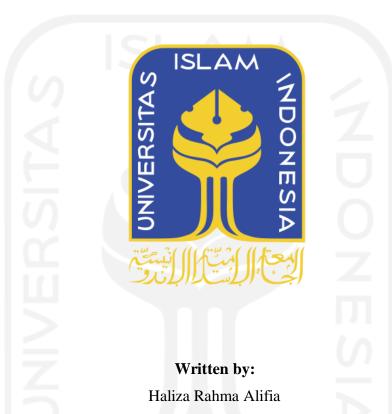
# EFFECTS OF PRODUCT QUALITY, SERVICE QUALITY, PRICE, FAMILIARITY, REPUTATION, AND APPLICATION QUALITY ON SHOPEE USERS' PURCHASE INTENTION



## An Undergraduate Research

DEPARTMENT OF MANAGEMENT INTERNATIONAL PROGRAM FACULTY OF BUSINESS AND ECONOMICS UNIVERSITAS ISLAM INDONESIA YOGYAKARTA 2021/2022

18311114

#### DECLARATION OF AUTHENTICITY

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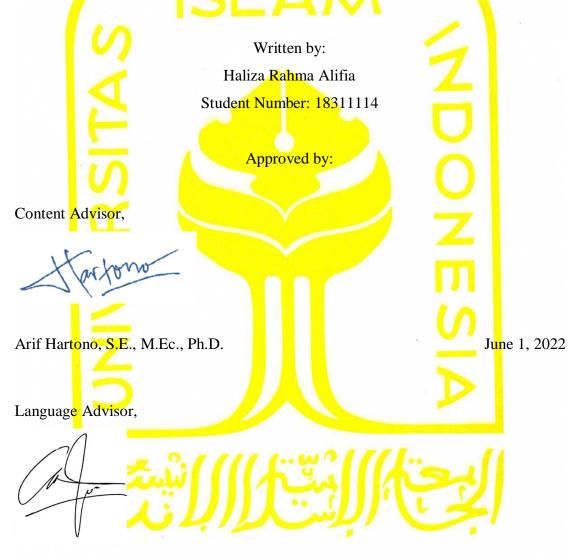
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## **ADVISORS' APPROVAL**

# EFFECT OF PRODUCT QUALITY, SERVICE QUALITY, PRICE, FAMILIARITY, REPUTATION, AND APPLICATION QUALITY ON SHOPEE USERS' PURCHASE INTENTION



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June 1, 2020

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### ABSTRACT

This study examines the influence of product quality, service quality, price, familiarity, reputation, and application quality on purchase intention by going through Shopee e-commerce to evoke consumers buying interest. Sampling techniques conducted in this study are non-probability purposive sampling by the criteria of respondents were an active student of UII and have shopped at Shopee. The data were collected by using questionnaire based on Likert scale. The total samples obtained in this study were 217 respondents. The data were then analyzed by using Structural Equation Modeling analysis and calculated by using AMOS software. The final results of this study found that positive and significant influence of the product quality, price, familiarity, reputation, and application quality on purchase intention. However, service quality does not have positive effect on purchase intention.

Keywords: product quality, service quality, price, familiarity, reputation, application quality, purchase intention

#### ABSTRAK

Penelitian ini menguji pengaruh kualitas produk, kualitas layanan, harga, pengenalan terhadap produk, reputasi, dan kualitas aplikasi pada niat beli melalui ecommerce Shopee untuk membangkitkan minat beli konsumen. Teknik pengambilan sampel yang dilakukan dalam penelitian ini adalah *non-probability purposive sampling* dengan kriteria responden adalah mahasiswa aktif UII dan pernah berbelanja di Shopee. Pengumpulan data dilakukan dengan menggunakan kuesioner berdasarkan skala Likert. Jumlah sampel yang diperoleh dalam penelitian ini sebanyak 217 responden. Data tersebut kemudian dianalisis dengan menggunakan *Structural Equation Modelling* dan dihitung dengan menggunakan *software* AMOS. Hasil akhir penelitian ini menemukan pengaruh positif dan signifikan kualitas produk, harga, pengenalan terhadap produk, reputasi, dan kualitas aplikasi terhadap niat beli. Namun, kualitas layanan tidak berpengaruh positif terhadap niat beli.

Kata kunci: kualitas produk, kualitas layanan, harga, pengenalan terhadap produk, reputasi, kualitas aplikasi, niat beli



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Haliza Rahma Alifia

# CHAPTER 1 INTRODUCTION

## 1. Introduction

#### 1.1. Background of the Study

In this modern era, technology directly and indirectly encourages various system changes, such as the trading systems, the ways of trading, and the marketing systems. In the past, if we bought a product or item, we had to meet the seller first, the seller and the buyer had to meet face to face until both parties reached an agreement, that is usually called as transaction. In other words, the distance between sellers and buyers are also very limited, but with advances in technology, especially in the field of the internet, all limitations of distance, time, and cost can be easily overcome, which is part of the development of internet technology. One way to achieve business improvement is to use online/internet media and social networks.

