilmiyah & Krishernawan (2020)

Online customer reviews or product reviews are a good source of information for other customers about the company's products and services so that they can be used as a basis for making business decisions. Online customer reviews are positive or negative reviews of a company's products that have been sold in online shops as well as informational evaluations of goods and services posted on third-party websites and retailers, created by consumers.

The results of [4] concerning Analysis of the Influence of Online Customer Reviews, Online Customer Ratings, and Star Sellers on Customer Trust to Purchase Decisions at Online Stores at Shopee the results show that customer reviews, customer ratings, and star sellers have a positive and significant effect on customer trust. The customer review feature has a more dominant influence than customer ratings and star sellers. Then, customer trust has a positive and significant effect on purchase intention. Meanwhile, the desire to buy and the attitudes of other people have a positive and significant effect on buying decisions. Unforeseen situational factor variables do not influence purchasing decisions.

In addition, [10] regarding the influence of online customer reviews, word of mouth, and price awareness on buying interest at Shopee shows that based on the results

of data analysis and the results of submitting hypotheses in this study, it can be written that online customer reviews have a positive and significant effect on buying interest, this is evidenced by the t value. -count of 4.943 and a significant value is indicated by  $0.000 < 0.05$ . word of mouth has a positive and significant effect on purchase intention, this is evidenced by the t-count value of 3.436 and a significant value indicated by  $0.001 < 0.05$ . Awareness price has a positive and significant effect on purchase intention, this is evidenced by the t-count value of 3.451 and the significant value is shown at  $0.001 < 0.05$ .

Based on these two studies, there is novelty in this research, namely that both studies are influenced by online customer reviews of purchasing decisions without spending a role. Meanwhile, this study examines the role of online customer reviews in e-commerce. In this study analyze one indicator together from online customer reviews. Due to indicators from online customer reviews which is types consumer experience which includes (1) awareness /awareness in buying products, (2) frequency/frequency in frequently using reviews as a source, (3) comparisons /comparisons in comparing product reviews, (4) effects in product selection or purchase. This will have an impact on e-commerce companies.

Strategic marketing online customer reviews which have these four indicators will shift the traditional approach marketing that emphasizes features and profit of the product. Online customer reviews are a marketing concept who do not just sell products or services only to consumers but also deliver experience to consumers so that consumers can differentiate the company's products and services from competitors' products and services.

On this basis, it is hoped that this research will add to the repertoire of the economy and business in Indonesia, especially e-commerce companies, which will continue to grow, given the 4.0 era, which all lead to digitalization, and after this pandemic, people are still wary of crowds, all activities need online including online shopping or e-commerce. Through e-commerce this will benefit both parties. It is necessary to have initiative from the seller to make good and attractive offers to attract buyers and create collaboration between sellers and buyers in e-commerce. The presence of an online customer review is expected to form initial expectations from potential customers before making an online purchase transaction. Consumers will find it easier to find comparisons with similar products sold at other online sellers. This is due to the rapid use of digital marketing, thus providing benefits to consumers and e-commerce companies. Thus, the use of e-commerce in the future will be higher and drive the wheels of the economy in the future. Therefore, the role of online customer review is needed e-commerce because in choosing a product is not only influenced by rational factors, but also emotional factors. This emotional factor is what we want to explore further through the online customer review concept. Based on the description that has been submitted, the formulation of the problem in this study is: What is the role online customer reviews on e-commerce.

## 2 Literature Review

### 2.1 Online Customer Reviews

Before discussing about online customer review, first discusses marketing and consumer behavior because online customer review is part of marketing related to consumer behavior. According to [14], that marketing is the whole of business activities aimed at planning, determining prices, selling, and distributing goods and services that satisfy the needs of both existing and potential buyers.

Based on this description, it can be interpreted that marketing (marketing) is a social activity carried out both for individuals and by a group to meet the desired needs. The activity in question is creating, offering, and exchanging the product value with other parties. Satisfying needs is carried out through the process of planning and executing concepts, pricing, promotion, and distribution of goods and services and ideas that can be created through exchanges of value with one another. According to Schiffman and Kanuk (2008) suggests that the study of consumer behavior is a study of how an individual makes decisions to allocate available resources (time, money, effort, and energy). According to [8] consumer behavior is an individual or group (consumer) behavior or action in buying or using products or services that involve a decision-making process so that they will get the product or service desired by a consumer.

