

**ANALYSIS INFLUENCE OF CUSTOMER RATINGS REVIEWS  
ONLINE, FREE SHIPPING PROMOTION AND DISCOUNT  
PROMOS ON PURCHASING DECISIONS IN E-COMMERCE**



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of Management at the Faculty of Economics and Business**

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**APPROVAL PAGE**

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Surakarta, 22<sup>nd</sup> February 2022

Writer

A handwritten signature in black ink, appearing to read 'Niken Puji Astuti', with a horizontal line extending from the end of the signature.

**NIKEN PUJI ASTUTI**

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# **ANALYSIS INFLUENCE OF CUSTOMER RATINGS REVIEWS ONLINE, FREE SHIPPING PROMOTION AND DISCOUNT PROMOS ON PURCHASING DECISIONS IN E-COMMERCE**

## **Abstrak**

Penelitian ini bertujuan untuk mengetahui pengaruh review rating, free shipping promotion, dan discount promotion. Penelitian ini merupakan penelitian kuantitatif. Populasi dalam penelitian ini adalah pengguna e-commerce. Jumlah sampel dalam penelitian ini adalah 169 responden, metode pengumpulan data menggunakan non-probability sampling dengan tipe purposive sampling dimana peneliti menentukan pengambilan sampel dengan kriteria khusus. Metode pengumpulan data menggunakan kuesioner. Teknik analisis data penelitian ini adalah uji validitas, uji reliabilitas, uji normalitas, uji multikolinearitas, uji heteroskedastisitas, uji koefisien determinasi R Square, analisis fit model (uji F), uji koefisien regresi, dan uji hipotesis parsial (uji t). Hasil penelitian ini menunjukkan bahwa rating review, promosi gratis ongkos kirim dan diskon promo berpengaruh secara parsial terhadap keputusan pembelian di e-commerce serta rating review, gratis ongkos kirim, dan promosi diskon berpengaruh secara simultan atau bersama-sama terhadap keputusan pembelian di e-commerce. - perdagangan.

**Kata kunci:** ulasan peringkat, promosi pengiriman gratis, promosi diskon, keputusan pembelian

## **Abstract**

This study aims to determine the effect of review rating, free shipping promotion, and discount promotion. This research is a quantitative research. The population in this study are e-commerce users. The number of samples in this study was 169 respondents, the data collection method used non-probability sampling with purposive sampling type where the researcher determined the sampling with special criteria. Methods of data collection using a questionnaire. This study's data analysis techniques are validity test, reliability test, normality test, multicollinearity test, heteroscedasticity test, coefficient of determination test R Square, analyze fit model (F test), regression coefficient test, and partial hypothesis test (t-test). The results of this study indicate that rating reviews, free shipping promotions and promo discounts have a partial effect on purchasing decisions in e-commerce as well as review ratings, free shipping, and discount promotions have a simultaneous or joint effect on purchasing decisions in e-commerce.

**Keyword:** rating review, free shipping promotion, discount promotion, purchase decision

## 1. INTRODUCTION

In 2020 it had been stated that there have been 175.4 million internet users in Indonesia. Compared to the previous year, there was a rise of 17% or 25 million internet users during this country. supported the entire population of Indonesia, which amounts to 272.1 million, it means 64% is half the population. Percentage of internet users aged 16 to 64 who own each sort of device, including mobile phones (96%), smartphones (94%), non-smartphone mobile phones (21%), laptops or desktop computers (66%), table (23%), game consoles (16%), to computer game devices (5.1%) .(We Are Social report).

