



The Influence of Product Reviews and Ratings and Shopee Live on Purchase Decisions through Consumer Trust as an Intervening Variable on Shopee

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Abstract

This study aims to examine the influence of product reviews and ratings and Shopee Live on consumer purchase decisions on the Shopee e-commerce platform, with consumer trust as an intervening variable. Along with the rapid development of e-commerce in Indonesia, platforms such as Shopee have offered various features to improve the shopping experience, including product reviews, ratings, and live streaming features such as Shopee Live. Product reviews and ratings are often important indicators for consumers in making purchase decisions, as they provide social proof that increases consumer confidence in the quality of the products sold. Meanwhile, Shopee Live allows for direct interaction between sellers and buyers, which can reduce uncertainty in online shopping, as well as strengthen consumers' emotional connection and trust in products and sellers. This study uses a quantitative method with a survey design to collect data from Shopee consumers who actively use the Shopee Live feature and often buy products on the platform. The collected data was then analyzed using Smart PLS version 4, a software for Partial Least Squares (PLS), which allows testing the relationship between the variables involved. The results of the analysis show that product reviews and ratings have a significant positive influence on consumer trust, as well as Shopee Live, which has also been proven to increase consumer trust. Consumer trust then mediates the relationship between product reviews and ratings as well as Shopee Live and purchase decisions. These findings highlight the importance of consumer trust in mediating the influence of e-commerce features on purchase decisions, as well as how interactive features such as Shopee Live can strengthen aspects of trust that ultimately influence consumer purchase decisions.

Keywords: Product Reviews and Ratings, Shopee Live, Consumer Trust, Purchase Decision

Introduction

The development of e-commerce platforms in Indonesia, especially Shopee, has drastically changed the way consumers shop. In recent years, Shopee has become one of the most popular online shopping platforms in Southeast Asia, including Indonesia, with an ever-growing number of active users. One of the main reasons for Shopee's success is its ability to provide various features that make it easier for consumers to make purchasing decisions, such as product reviews, product ratings, and Shopee Live.

Product reviews and ratings have a great influence on the purchase decision process, as they provide social proof that can increase consumer confidence in the products they want to buy. According to research by Chevalier and Mayzlin (2013), consumers tend to choose products that have positive reviews and high ratings because they see them as indicators of quality and credibility.

Additionally, Shopee Live, a live broadcast feature that allows sellers to interact directly with consumers, has become one of the essential tools used by sellers to improve interaction with shoppers and provide more in-depth information about products. This feature also helps build a greater sense of trust among consumers, reduces the uncertainty that is often felt in online shopping, and allows shoppers to be more confident in the products they will buy. However, although these factors have been shown to have an influence on purchase decisions, there is still little research examining how the relationship between product reviews and ratings, interactions through Shopee Live, and purchase decisions is influenced by consumer trust as an intervening variable. Therefore, this study focuses on testing how consumer trust mediates the influence of reviews, product ratings, and Shopee Live on purchasing decisions on Shopee.

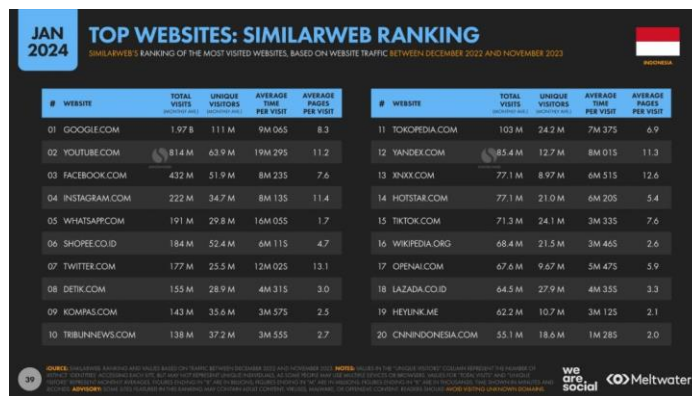


Figure 1. Shopee Indonesia User Data (2024)
Source: We Are Social (2024)

The data above illustrates that Shopee is one of the largest e-commerce platforms in Southeast Asia, with Indonesia as the largest market. Data from We Are Social (2024) shows that Shopee has more than 100 million monthly active users in Indonesia, and more than 30 million products are sold every month. This shows the high volume of transactions and interactions that occur on the Shopee platform, which makes this study very relevant.