According to Saripa in [5] reviews/ reviews are writings that explain the condition of a product that has been purchased by the buyer. According to Toni in Suwarno et al (2016) Online customer reviews or online consumer reviews are writing specifically made to provide an overview of a product so that the product can be seen its uses, advantages, and disadvantages so that readers will know and be interested in owning the product or even don't want to have the product because not good.

So online customer reviews are reviews given by consumers related to information from evaluating a product about 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 online sellers. Consumers usually look for relevant information when deciding to buy a product.

Online customer reviews which are types experience. According to Saripa in [5], which includes:

1. Awareness
2. Frequency
3. Comparison
4. Effect

As for the explanation as following:

1. Awareness, that is, buyers are aware of the existence of product reviews on the site and use this information for the product selection process
2. Frequency that is, Online shoppers often use reviews as a source of information.
3. Comparison, that is, before buying, the buyer reads the reviews of the product to be purchased, which are on the site one by one and compares these reviews.

4. Effects namely, the form of strategy undertaken to create experience customer which connected on behavior individual, social behavior, and style life.

## 2.2 E- Commerce

According to [7] E-Commerce, namely companies or sites that offer to transact or facilitate quality products and services online on marketplaces. And then e-commerce will give rise to e-purchasing and e-marketing. E-purchasing means that companies decide to purchase goods, services, and information from various suppliers online. E-marketing describes a company's efforts to inform buyers, communicate, sell, and sell products and details via the internet.

According to Hartman (2000) in [6] E-Commerce is a type of electronic business mechanism that focuses on individual-based business transactions using the internet as a medium for exchanging goods or services in marketplaces between two institutions. Business to Business (B-to-B) as well as between institutions and direct consumers/Business to Consumer (B-to-C).

It can be concluded that e-commerce is a dynamic collection of technologies, applications and business processes that connect companies and consumers and certain communities where the exchange of goods between those being sold and consumers of various commodities on a broad scale and one electronic transaction, and in the process of sending goods from purchased using transportation from one region to another until it reaches the consumer's hands which is mutually beneficial to both parties.

Following are the characteristics of e-commerce according to [10]:

1. A transaction occurs between two parties
2. There is an increase in goods, services, or information
3. The Internet is the main medium in the process or mechanism of such trading.

The characteristics above clearly show that basically e-commerce is the impact of the development of information technology and telecommunications. This significantly changes the way humans interact with their environment, which in this case is related to trading mechanisms. According to Toni in [13] Online customer reviews or online consumer reviews are writing specifically made to provide an overview of a product so that the product can be seen its uses, advantages, and disadvantages so that readers will know and be interested in owning the product or even do not want to have the product because not good.

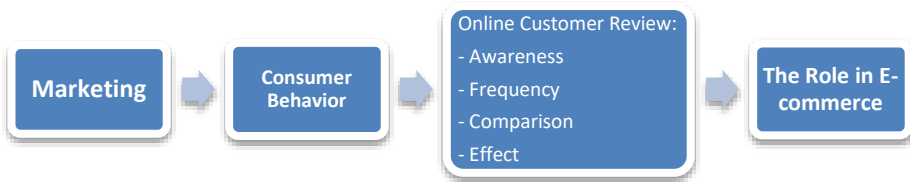
According to Saripa in [5] reviews/ reviews are writings that explain the condition of a product that has been purchased by buyers and have indicators (1) awareness /awareness in buying the product, (2) frequency/frequency in frequently giving reviews, (3) comparisons / comparisons in comparing product reviews, (4) influence in selecting or purchasing products.

This theory is supported by the research journal [2] concerning the Influence of Online Customer Reviews and Ratings on Trust and Purchase Interest in Online Marketplaces in Indonesia. This study aims to determine the impact of Online Customer Reviews and Ratings on online marketplaces in Indonesia. This study uses the Structural Equation Modeling (SEM) method with 313 respondents collected from internet users

who have shopped at online marketplaces. The research results obtained from this study are that both online customer reviews and online customer ratings are proven to have a relationship with customer purchase intentions and are one of the important features, but not a factor that causes increased customer trust. Therefore, online marketplace companies must make reviews and ratings one of the main marketing tools that can increase company revenue.