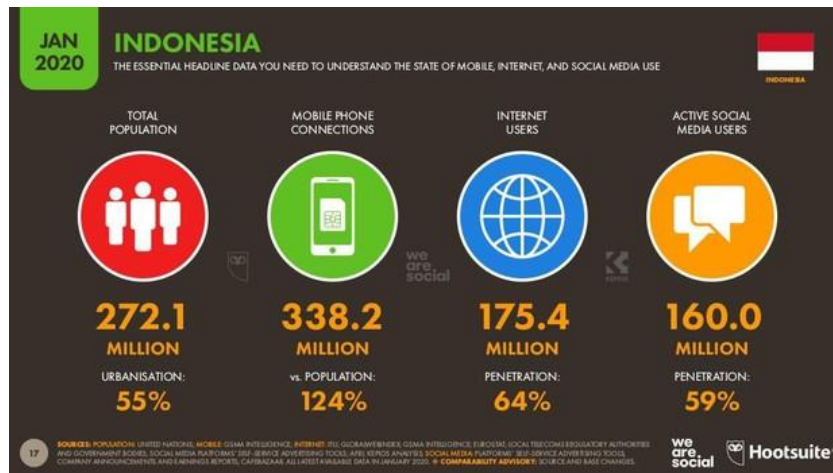


Figure 1. Headline Data State Mobile, Internet Use And Social Media Use

This data that's no less interesting. There are 160 million active users of social media . in comparison to 2019, this year, We Are Social found a rise of 10 million Indonesians who are active on social media. The social media most 'watched by' Indonesian internet users from the very top are YouTube, WhatsApp, Facebook, Instagram, Twitter, Line, FB Messenger, LinkedIn, Pinterest, We Chat, Snapchat, Skype, Tik Tok, Tumblr, Reddit, Sina Weibo. E-commerce (Electronic Commerce) or in Indonesian Electronic Commerce is that the activity of distributing, selling, buying, marketing products (goods and services) , by utilizing telecommunications networks

like the web, television, or other computer networks. In simple terms, e-commerce is that the process of shopping for or selling products electronically.

E-commerce is referred to as electronic commerce. It means electronic media and the internet for dealing with goods and services. E-Commerce entails a company accessing the internet as well as IT, such as the electronic data interchange (EDI). E-commerce concerns an internet vendor's website, trading goods or services to the user directly from the platform (Jain & Arya 2021). e-commerce provides an option of entry for people without the necessity to return to the shop.

According to e-commerce includes transactions buying, selling, transferring, or exchanging products, services or information through computer networks, including the internet event of e-commerce businesses like the number of e-commerce businesses, the worth of transactions, the number of workers, the kinds of products/services sold, the media used, the tactic of delivery of products/services, and therefore the reasons for businesses not selling online. The widespread use of the web isn't only employed by Indonesians to hunt information and communication but also for economic activities. The sale and buy transaction, which was initially administered by meeting directly between the vendor and, therefore, the buyer, is now changing. the method of shopping for and selling goods and services are often wiped out the palm of a finger supported by a network. this is often what's called E-Commerce. According to (Nanda 2019) e-commerce includes transactions buying, selling, transferring, or exchanging products, services or information through computer networks, including the internet. E-commerce can be done by anyone with a business partner without being limited by space and time.

This significant increase is believed to flow from infrastructure for the supply of the web on Indonesia is getting easier and easier day by day cheap. Many parties will compete as internet access providers in various cities at Indonesia. Need for society too very diverse for office needs, data search, social media, et al.. Another need is shopping with online system or called the web system shopping. this is often what's

employed by marketers using the web media or commonly referred to as e-commerce. This has encouraged the event of e-commerce in Indonesia to run very rapidly in recent years.

E-commerce (Electronic Commerce) or in Indonesian Electronic Commerce is that the activity of distributing, selling, buying, marketing products (goods and services) by utilizing telecommunications networks like the web, television, or other computer networks. In simple terms, e-commerce is that the process of shopping for or selling products electronically. e-commerce itself has developed in recent years and is slowly replacing traditional shops (Offline). E-commerce is someone often reaches a web channel via the pc, which is employed by the businessperson inside conduct business activities and use consumers to urge information using the assistance of a computer which within the process is initiated by providing information services to consumers in determining choices (Kotler & Keller 2001).