Figure 2. E-Commerce Active User Data
Source: IPSOS Research (2024)

The data above illustrates that based on the latest research results from Ipsos Indonesia, Shopee is considered by users as the most satisfying e-commerce platform in providing a holistic online shopping experience. Ipsos research entitled "Online Shopping Experience and Satisfaction in E-commerce" and held in June 2024, shows that Shopee excels in providing and providing the highest level of satisfaction in the online shopping experience. Shopee's advantage is also supported by data, where Shopee (62%) is the first choice for consumers to recommend to their close relatives, followed by Tokopedia (46%), TikTok Shop (42%), and Lazada (36%).

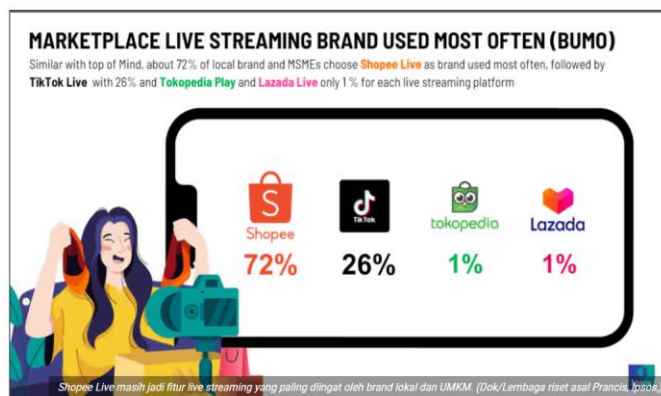


Figure 3. Shopping via Live Streaming is Increasingly Attractive to Indonesians
Source: IPSOS Research (2024)

The data above illustrates in the survey that Shopee Live is the most popular live streaming feature among local brands and MSMEs, around 77 percent. Meanwhile, TikTok Live is 19 percent, and the rest are live on other e-commerce platforms. In addition, around 72 percent of local brands and MSMEs chose Shopee Live, followed by TikTok Live with 26 percent, Tokopedia Play and Lazada Live with only 1 percent each.

Many factors can influence purchase decisions, one of the factors that can influence purchase decisions is trust, A study conducted by Warunayama (2024) tested product reviews and ratings influencing consumer decisions in purchasing on the Shopee e-commerce platform. The results show that reviews and ratings have a significant influence on purchasing decisions, with consumer trust as the main mediator. Research by M. This study investigates the impact of live streaming in e-commerce, specifically Shopee Live, on consumer purchasing decisions. Research shows that the level of interaction between the host and the audience during a live session increases consumer confidence in the product being promoted. Meanwhile, the research by this study discusses how product reviews and ratings on Shopee, along with the Shopee Live feature, affect purchase decisions. This research states that consumers' trust in products that have high ratings and positive reviews increase their likelihood of buying. (Chen et al., 2020) (Kluger & Itzchakov, 2022).

Method

Population and Sample

The population in this study is Shopee e-commerce users. Meanwhile, the sample in this study is shopee users in the Cikarang area. The sampling technique chosen, namely the

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nonprobability sampling method, uses the purposive sampling technique, which is a sample determination technique that is carried out based on certain criteria. In this study, there were 100 respondents collected, all of whom were used as samples and had met the criteria in this study. The respondent criteria in this study are shopee users who have made purchases on shopee.

The data collection method used is to use a questionnaire with closed and open questions. Closed questions are used to facilitate respondents to provide answers based on existing answer options and to save research time. Open-ended questions are given with the aim of expanding the results of the research analysis. The questionnaire was distributed to respondents using a google form because it was more cost-effective and efficient. The questionnaire of this study used a Likert scale of 1-5. The number 1 indicates strongly disagree and the number 5 indicates strongly agree.