This theory is also supported by the journal Sari's research results (2021) concerning the Effects of Promotions, Online Customer Reviews, and Online Customer Ratings on Purchase Decisions (studies on marketplace Shopee users in Indonesia). This study aims to determine the effect of promotions, online customer reviews, and online customer ratings on purchasing decisions for Shopee marketplace users in Indonesia. This type of research is explanatory research with a quantitative approach. The population used is Shopee marketplace users in Indonesia. The data was obtained from a questionnaire filled out online, sampling using probability sampling with a purposive sampling technique with a sample size of 100 respondents. Data analysis used descriptive statistical analysis and classical assumption test with SPSS 28.0 application tools. Based on the results of the t (partial) test, it shows that the promotion, online customer review, and online customer rating variables each have a significant effect on purchasing decisions. The results of the F test (simultaneous) explain that promotions, online customer reviews, and online customer ratings together have a significant effect on purchasing decisions. Then the R2 test shows that as much as 57.9% of purchasing decisions are influenced by promotions, online customer reviews, and online customer ratings and the remaining 42.1% of purchasing decisions are influenced by other variables.

### 2.3 Framework



## 3 Methods

The focus of this research is on how the online role inside customer reviews e-commerce with indicators: (1) awareness /awareness in buying products, (2) frequency in frequently using reviews as a source, (3) comparisons /comparisons in comparing product reviews, (4) effects in selecting or purchasing products. Based on this focus, this data was taken from PT Hiyarta Danadipa Raya as the manager of the Malang online traditional market, namely marketing staff as informants. The data is in the form of review documents or online customer reviews from customers who have commented on the site marketing PT Hiyarta Danadipa Raya about reviews or online customer

reviews that are on the site. The data analysis method used is descriptive analysis with a qualitative approach with the following stages:

1. Data reduction is a process of selecting, simplifying, and transformation of raw data that emerges from written records in the field. At this stage the data obtained from PT Hiyarta's marketing staff is about reviews or online the customer reviews on the site are still global
2. Triangulation, at this stage is analyzing the information obtained from reduced records to see the truth while looking for supporting data so that the results can be trusted. This stage uses observation and understanding of data or documents from marketing staff of PT. Hyarta obtained from sites about reviews or online customer reviews.
3. Data presentation is a collection of information that is composed of the triangulation stage and provides the possibility of drawing conclusions and acting both in tabular and narrative form in order to combine the arranged information into an integrated form. In this stage, you have got an idea about the role of online inside customer reviews e-commerce.
4. Drawing conclusions is the process of noting regularity, an explanation of the causal flow of the process of presenting data. Then the conclusions of memory during the research in other words before the final conclusions are made, can be preceded by conclusions in the previous process. The provisional conclusions with the interactive model led to competent final conclusions with research propositions. This final stage raises conclusions that can answer the research objectives, namely the role of online inside customer reviews e-commerce.

## 4 Result and Discussion

Based on the results of interviews with the marketing staff of PT. Hiyarta Danadipa Raya about reviews or online customer reviews on the site, it can be explained that:

### 4.1 Awareness

Namely awareness in buying the product. From the data buyers are aware of the existence of product reviews on the site and use this information for the product selection process. Can be exemplified in reviews or online customer reviews as follows:

*“Products arrived home safely. Good packaging and quality. Fast delivery. All the products are very fresh.”*

Based on reviews or online the customer review that is exemplified, PT. Hiyarta can learn and understand so that this awareness indicator can be used as a basis for improving the quality of products and services.



## 4.2 Frequency.

frequently using reviews as a source of information. Online shoppers often use reviews as a source of information. This is used by PT. Hiyarta as a basis for improving products and services. Can be exemplified in reviews or online customer reviews as follows:

*"Thank you, my order has arrived. Sorry I did not have time to take a photo. Will repeat order here I think"*

*"The bananas are a bit black but it's okay, I shop here for all the fruit"*

Rely on reviews or online the customer review that is exemplified, PT. Hiyarta can learn and understand, for example, if you look at the word repeat, it shows repeat purchases so that the frequency indicator can be used as a basis for measuring customer satisfaction.