Recently, the outstanding potential of the internet is being talked about, especially for entrepreneurs who use online marketing for their goods, so that their goods can be easily sold to public. With the presence of the internet, companies, business people can run their business quickly, easily, and efficiently by creating an online shop or online store. So, communication and marketing will be faster and easier even though they are in different locations. Tian and Stewart (2007) stated that e-commerce or electronic commerce, also known as e-business, refers to the transaction of goods and services through the electronic commerce or internet.

According to Kemp (2021) from WeAreSocial.com it was revealed that in January 2021 internet users worldwide have reached 4,66 billion people, it added up by 316 million (7.3 percent) since this time last year. Of the 4,66 billion internet users in the world, it turns out that 4,20 billion already use social media. This figure has grown by 490 million (13 percent) over the past 12 months. From these data it can be ascertained that the number of sales and purchases of goods online has also increased dramatically. At the global level, nearly 77 percent of internet users aged 16 to 64 say they buy something online every month. Based on the data from WeAreSocial.com, internet users in Indonesia are the most likely to make e-commerce transactions.

Report from Lidwina (2019) at Katadata.co.id stated that Indonesia is the largest e-commerce market in Southeast Asia. In 2018, the total transactions in Southeast Asia reached US\$ 23,3 billion. With that amount, 52 percent of transactions came from Indonesia with the worth US\$ 12,2 billion. Several startups from Southeast Asia are also leading their own market. For instance; Shopee (Singapore), Tokopedia (Indonesia), Lazada (Singapore), or startups from outside the region that are included in the list such as AliExpress (China) and Amazon (United States).

Currently, Indonesian consumers are turning to virtual markets and are accustomed to buying and selling via the internet. Especially with the ease of accessing the internet via smartphones that can be done anywhere, service providers have made trading systems through electronic media. This allows people to meet their needs anywhere and anytime quickly and efficiently. It shows that people nowadays are also well educated about the function of the trading systems the internet. According to a report from Rizaty (2021) on at Databoks.Katadata.co.id, regarding a report by Bank Indonesia, e-commerce transactions in Indonesia are projected to touch Rp. 403 trillion in 2021. This number grew by 51.6% from the previous year which was Rp. 266 trillion. The description of the virtual markets in Indonesia can be seen in Figure 1.1 below:

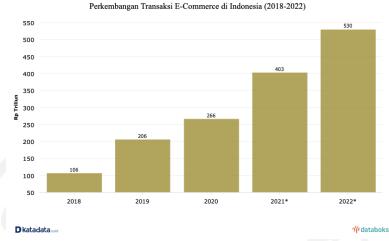


Figure 1.1 Development of E-Commerce in Indonesia

The development of e-commerce in Indonesia is also proven by many providers of trading services via the internet or e-commerce that compete fiercely in Indonesia such as Tokopedia, Lazada, BukaLapak.com, Zalora, Blibli.com, and the most widely used in Indonesia in 2021 according to data reported by Iprice.com is Shopee. Hermawan (2021) in the report The Map of E-commerce in Indonesia that was published by Iprice.com through Pikiran-Rakyat.com, in Q2 2021, stated that Shopee was ranked first out of 5 e-commerce in Indonesia. Even though the number of monthly-web-visits of Tokopedia is higher than Shopee, it shows that Shopee is the most downloaded e-commerce mobile application both in the Appstore and Playstore, this information can be seen in Figure 1.2 below:



#### **Find Out E-commerce Competition in Indonesia**

Figure 1.2 E-Commerce Competition in Indonesia

Shopee is one of the most popular e-commerce in Indonesia that was first established in 2015 in Singapore by Forrest Li. Shopee in Indonesia brings a new shopping experience that facilitates sellers to sell their product easily and provides buyers with a secure payment process and also integrated logistics arrangements. Shopee comes with a mobile application form so that it can make it easier for users to shop anywhere and anytime without having to access their website. Shopee sells various products ranging from daily necessities such as fashion, electronics, or hobby products. Not only providing an e-commerce platform, Shopee also continue to innovate by providing a loan platform (Shopee PayLater) that is easy for the customer to use, Shopee UMKM which helps local small-businesses, Shopee Export which is able to send to various countries without incurring any fees, and many other programs that continue to be implemented to attract consumer buying interest.

Consumers usually have some considerations before making a purchase, such as product quality, price, and reputation of the e-commerce. This study attempts to examine the elements that influence purchase intention in Shopee application. Based on a study conducted by Qalati et al. (2021) there are several antecedents that play important roles in consumers' purchase intention on ecommerce, such as product quality, service quality, web quality (application quality), and reputation. Roudposhti et al. (2018) added that there is a factor that affects consumers' purchase intention in e-commerce, which is familiarity.