The e-commerce transaction process includes the subsequent stages, the seller denotes a product or service that belongs thereto product specification detail. (2) Registers, consumers do registration or register to enter consumer identity, order goods e (3) Order, after the buyer has decided the merchandise you would like to shop for, the subsequent step is to form a sale order. (4) Payment, the customer will make the payment after receiving the entire purchase from the vendor. (5) Verification, consumers are asked to fill out return payment data like numbers account. (6) Delivery, products that are ordered and already purchased by the buyer are going to be sent by the vendor via courier to the address of these consumers. There are several factors that affect the purchasing decision, like customer reviews, free shipping discounts, and discount promotions.

Online Customer Review Review is a component of the Electronic Word of Mouth (eWOM), which may be a direct opinion of somebody and not a billboard. Reviews are one among several factors that determine an individual's purchasing decision, indicating that folks can take the number of reviews as an indicator of the



recognition of a product or the worth of a product, which will influence the willingness to shop for a product (Raffaele & Mcleay 2013). Online Customer Rating may be a part of a review that uses a star symbol rather than text in expressing the opinions of consumers. Rating is often interpreted as assessing the user's preference on a product's preference for his or her experience, pertaining to the psychological and spirit they sleep in when interacting with virtual products during a mediated environment.

The more complex case of value-based free shipping examines how the free shipping price and threshold affect optimal policy. Meanwhile, rating customers online can influence studies on customer reviews affect repurchasing intention. Before buying, customers usually see reviews and merchandise ratings in retail that are within the description boxes provided by e-commerce the review was adapted from a review about Similar products are taken from the websites of major online retailers. The second factor are freeshipping promotion free shipping may have positive effect just in case of orders that exceed the edge, there could also be a negative effect on consumers content only to exceed the edge. Understanding of the influences of advertisements on consumer behavior, encouraging new theoretical discussions on the topic, also as contribute with companies' managers to raised plan their advertisements (Santini et al. 2015).

## **2. METHOD**

### **2.1 Research design and variables**

This study uses a quantitative approach method. Quantitative research is a research method based on the philosophy of positivism, used to examine a particular population or sample, collecting data using statistical data research instruments with the aim of testing the applied hypothesis. This type of research is a causal study that explains cause-and-effect relationships (Sugiyono, 2016). The variable used by the researcher in this study is the independent variable, intervening variable, and dependent variable. The independent variable is Rating Reviews Online (X1), Free Shipping Promotion (X2), and Discount Promo (X3) and the dependent variable is Purchasing Decision (Y).

## **2.2 Data and data sources**

The data used in this study is primary data, where data is obtained through questionnaires. Primary data using data sources received directly from informants (Sugiyono, 2016). Primary data is data collected from the object of research and gained from respondents' answers through questionnaires. In this study, the research questionnaire distribution is done online or through Google form. With the aim, data were collected by questionnaire as many as 169 respondents who made online purchases through e-commerce. The distribution of the questionnaire uses a Likert scale of 1-5. This study uses three independent variables: customer rating reviews, freeshipping promotions, and discount promotions for the dependent variable, namely purchasing decisions. Variables that will be examined will be made four questions for each variable.

## **2.3 Sampling design**

The method to collect primary data collected by survey a questionnaire. The questionnaire is a number of questions written which is used to obtain information from respondents in a meaning reports about his personality, or things he knows (Sumiharyati & Arikunto 2019). In this study, the indicators are measured using a scale Likert which has five levels of preference, each of which has scores 1 to 5 with the following conditions. The Likert scale provides respondents with opportunities to express their feelings in the form of agreement with the form statemen (Sugiono 2012).

## **2.4 Data analysis methods**

This study uses the multiple linear regression with PLS (Partial Least Square) technique and it will be analyzed using the SPSS software application. This analytical technique is a combination of two methodological disciplines, namely the econometric perspective, which focuses on predictions, and psychometrics which can describe the concept of a model with latent variables (variables that cannot be measured directly) but measured through its indicators (manifest variables).

### 3. RESULT AND DISCUSSION

#### 3.1 Classic Assumption

##### 3.1.1 Normality Test

The outer model analysis is carried out to ensure that the measurement used is feasible to be used as a measurement (valid and reliable). The analysis of this model specifies the relationship between latent variables and their indicators. Analysis of this model uses validity tests (convergent validity and discriminant validity) and reliability tests (Cronbach's Alpha and Composite Reliability).