Research Methods

Based on the methodological approach, this study is a quantitative research, namely research using data in the form of numbers (numerical) to answer the formulation of research problems (Saunders et al., 2016). As for the purpose of the study, this study is an explanatory research. Explanatory research is a type of research used to obtain evidence regarding the existence of a causal relationship between one variable and another. The sample is a subgroup of population elements selected to participate in the study. A good sample is a sample that can describe the entire existing population both in number and method of sampling (sampling technique). According to Hair et al, (2016), the number of viable samples is between 100-200 samples, and depends on the number of indicators of the estimated parameters. The guideline is 5-10 times the number of indicators from the estimated parameters. The sample size used is 100 samples, based on the number of indicators of 10 multiplied by 10 then ($10 \times 10 = 100$). So the researcher took a sample of 100 for more accurate data analysis results. (Malhotra & Leslie, 2017) (Malhotra & Leslie, 2017)

Research Instruments

The questionnaire used consisted of four parts:

1. Product Reviews and Ratings: Questions about how reviews and ratings affect purchase decisions.
2. Shopee Live: Questions about the influence of interaction in Shopee Live on purchase decisions.
3. Consumer Trust: A measure of the level of consumer trust in products and sellers.
4. Purchase Decision: Questions regarding a consumer's purchase decision.

Data Analysis Methods

This study uses the inferential statistical approach as a data analysis tool, namely the PLS (Partial Least Square) approach. As for analyzing the data, use the help of Smart-PLS software. In the PLS analysis, the following parameters will be evaluated on the following parameters:

- 1) Structural Model or Inner Model: Inner Model is a structural model that is made to describe the relationship between latent variables based on literature review, both theory and previous

research results. The indicators used for evaluation include the Goodness of Fit / R-square, the coefficient path test and the hypothesis test

- 2) Measurement Model or Outer Model: This evaluation, also known as the Goodness of Fit Outer Model, is a form of validity and reliability test of research instruments (questionnaires). The validity of the instrument includes the validity of convergence and the validity of discrimination. The question items in the questionnaire are considered to be considered convergently valid if the loading factor is > 0.7 and discriminatory valid if the Fornel-Larker criterion value > 0.7 . A questionnaire is considered reliable if the composite reliability value or Cronbach's alpha ≥ 0.7 (Ghozali & Latan, 2017).

Result and Discussion

Descriptive statistical analysis is used to describe and describe the variables used in this study, Ghozali (2020). This analysis aims to provide an overview or describe the data in the form of mean values, maximum, minimum and standard deviation to describe the research variables so that they are contextually easy to understand. The results of descriptive statistical analysis were obtained from the results of the analysis of the description of the respondents and the results of the analysis of the description of the research variables.

Table 1. Respondent Demographic Data

Respondents' Characteristics	Frequency	Percentage (%)
Gender:		
Male	43	43%
Female	57	57%
Total	100	100.0%
Age :		
< 21 y.o	10	10%
21 – 30 y.o	54	54%
31 – 40 y.o	23	23%
> 40 y.o	13	13%
Total	100	100.0%
Latest Education :		
Private Employees	68	68%
Other	32	32%
Total	100	100.0%
Income :		
< IDR 2,000,000	4	4%
IDR 2,000,000 - IDR 3,000,000	29	29%
IDR 3,000,000 - IDR 4,000,000	23	23%
> IDR 4,000,000	44	44%
Total	100	100.0%

Source: Keusioner Data (2024)

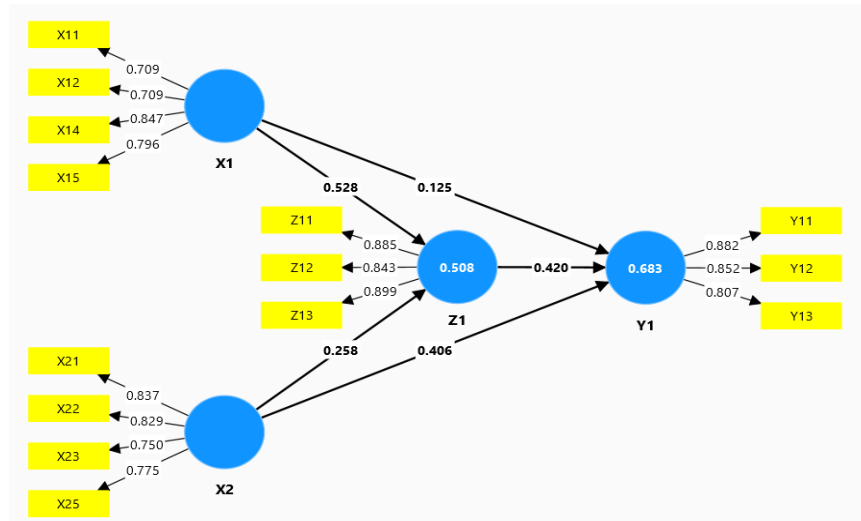


Figure 1. Results of smartPLS 4.0 Algorithm
 Source: Processing Output with smartPLS 4.0