According to Dapas et al. (2019), purchase intention means cognitive plans or desires for a specific item or brand. Companies need to pay attention to what factors that can influence the purchase intention of their consumers. Amanda et al. (2021) mentions that consumer interest in making a purchase is a stage at which they choose between numerous brands in the options set. Finally, consumers acquire goods and services based on several considerations, as well as alternatives and the buying process. Purchase intention is measured by a consumer's willingness to make a purchase. So that purchase intention becomes an important tool for a company to find out to be improved so that consumers have purchase intentions to buy product or service from them.

A number of studies argue that the first factor that influences purchase intention is product quality. According to Mirabi et al. (2015), product quality is a key factor in assessing purchase intention. It is a continuous process of improvement that the continuous changes increase product performance and consequently the satisfaction of consumers' needs. Apart from product quality, consumers' perception on product quality is also important (Yuan et al., 2020). Sanny et al. (2022) argued that consumers used perceived quality as their consideration in purchasing products and Sitepu (2019) also found that product quality affects purchase intention in online shopping.

The second factor that influences purchase intention is service quality. Service quality can play a crucial role in a consumer's purchase intention. The customer may want to know about the things such as the procedures of delivery of goods, the e-commerce response to the consumers' request, insurance of goods during delivery, and packaging of goods when they are delivered. According to a research conducted by Dapas et al. (2019) in Zalora.com, they found that purchase intention positively affected by service quality. Paiz et al. (2020) also found that service quality has a significant relationship on purchase intention.

Third factor that influences purchase intention is price. Price is an important motivation to attract consumers to make shopping on e-stores, a below market price for products in e-stores have reinforced and abolished the effect of leaving the online shop (Khan et al., 2015). Yulisetiarini et al. (2017) fond that in online shopping, consumers' purchase intentions are significantly affected by price. Amanda et al. (2021) also found that price has a significant effect on purchase intention. Therefore, it may be concluded that if the price of a product is matched with consumer expectation, then they will have an intention to purchase the product.

The fourth factor that influences purchase intention is familiarity. Familiarity is a set of consumer experiences that are associated with a product. Experiences to a product include advertising, information seeking, interaction with sales persons, selection, and decision making (Adi & Indriani, 2017). According to Das (2018), familiarity is the factor that creates a difference between inquiring about the products on the internet or helps in making a decision whether to buy or not from e-vendors. Indirectly, familiarity intersects with purchase intention. Such a finding is in line with the study conducted by Zaid (2020) which found that purchase intentions are significantly affected by familiarity. Because the higher the respondent's familiarity with the online shopping experience, the stronger their sense of purchase intention for the product.

The sixth factor that influences purchase intention is reputation. Reputation can be defined as the picture of mind, that is as an image in someone's mind. Reputation can be negative, if it turns out not supported by actual abilities. A good reputation is important for a company because it helps to differentiate with the competitor, and even be a determining factor in whether consumers choose a company over competitors. Muda et al. (2016) found that potential customers usually see the comments from the general public and previous buyers before making a decision. Zhen et al. (2021) revealed that consumers may be aware about the online seller reputation.

The last factor that influences purchase intention is application quality. The application here means mobile commerce/website. So mobile commerce is a computer program that is designed to be suitable for mobile devices such as smartphones or tablets and support the activities of e-commerce. According to Chen (2013), in order to participate with m-commerce, retailers must develop mobile websites that are optimized for various operating systems and their application must be able to sync across devices to convey product information to customers while enabling customers to effectively complete transactions. Such finding is also supported by Nursyirwan and Ardaninggar (2020) and Lee et al. (2016) in which they stated that the quality of websites or m-commerce significantly influences customer's purchase intention toward online shopping.

The purpose of this study is to investigate product quality, service quality, price, familiarity, reputation, and application quality on consumers' online purchase intention. This study adapts previous studies conducted by Qalati et al. (2021) and Roudposhti et al. (2018).

### **1.2. Problems Formulation**

This research study attempts to determine factors that influence Shopee's customer purchase intention, which are product quality, service quality, price, familiarity, reputation, and application quality. The following are some specific issues that will be investigated in this study:

- 1. Does product quality have a positive effect on purchase intention?
- 2. Does service quality have a positive effect on purchase intention?
- 3. Does price have a positive effect on purchase intention?
- 4. Does familiarity have a positive effect on purchase intention?
- 5. Does reputation have a positive effect on purchase intention?
- 6. Does application quality have a positive effect on purchase intention?
- 7. Do product quality, service quality, price, familiarity, reputation, and application quality have a positive effect on purchase intention?

## 1.3. Research Objectives

In accordance with the problem formulated above, the specific objectives of this research are:

- 1. To identify whether product quality has a positive effect on purchase intention.
- 2. To identify whether service quality has a positive effect on purchase intention.
- 3. To identify whether price has a positive effect on purchase intention.
- 4. To find out whether familiarity has a positive effect on purchase intention.
- 5. To find out whether reputation has a positive effect on purchase intention.
- 6. To find out whether application quality has a positive effect on purchase intention.