Table 1. Normality Test

<b>One –sample Kolmogorov-Smirnov test</b>	<b>Unstandardized Residual</b>
Test statistic	0,78
Asymp. Sig. (2-tailed)	0,015

The normality test was carried out by the one-sample kolmogorovsmirnov test by looking at the significant number si 0.05 in asymp.sig. (2-railed). The results of the normality test in the table show the assumption of sig. 2 tailed is lower than 0.05, which is 0.015. From this result, it can't be concluded that the data is not normally distributed.

##### 3.1.2 Multicollinearity Test

Table 2. Multicollinearity Test

<b>Variable</b>	<b>Tolerance</b>	<b>Vif</b>	<b>Discription</b>
Rating Review	0,521	1,921	Multicollinearity Free
Freeshipping Promotion	0,656	1,523	Multicollinearity Free
Discount Promotion	0,574	1,742	Multicollinearity Free

The results of the calculation analysis above show that the VIF value is good for the rating review variable, free shipping promotion, and discount promotion showing a VIF value below 10, so it can be concluded that there is no multicollinearity.

### 3.1.3 Heteroscedasticity Test

Based on the results shown in the table, it shows that all rating reviews variables show a significant value (sig) greater than 0.05, so it can be concluded that all the independent variables do not have heteroscedasticity problems.

Table 3. Heteroscedasticity Test

<b>Variable</b>	<b>Significant (sig.)</b>	<b>Keterangan</b>
Rating Reviews	0,11	heteroscedasticity free
Free Shipping promotion	0,834	heteroscedasticity free
Discount Promotion	0,169	heteroscedasticity free

### 3.2 Feasibility Test Model

#### 3.2.1 Coefficient Determination ( $R^2$ )

The coefficient of determination ( $R^2$ ) is used to measure the model's ability to explain the variation of the dependent variable. The value of  $R^2$  is between 0 and 1. A small value of  $R$  square means that the ability of the independent variables to explain variations in the dependent variable is very limited.

Table 4. R Square ( $R^2$ )

<b>R Square</b>	<b>Adj. R Square</b>
0.617	0.610

Based on the table above, the data in table adjusted R Square is 0.610. This means that the variation of all independent variables can affect changes in the dependent variable by 61%, while the remaining 39% is influenced by other variables outside the study.

#### 3.2.2 The goodness of Fit (GoF)

This test aims to determine the extent to which the independent variables used are able to explain these variables. In this study, namely customer assessment reviews ( $X_1$ ), free shipping promotions ( $X_2$ ), discount promotion ( $X_3$ ) simultaneously on the variables namely purchasing decisions ( $Y$ ), and whether the model is suitable or not.

The results of F-test clarify how much the model presented in this study is an acceptable model to describe rating reviews, free shipping promotion and discount promotion influence purchasing decisions. Table 4,7 shows the P-value for ANOVA is 0.00 less than .05, indicating that the model presented in this study is an appropriate mode

### 3.3 Hypothesis testing

Multiple Regression Analysis The tools used in testing the hypothesis are multiple regression analysis. This analysis is used to measure the strength of the relationship between the independent variable and the variable and to show the relationship between these variables. Analysis This will form an equation that can be explained by the results below this.

Table 5. Multiple Regression Analysis

<b>Variable</b>	<b>B</b>	<b>Sig.</b>	<b>Conclusion</b>
Rating Reviews	0.318	0.000	Positive, Significant
Freeshipping promotion	0.022	0.761	Positive, Insignificant
Discount promotion	0.566	0.000	Positive, Significant

Based on the table above, T count of free shipping promotion is  $0.305 < t$  table of 1. then  $H_0$  is accepted, so it can be concluded that the  $X_2$  variable has no effect on the y variable. The value of sig variable discount promotion is 0.000, which means it is smaller than Alpha (0.05). This means that individually the indicator discount promotion variable has a significant effect on purchasing decisions.