Table 2. Convergent Validity test results

Variable	Outer Loadings	Information
X11 <- Reviews and Product Ratings (x1)	0.709	Valid
X12 <- Reviews and Product Ratings (x1)	0.709	Valid
X14 <- Reviews and Product Ratings (x1)	0.847	Valid
X15 <- Reviews and Product Ratings (x1)	0.796	Valid
X21 <- Shopee Live (X2)	0.837	Valid
X22 <- Shopee Live (X2)	0.829	Valid
X23 <- Shopee Live (X2)	0.750	Valid
X25 <- Shopee Live (X2)	0.775	Valid
Y11 <- Purchase Decision (Y)	0.882	Valid
Y12 <- Purchase Decision (Y)	0.882	Valid
Y13 <- Purchase Decision (Y)	0.807	Valid
Z11 <- Consumer Trust (Z)	0.885	Valid
Z12 <- Consumer Trust (Z)	0.843	Valid
Z13 <- Consumer Trust (Z)	0.899	Valid

Because there are invalid indicators or statement items, the data obtained cannot be directly analyzed for regression, but must be retested by eliminating the invalid question items. Table 2 is the result of the validity test analysis after not including data from invalid data. The results show that all question items are valid.

Table 3. Discriminant Validity Test Results (Fornell Larcker Criterion)

	Reviews and Product Ratings (x1)	Shopee Live (x2)	Purchase Decision (Y)	Consumer Trust (Z)
Reviews and Product Ratings (x1)	0.767			
Shopee Live (x2)	0.592	0.799		
Purchase Decision (Y)	0.651	0.720	0.848	
Consumer Trust (Z)	0.681	0.571	0.737	0.876

It shows that all manifests of variables/question items have a cross loading value of > 0.7 for each variable and greater than all other constructs, In addition to cross loading > 0.7 , the validity of discrimination is also tested with the Fornel-Larker criterion where a variable is considered valid if it has a value greater than 0.7 and the value is greater than the value of all other constructs, Table 3 shows that each variable has a value of more than 0.7 and the value is also greater than the other variables.

Table 4. Average Variance Extracted (AVE) Test Results

Variable	Average variance extracted (AVE)	Conclusion
Reviews and Product Ratings (x1)	0.589	Valid
Shopee Live (x2)	0.638	Valid
Purchase Decision (Y)	0.718	Valid
Consumer Trust (Z)	0.768	Valid

The validity of the construct can be seen from the Average Variance Extracted (AVE) value where the instrument is considered valid in a convergent manner if the AVE value > 0.50 , The results of the analysis show that all variables have an AVE value of > 0.50 (Table 4) so it can be concluded that the instrument for all variables is valid.

Table 5. Results of Composite Reliability and Cronbach's Alpha Tests

Variable	Cronbach's Alpha	Composite Reliability	Conclusion
Reviews and Product Ratings (x1)	0.773	0.805	Reliable
Shopee Live (x2)	0.817	0.843	Reliable
Purchase Decision (Y)	0.804	0.810	Reliable
Consumer Trust (Z)	0.848	0.848	Reliable

In PLS analysis, to test the reliability of a construct can be done in two ways, namely Cronbach Alpha and Composite Reliability. The group of indicators that measure a variable has good

composite reliability if it has Cronbach Alpha and composite reliability ≥ 0.7 . Table 5 shows that all variables have Cronbach Alpha and composite reliability ≥ 0.7 , so it can be concluded that the instruments for all variables are reliable.

Table 6. R-Square Value Test Result (R²)

	R-Square	R-Square Adjusted
Purchase Decision (Y)	0.683	0.673
Consumer Trust (Z)	0.508	0.498

According to Kuncoro (2018), the right R-square value to be interpreted in assessing the merits of a model of multiple regression equations (having two or more independent variables) is R-Square Adjusted. Table 6 shows that the R-Square Adjusted value is 0.683 which can be interpreted that 68.3% of the changes in the purchase decision variable are influenced by the variation of the consumer confidence variable, while 31.7% (100-68.3) is influenced by other variables that are not in the model. Thus, the purchase decision equation model is in a good category because the value of the elimination coefficient is between 61% - 80%. According to the results of the research of Anggita & Ali (2017); Firmansyah (2021) and Rasyidin et al., (2022), other variables that are not in the model/equation but can affect purchasing decisions include price, promotion, and brand image.