7. To find out whether product quality, service quality, price, familiarity, reputation, and application quality has a positive effect on purchase intention.

#### **1.4. Benefit of Research**

This study is expected to provide theoretical and practical benefits for various parties who read this research study:

1. Theoretical Benefits

This research study helps to identify a crucial factor in determining consumers' purchase intention in terms of whether or not they will purchase the product from the e-commerce, which emphasizes the importance of product quality and application quality of the e-commerce. As well as providing a contribution to further research and literature in the field of marketing.

2. Practical Benefits

Findings of this study are expected to provide practical insight for marketers related to digital marketing strategy development. It provides practical insights related to strategy to enhance consumer's online purchase intentions.

## 1.5. Systematics of Writing

Systematics thesis consists of five chapters, each chapter consists of several sections. The formulation systematics and explanation of thesis are as follows:

## CHAPTER I: INTRODUCTION

This chapter discusses the background of the study, the formulation of the problems, the research objectives, the benefits of the research, and the systematical writing.

## CHAPTER II: LITERATURE REVIEW

This chapter exhibits the theoretical foundation of the product quality, service quality, price, familiarity, reputation, application quality, and

purchase intention. In addition, there are previous researchers' hypotheses and the framework of the study provided.

## CHAPTER III: RESEARCH METHOD

This chapter explains the models and methods used in this research, population and sample, sampling technique, the variables of the study and the testing methods used.

## CHAPTER IV: RESEARCH FINDINGS AND DISCUSSIONS

This chapter shows data analysis and discussion of the results obtained from statistical calculations using theoretical concepts and interpretation of research on theories that already exist.

## CHAPTER V: CONCLUSIONS, LIMITATIONS AND IMPLICATIONS

This chapter contains the conclusion on the results of the analysis and calculations of data obtained from the research. In addition, this chapter will also describe the weaknesses of the studies conducted and for the future research.



# CHAPTER 2 REVIEW OF RELATED LITERATURE

### 2. Review of Related Literature

#### **2.1. Theoretical Review**

#### 2.1.1. Product Quality

According to Nasution et al. (2020), product quality has interest for consumers in managing good relationships with product supply companies. Products have an important meaning for the company because without a product the company will not be able to do any business. Where the manufacture of products is better oriented to market needs or consumer needs.

Product quality is the ability that can be assessed from a product in carrying out its functions which is a combination of durability, reliability, ease of use, and other attributes of a product (Kotler & Amstrong, 2014). Meanwhile, according to Assauri (2015), product quality is a statement of the level of the ability of a particular brand or product in carrying out the expected function. Handoko (2002) found that product quality is the condition of an item based on assessment of its suitability with predetermined measuring standards. The more the standard set, the more the quality of a product will be judged. This is in line with the statement of Larosa et al. (2017) that stated that product quality is product capability including product durability, in easy product packaging and also product usage.

Garvin (1987) developed a system of thinking about the quality of product by describing the basic elements of product quality in eight dimensions. The following is summary of Garvin's eight dimensions of product quality, including:

1. *Performance* is the operating characteristic and the core product purchased.

- 2. *Features* are additional characteristics or characteristics that complement the basic benefits of a product.
- 3. *Reliability* is a small possibility that will be damaged or fail to be used.
- 4. *Conformance to specification*, namely to the extent to which the design and the operating characteristics meet predetermined standards.
- 5. *Durability* shows the age of the product, namely the amount of use of a product before the product is replaced or damaged.
- Serviceability, namely product quality, is determined on the basis of service-ability, including speed, competence, convenience, easy repair, and satisfactory handling of complaints.
- 7. *Aesthetic*, namely the attractiveness of products to the five senses, for example physical appearance, artistic models or designs, colors, and so on.
- 8. *Perceived quality*, namely the consumer's perception of the overall quality or superiority of a product.

## 2.1.2. Service Quality

Service quality in e-commerce can be described as the consumer's overall assessment and judgment of the excellent and quality of service offered in the virtual market (Zehir & Nercikara, 2016). Service quality also can be demonstrated by fulfilling the consumer needs and wants and its delivery can exceed customer expectations and desire.

Ramya et al. (2019) stated that service quality means the ability of a service provider to satisfy customers in an efficient manner through which they can give better performance of business. It is also relevant with the statement from Anwar and Wardani (2021) that stated service quality is simply a measure of how well the level of the service provided can be realized in accordance with customer expectations.

The concept of 'service quality' is not an independent term, means, its formation depends upon several factors related to the service and service firms (Ramya et al., 2019). These factors are in the followings:

- 1. Reliability is defined as the ability to perform the promised service dependably and accurately.
- 2. Responsiveness is willingness to help customers and to provide prompt service.
- 3. Assurance can be defined as the employee's knowledge, courtesy, and the ability of the firm and its employees to inspire trust and confidence in their customers.
- 4. Empathy can be defined as the caring, individualized attention provided to the customer by their banks or service firms.
- 5. Tangibility is defined as the appearance of physical facilities, equipment, communication materials, and technology.
- 2.1.3. Price

In the market, the price of a product is usually expressed in terms of value of money. According to Dimyati and Subagio (2016) price is an important component of a product, because it will affect manufacturers' profit. Price is also a consideration of the consumer to buy, so it needs special considerations for determining that price.