Based on the results of the study conducted, it can be revealed that rating reviews affect purchasing decisions have a positive and significant influence on purchasing decisions. The results can be proven by the value of sig is smaller than Alpha. This means that the rating review individually has a significant effect on purchasing decisions.

### **3.4 Research Discussion**

The results of this study are in accordance with the results of research conducted by (Constantinides and Holleschovsky 2016) It was revealed that online rating reviews have the potential to influence consumers in purchasing decisions. As input in the decision-making process. Based on the responses to this variable, the questions have a high average, so that it can be interpreted that the reviews made by customers honestly influence purchasing decisions. Also, the result of the research by (Lackermair, Kailer, and Kanmaz 2013) said reviews and ratings are an important source of information for consumers. However, qualitative feedback from the survey indicates that the perceived The helpfulness of rating systems varies. Especially the comparison of user reviews is a very time-consuming process for the customer because of the unstructured nature of textual user reviews.

The statistical results that have been carried out do not show a positive and significant effect. This is obtained from the statistical regression test, and namely t count is smaller than t table. The results of this study are not in accordance with the results of research from (Cheng and Huang 2013) in their research showing that the free shipping method has a significant main effect on purchase intention. The findings have several managerial implications. These findings provide some guidelines for online retailers to use the most effective free shipping methods to attract online consumers. Obviously, there are some limitations to this study.

Based on the results of the study conducted, it can be revealed that discount promotion have a positive and significant influence on purchasing decisions. The results can be proven by a value significantly smaller than Alpha. This means that individually discount promotion have a significant effect on purchasing decisions.

This statement is also supported by research conducted by ( Zhang & Deng 2017), examining the results of research on the effect of online price promotion on purchase intention, and verifying the effect of the interaction of promotional methods and complementary products on consumer purchase intentions and therefore the effect

of mediation of perceived promotional benefits and perceived promotional risks. However, (Chen et al. 2012) found that for high priced products, discounts have a greater influence on consumers compared to the increased value from bonus packs. Also supported by (Nastiti and Nugroho 2020) research by The second strategy is that sellers can provide longer discounts than flash sales which are only a few hours away. Based on (Alford and Biswas 2002) , it was revealed that there is a positive and significant effect between price discounts on impulse purchases. Based on this, this research will be conducted to determine the effect of flash sales and discounts on impulse buying. Based on the responses to this variable, the questions have a high average, so that it can be interpreted that promotional discounts have an influence on purchasing decisions.

#### **4. CONCLUSION**

##### **4.1 Implication of Study**

Based on analysis already done, the research can be summed up as follows:

1. Customer rating reviews have a positive and significant influence on purchasing decisions.
2. Free shipping promotions do not have a significant effect on purchasing decisions, meaning that free shipping promotions do not affect purchasing decisions.
3. Discount promotions have a positive and significant influence on purchasing decisions without discount promotions, customers will think several times to buy and even repurchase the product if the product has a high price.

##### **4.2 Suggestion**

Some Suggestions are needed for the future and for the evaluation:

1. For readers related to this research, it can add insight into knowledge with purchasing decisions in e-commerce and the factors that influence it. Especially for those who are interested in knowing more about purchasing decisions in e-commerce, it is necessary to modify the independent variables, either adding

variables or adding rows of data series. So it will be objective and varied in conducting research.

2. E-commerce users as sellers also need to conduct product surveys to consumers, whether the products are effective or not. Sellers also need to improve product performance and review in the comments column from consumers who have purchased products in stores so that stores and products get good reviews so that consumers will indirectly read product review ratings in stores and gain consumer confidence to buy products in store windows.
3. For e-commerce developers or web developers, of course, it is necessary to keep up with technological developments along with the times. Between sellers and buyers to increase interaction with consumers online. That way, the seller can provide product specifications to be sold not only through writing, but consumers can also see the product significantly.
4. It is recommended for sellers who use e-commerce applications to participate in programs organized by e-commerce, namely providing voucher codes and following discount trends such as mid-year sales, 9.9 sales, big sales, and providing extra vouchers for free shipping with or without using a minimum purchase.

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