## 4.3 Comparison

Comparison before buying, the buyer reads the product reviews to be purchased, which are on the site one by one and compares these reviews. Can be exemplified in reviews or online customer reviews as follows:

*"Although many have shopped at traditional markets offline, for certain needs it is better online, not heavy especially fruit, prices are also cheaper. If you go to the market, you only buy a few because it is heavy"*

*"The bananas came still green. Still can wait a few days. I hope it is delicious"*

By paying attention to reviews or online The customer review that is exemplified is that in this comparison there are elements that compare so that this comparison indicator can help PT. Hiyarta to provide information to other customers

## 4.4 Affect

That is, review can be considered important if it influences product selection. Can be exemplified in reviews or online customer reviews as follows:

*"It's good, the goods arrived immediately, the goods were fresh, I also recommend ordering here"*

*"The banana has been given an item. Sad. Please pay attention to the quality so that buyers do not regret it"*

Look at reviews or online the customer review that is exemplified, this effect indicator can be used as a basis for business decisions. That there are positive and negative reviews that need to be taken by PT. Hiyarta. In this case, it is necessary to have quality control before the goods are sent because quality control can ensure that the products/services provided meet specific requirements and are reliable and satisfactory. The results of this study are in line with Toni's theory in [13] online customer reviews or online consumer reviews are writing specifically made to provide an overview of a product so that the product can be seen its uses, advantages, and disadvantages so that readers will know and be interested in owning the product or even don't want to have the product because not good. As well as being in line with Saripa's theory in [5] review,

namely that writing explaining the condition of a product that has been purchased by the buyer with indicators (1) awareness /awareness in buying the product, (2) frequency /frequency in frequent use as source reviews, (3) comparisons / comparisons in comparing product reviews, (4) effects in product selection or purchase.

The results of this study are in line with research by [2] concerning the Effects of Online Customer Reviews and Ratings on Trust and Purchase Intention in Online Marketplaces in Indonesia. This study aims to determine the impact of Online Customer Reviews and Ratings on online marketplaces in Indonesia. The research results obtained from this study are that online customer reviews and online customer ratings are proven to have a relationship with customer purchase intentions and are one of the important features, but not factors that cause increased customer trust. Therefore, online marketplace companies must make reviews and ratings one of the main marketing tools that can increase company revenue.

The results of this study are also in line with Sari's research (2021) concerning the Effects of Promotions, Online Customer Reviews, and Online Customer Ratings on Purchasing Decisions (a study of Shopee marketplace users in Indonesia). Based on the results of the t (partial) test, it shows that the promotion, online customer review, and online customer rating variables each have a significant effect on purchasing decisions. The results of the F test (simultaneous) explain that promotions, online customer reviews, and online customer ratings together have a significant effect on purchasing decisions. Then the R<sup>2</sup> test shows that as much as 57.9% of purchasing decisions are influenced by promotions, online customer reviews, and online customer ratings and the remaining 42.1% of purchasing decisions are influenced by other variables.

Online customer reviews/reviews influence purchasing decisions in the case of online/ e-commerce purchases in marketplaces. Thus, it can be interpreted that online customer reviews have a role in online/ e-commerce purchases. The role of online customer reviews in e-commerce is (1) Improving the quality of products and services. (2) Measuring customer satisfaction, (3) Other sources of customer information (4) Providing data in business decisions.

#### **4.5 Conclusion**

#### **4.6 Conclusion**

Based on the theory and research results that have been described that online customer reviews /reviews influence purchasing decisions in cases of online/ e-commerce purchases in marketplaces, the conclusions that can be drawn from this research are, the role of online customer reviews in e-commerce namely, (1) Improving the quality of products and services. (2) Measuring customer satisfaction, (3) Other sources of customer information (4) Providing data in business decisions.

#### **4.7 Sugestion**

1. Maintaining company policies regarding positive online customer reviews

2. Revise company policies regarding negative online customer reviews
3. Paying attention to the importance of quality control so that products/services are of high quality.

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