The definition of price according Sumaa et al. (2021) is the amount of money charged for a product or service, more broadly, price is the sum of the value that consumers exchange for the benefits of having or using the product or service. Moreover, Supartono (2022) argues that price can be interpreted as the tendency of consumers to use price in assessing the suitability of product benefits. The assessment of the price of a product that is said to be expensive, moderate or cheap for each individual is not the same, depending on the individual's perception which is based on the environment and individual conditions. It is also in line with the statement of Dimyati and Subagio (2016) that defines fourth indicators that characterized the price, there are; (1) affordability, (2) the suitability of the price with the quality of the products, (3) price competitiveness, and (4) the suitability of the price of the benefit.

#### 2.1.4. Familiarity

Familiarity is generally described as the number of experiences that people have within a product or a brand that consumers already know directly or indirectly. Familiarity with a brand or product increases the consumer's understanding of the buying process so as to reduce the complexity of determining purchase intention. Consumers will tend to choose products or brands that are familiar or known to them (Karinka & Firdausy, 2019). Meanwhile, Zaid (2020) found that familiarity is a reflection of a good relationship, resulting from the interaction between customers and producers based on purchase evaluation.

Consumers generally want to try or use a familiar brand rather than an unfamiliar one. The reason is because the more familiar consumers with a product in a certain brand, the greater the trust in the minds of consumers and it will become the main choice of consumers (Dihardjo & Effendi, 2011). It is also in line with Karinka and Firdausy (2019) that believed in the context of e-commerce, with the emergence of familiarity with a product or brand on an e-commerce website, it will lead to positive intimacy which in turn encourages consumers' purchase intention to buy online.

#### 2.1.5. Reputation

Reputation is an image that is attached to the name of a product or company that gives the impression or strong character of the name. Reputation is an identity which is a sum of value that is carried out by community groups and consumers (Selviana & Istiyanto, 2021). Reputation reflects when an electronic seller (or in this case is electronic commerce) has to build a significant relationship with a client keeping in mind the ultimate goal to portray their image in the general public. Reputation also allows e-commerce to spread among a pool of inexperienced online customers who could become their potential clients in the future (Varma et al., 2020). According to Jun and Jaafar (2011) the role of reputation in the virtual environment is more important than the traditional market environment. In a virtual environment, consumers cannot inspect goods in person before buying. They only get information about the product from the website and trust the website and trust the product description from the vendor. Therefore, the reputation of online vendors is an important factor influencing consumers' attitude towards online shopping (or in this case consumer purchase intention).

Fombrun (1996) defined four corporate dimensions, as explained in the following:

- Credibility, this factor is related to the company's image that has won the trust of consumers, consumers value, and respect the company's existence emotionally.
- 2. Reliable, this factor is related to the company's image in the eye of consumers, where the company is able to offer high quality products that are better managed so that consumers feel proud of the ownership of the company's product.
- 3. Reliability, this factor is related to the company's image to build a company image for consumers, this is done through activities while always maintaining the quality of product or service, always ensuring the implementation of excellent service quality, and always shows reliable facilities for the benefit of consumers.
- 4. Social Responsibility, image for surrounding communities, how the organization help the development of the surrounding community, how

the organization care for the community and become an environmentally friendly company.

#### 2.1.6. Application Quality (M-commerce)

The advances of wireless technology have driven the rapid development of electronic commerce or e-commerce through the use of mobile devices. E-commerce transactions carried out via radio-based wireless devices that are called mobile commerce (also known as mcommerce or e-commerce applications). Mobile commerce (in this case is applications) can expand current Internet sales channels to a more direct and personalized mobile environment (Siau et al., 2003).

Mobile commerce (m-commerce or e-commerce applications) refers to the e-commerce transactions or buying and selling goods that are conducted through mobile devices based on applications made from the provider. Since it is an extension of e-commerce, m-commerce has some similarities with e-commerce. However, m-commerce is not synonymous with e-commerce, nor is it just another e-commerce channel. M-commerce presents several unique characteristics and features that can provide customers with added value and benefits such as anytime and anywhere access, the ability to locate mobile devices for personalization and localization, and the functionality to access information when needed (Siau et al., 2004).

According to Andreou et al. (2005) high quality mobile applications can be developed if they contain the characteristics of the desirable qualities in mobile software such as usability, security, performance, and availability.

#### 2.1.7. Purchase Intention

Purchase intention is someone's desire to make a purchase. Purchase intention is a plan to buy a number of products or goods that are needed by consumers. According to Sugiharto et al. (2019), purchase intention is a buying process that occurs before the actual purchase. In the critical buying process, the purchase intention appears at the first meeting between the seller and the buyer. Moreover, Dapas et al. (2019) defined that purchase intention means a consumer's cognitive plans or desires for a specific product or brand.