Table 7. Hypothesis Test Results

Type	Coefficient	P Values	Information
Product Reviews and Ratings -> Purchase Decision	0.469	0.000	Hypothesis Accepted
Shopee Live -> Purchase Decision	0.344	0.000	Hypothesis Accepted
Product Reviews and Ratings -> Consumer Confidence	0.546	0.000	Hypothesis Accepted
Shopee Live -> Consumer Trust	0.173	0.265	Hypothesis Rejected
Consumer Confidence -> Purchase Decision	0.317	0.012	Hypothesis Accepted
Product Reviews and Ratings -> Consumer Confidence -> Purchase Decision	0.173	0.017	Hypothesis Accepted
Shopee Live-> Consumer Trust -> Purchase Decision	0.055	0.386	Hypothesis Rejected

The research hypothesis is tested by looking at the path coefficient and comparing the t-stat with the t-table or comparing the p-value with the α (0.05) where the path coefficient shows the form of influence (positive/negative) and the p-value shows the significance of the influence. When the p-value < 0.05 , the research hypothesis is accepted.

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Discussion

The Influence of Product Reviews and Ratings on Purchase Decisions

It shows that consumer confidence has a significant effect on purchasing decisions as shown from the p-value of $0.00 < 0.05$. The form of influence is positive which is indicated by the value of the coefficient being positive 0.469. This means that the better the Product Review and Rating, the better the purchase decision.

Shopee Live's Influence on Purchase Decisions

It shows that consumer confidence has a significant effect on Buying Interest as shown by the p-value of $0.000 < 0.05$. The form of influence is positive, which is shown by a positive regression of 0.344. The better Shopee Live, the higher the Purchase Decision.

The Effect of Product Reviews and Ratings on Consumer Trust

It shows that Product Reviews and Ratings have a significant effect on Consumer Confidence which is shown to have a p-value of $0.000 < 0.05$. The form of influence is positive which is indicated by a positive coefficient of 0.546. The better the reviews and product ratings, the higher the consumer trust.

The Influence of Shopee Live on Consumer Trust

It shows that Shopee Live has no significant effect on Consumer Confidence which is shown by a p-value of $0.000 > 0.05$. The form of influence is the one that is proposed by a coefficient of 0.173.

The Influence of Consumer Trust on Purchase Decisions

It shows that Consumer Confidence has a significant effect on purchase decisions, which shows a p-value of $0.000 < 0.05$. The form of influence is positive which is indicated by a positive coefficient of 0.317. The better the consumer trust, the higher the purchase decision.

The Influence of Product Reviews and Ratings on Purchase Decisions through Consumer Trust

It shows that Product Reviews and Ratings have a significant effect on purchasing decisions through Consumer Trust which is shown to have a p-value of $0.000 < 0.05$. The form of influence is positive which is indicated by a positive coefficient of 0.173. The better the product reviews and ratings, the higher the purchase decision through consumer trust.

The Influence of Shopee Live on Purchase Decisions through Consumer Trust

It shows that Shopee live has no effect on purchase decisions through Consumer Trust which shows a p-value of $0.000 > 0.05$. The form of influence is the one that is proposed by a positive coefficient of 0.055.

Conclusion

That product reviews and ratings have a positive and significant effect on product purchase decisions on shopee, The better the product reviews and ratings, the better the purchase decision, Shopee live has a positive and significant effect on purchase decisions on shopee,

The better shopee live the better the purchase decision, Product reviews and ratings have a positive and significant effect on consumer trust in shopee, The better the product reviews and ratings, the better the consumer trust on shopee, Shopee live has no effect on consumer trust, Trust has a positive and significant effect on purchase decisions, the better consumer trust is the better purchase decisions on shopee, Product reviews and ratings have a positive and significant effect on purchase decisions through consumer trust, Shopee live has no effect on purchase decisions through consumer trust.

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