Consumer interest in making a purchase is a step where consumers choose among several brands that are included in the choice set. Then, finally, alternative choice and the buying process consumers buy goods and services based on different considerations (Amanda et al., 2021). The interest that arises in making a purchase creates a motivation and becomes a very strong activity which in the end when a consumer has to fulfill their needs will be actualized in their mind. Purchase intention that is done with online media is someone's desire to buy a product or service that is offered by producers to consumers through online media (Suparwo & Rahmadewi, 2021).

The dimensions of purchase intention consist of four, namely exploratory interest, preferential interest, referential interest, and tractional interest and developed into four indicators, namely consumer curiosity about the product of interest, description of consumer preferences regarding the product, consumer tendency to refer the products, and consumer tendency to buy the product (Amanda et al., 2021).

## 2.2. Development

### 2.2.1. Product Quality and Online Purchase Intention

Good product quality will always be a concern and consideration of consumers in choosing a product or buying a product offered by the company. When consumers buy a product, consumers expect to get benefits as expected, so that they can fulfill their wants and needs (Larosa et al., 2017). In a previous study conducted by Sanny et al. (2022) found that consumers used that perceived quality as one of consideration in purchasing a product. So et al. (2015) also found that there is a significant and positive relationship between product quality on purchase intention, which means that consumers perceived quality also has strong influence to increase consumer purchase intention.

Study conducted by Sari and Giantari (2020) showed that to increase the intention to repurchase it is necessary to pay attention to factors of product quality. This shows that product quality greatly affects consumer behavior in achieving repurchase intentions to later be able to achieve company goals. This is in line with Sitepu (2019) who also mentioned that perceived quality affects directly or indirectly on purchase intention of online products. Based on the result of discussion above, the following hypothesis is proposed:

H1: Product Quality has a positive effect on purchase intention.

## 2.2.2. Service Quality and Online Purchase Intention

A good quality service can increase a positive effect on purchase intention, this is proven by study conducted by Yulisetiarini et al. (2017) which is seen as an important role in good service quality so that it increases repurchase intention from customers. This evidence is also in line with the results of study from Dapas et al. (2019) that found that purchase intention is positively influenced by service quality because it is necessary for ecommerce companies to protect customers' data and respond to all customer complaints quickly and effectively.

Study conducted by Paiz et al. (2020) found that there is a significant interrelationship between service quality and purchase intention toward mobile e-commerce. They also found that online retailers should focus on customer service on the first priority because it presents the importance of service quality dimensions to customers. This is in line with a study conducted by Oni et al. (2020) where the results of their study also proved that service quality significantly and positively impacts online purchase intention. Based on the results of discussion above, the following hypothesis is proposed:

H2: Service Quality has a positive effect on purchase intention.

#### 2.2.3. Price and Online Purchase Intention

According to Dimyati and Subagio (2016), price is also a consideration for consumers to buy, so it needs special consideration to determine the price. Cahyono et al. (2015) mentioned that competitive prices can be a competitive advantage for customers, because there are types of customers who make price as the main research on product purchasing decisions. Not only that, Victor et al. (2018) argued that purchasing a product at the lowest price (showing the highest value) certainly increases the consumer's satisfaction.

Other scholars, Kim et al. (2005) found that repeat customers are more confident about quality, and the effect of perceived price on purchase intention is significant. On the other hand, as the potential customers are unsure about quality, hence the effect of perceived price on purchase intention is not significant. This is in line with the study conducted by Yulisetiarini et al. (2017) that found that purchase intentions are significantly affected by price in online shopping. If the prices are matched with the consumer expectations, they will increase their repeat purchase. According to Setiawan and Achyar (2012), they found that prices that are too high will have negative effects on customer purchase intention, because it will incur large costs for customers. So this is in line with the results of a study conducted by Amanda et al. (2021) which shows that price has a significant effect on purchase intention. Therefore, the following hypothesis can be proposed:

H3: Price has a positive effect on purchase intention.

2.2.4. Familiarity and Online Purchase Intention

Basically, customers will buy a product that they are familiar with or they have an intention to buy a product that they have heard of before. Familiarity with a product or a brand can increase the consumer trust or even purchase intention. Azam and Aldehayyat (2018) revealed that well-known brands provide better memory and decrease levels of perceived risk, which can increase attitude and purchase intention toward brands from social media. Zaid (2020) also stated that the higher the respondent's level of familiarity with online shopping, the stronger relationship between the purchase intention.

According to Das (2018), the influence of familiarity and trust are especially strong on people's purchase intention. He also stated that most people are familiar with searching for products on the internet. It can be inferred that they have shopped on the internet at least once through the internet. Ling et al. (2010) revealed that brand familiarity influences the consumer purchase intention towards online shopping. They also stated that retailers need to design good and influence marketing strategies to attract customers and encourage them to be involved in online shopping activities. Therefore, the following hypothesis can be proposed:

H4: Familiarity has a positive effect on purchase intention.

## 2.2.5. Reputation and Online Purchase Intention

A study conducted by Peng (2020) found that a good seller reputation has a positive impact on buyer's purchase intention. He also stated that reputation-based trust needs to be built to create more transaction. Online reputation mechanisms have become an indispensable part of online crossborder transactions. Zhen et al. (2021) stated that consumers may be aware of online reputation sellers. They also revealed that perceived reputation has a high correlation with online purchase intention. Therefore, they suggest that companies can focus more on improving those factors and give a much better strategy among those factors. According to Muda et al. (2016), potential consumers can see comments from the general public and previous buyers before making a decision. Therefore, online sellers who build a strong reputation are able to bring in more traffic to their online stores. This statement is also in line with the study conducted by Kim and Lennon (2013) which revealed that online retailers better understand how website reputation and quality can contribute to reducing perceived risk and eliciting positive emotions, which ultimately lead to purchase intention. Based on the discussion above, the following hypothesis is proposed:

H5: Reputation has a positive effect on purchase intention.

## 2.2.6. Application Quality and Online Purchase Intention

Consumers make a purchase after collecting information about the product. To collect such information, consumers focus on the quality and reputation of the websites (Chauhan et al., 2019). Dirgantari et al. (2020) found that consumer acceptance of information systems using a technology acceptance model approach through perceived usefulness and perceived ease of use on intention to use mobile commerce shows that the better perception of ease of use and the better perception of the benefit offered, will lead to the better the interest in using mobile commerce.

Chen (2013) found that the quality of mobile shopping plays an important role in influencing purchase intention and organizational performance. Retailers can benefit from mobile internet presence such as mobile shopping to increase consumer purchase intention as well as increase revenue by offering comprehensive and innovative service. The finding is also in line with a study by Nursyirwan and Ardaninggar (2020) that revealed the higher level of website quality, will lead to the increase in purchase intention. Therefore, the quality of online sellers' websites is very important to ensure repeat purchases or continuous online purchase made by online shoppers (Lee, 2014). Therefore, the following hypothesis can be proposed:

*H6: Application Quality has a positive effect on purchase intention.* 

2.2.7. Product Quality, Service Quality, Price, Familiarity, Reputation, Application Quality and Online Purchase Intention

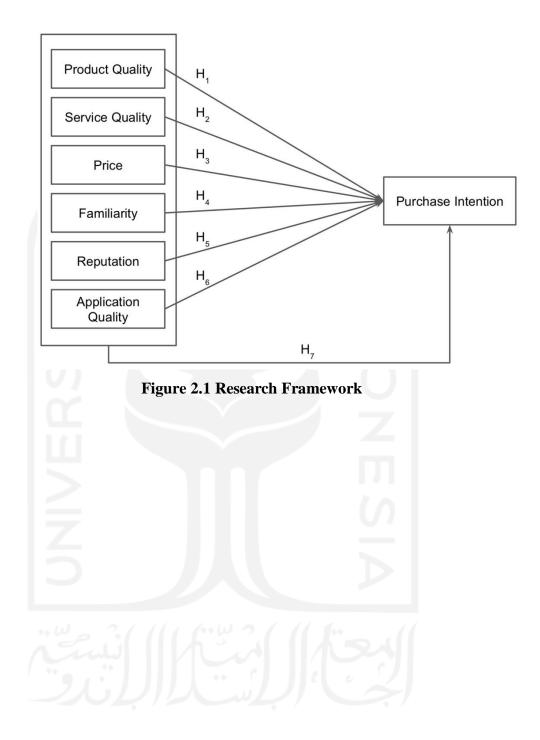
Purchase intention refers to a consumer's willingness to take certain actions regarding the purchase of a particular product or service and is influenced by a consumer's trust and attitude toward the product or service (Kim, 2020). Yulisetiarini et al. (2017) found that if the price and service quality significantly affect consumers' purchase intention. Especially when the price offered by the online shop matches with consumer expectation and the good service quality, it can increase consumers' purchase intention.

According to Sari and Giantari (2020), a good product quality can increase consumers purchase intention. Tan et al., (2014) also found that familiarity significantly affect consumer purchase intention towards online shopping. Peng (2020) supported with his finding that a good reputation can increase consumers' purchase intention. A studied conducted by Nursyirwan and Ardaninggar (2020) also showed that a good website quality can significantly affect consumers purchase intention.

H7: Product Quality, Service Quality, Price, Familiarity, Reputation, and Application Quality have a positive effect on purchase intention.

#### 2.3. Research Framework

This research framework was adapted from Qalati et al. (2021) and Roudposhti et al. (2018) with some improvements in order to compatible with this study. There are six variables, namely, product quality, service quality, price, familiarity, reputation, and application quality that can influence consumers' purchase intention. Here is the framework to do:



# CHAPTER 3 RESEARCH METHOD

#### 3. Research Methods

#### **3.1. Research Location**

In order to obtain more accurate data in the preparation of this study, this study was carried out directly by the author at the research location. The location chosen to carry out this study is at the campus of Universitas Islam Indonesia which is located in Sleman, Yogyakarta. This study involves students from all faculties at the Universitas Islam Indonesia. According to Catriana (2020) at Snapchart from Kompas.com, consumers of Shopee in Indonesia is dominated by aged 19 to 24 years old or the consumers are most likely students.

#### **3.2. Population and Sample**

#### 3.2.1. Population

Before the sample was collected, the researcher had to determine the population. According to Morissan et al. (2012), population is a collection of objects, variables, concepts, or phenomena. The researcher can examine each member of the population to determine the nature of the population. In this research study, the population is students from Universitas Islam Indonesia that have Shopee account and actively use Shopee to shop various needs.

#### 3.2.2. Sample

Sample is selected elements (people or objects) chosen for participants in study. Generally, people are referred to as subjects or participants ("Population and Sampling", n.d). Based on the explanation, the sample shows an outline of the population being studied. The sample used in this study is a non-probability technique where the sampling technique from the population is found or determined by the researcher itself. While the technique used is purposive sampling or judgmental sampling, namely sampling is done by selecting subjects based on specific criteria set by the researcher. The sample selected for this study were students of the Universitas Islam Indonesia in Yogyakarta represented by 217 students from all faculties who have accounts and actively shop at Shopee. So based on the technique, certain criteria for a respondent in this study are based on characteristics, namely UII students and Shopee active users.

Calculating Samples:

Minimum Respondent =  $5 \times 10^{10}$  x total number of questionnaire items

Minimum Respondent =  $5 \times 31 = 155$  respondents

Maximum Respondent = 10 x total number of questionnaire items

Maximum Respondent =  $10 \times 31 = 310$  respondents

#### **3.3. Identification of Research Variable**

 First hypothesis in this research is that product quality has a positive effect on purchase intention. To empirically prove this hypothesis, the variables to be measured are:

Independent variable : Product quality Dependent variable : Purchase intention

 Second hypothesis in this research is that service quality has a positive effect on purchase intention. To empirically prove this hypothesis, the variables to be measured are:

Independent variable : Service quality Dependent variable : Purchase intention

3. Third hypothesis in this research is that price has a positive effect on purchase intention. To empirically prove this hypothesis, the variables to be measured are:

Independent variable: Price

Dependent variable : Purchase intention

 Fourth hypothesis in this research is that familiarity has a positive effect on purchase intention. To empirically prove this hypothesis, the variables to be measured are:

Independent variable: Familiarity

Dependent variable : Purchase intention

5. Fifth hypothesis in this research is that reputation has a positive effect on purchase intention. To empirically prove this hypothesis, the variables to be measured are:

Independent variable: Reputation

Dependent variable : Purchase intention

 Sixth hypothesis in this research is that application quality has a positive effect on purchase intention. To empirically prove this hypothesis, the variables to be measured are:

Independent variable: Application quality

Dependent variable : Purchase intention

7. Seventh hypothesis in this research is that all of these variables have a positive effect on purchase intention. To empirically prove this hypothesis, the variables to be measured are:

Independent variable: All of these variables

Dependent variable : Purchase intention

#### 3.4. Operational Definition and Research Variables

This research requires the operationalization of variables by determining the types and indicators of related variables. In addition, the operationalization of variables aims to determine the measurement range of each variable. Therefore, operationalizing the variables helps to make hypothesis testing more accurate.

The variables studied in this study consisted of the independent variables, namely product quality, service quality, price, familiarity, reputation, and application quality, and the dependent variable is purchase intention. The operational definition and measurement details for each of these variables are as follows:

## 3.4.1. Product Quality

Handoko (2016) concluded that product quality is a characteristic of a product that contributes to its ability to satisfy consumer needs. Customers tend to visit online stores with diverse and high-quality products. If the quality of the product meets their expectations, customers are likely to find the online store useful and continue to visit it. These study measurements adapted from dimensions explained by Larosa et al. (2017). The indicators are as follows:

- Make a purchase on the Shopee application because the variety of goods provided varies.
- 2. Make a purchase on the Shopee application because the items offered are attractive.
- 3. Make a purchase on the Shopee application because what is received is in accordance with what is offered by the seller.
- 4. Make a purchase on the Shopee application because the goods received are in accordance with the specifications.
- 5. Make a purchase on the Shopee application because it has good products.

# 3.4.2. Service Quality

According to Johan et al. (2020), a good service quality creates customer satisfaction, and when customers are satisfied, customers will be loyal to the service provided. Oni et al. (2020) explained that when service can be delivered correctly at the first time, customers are more excited and demanding. The buyer's intention to shop on an online site will be influenced by complete information such as order status, privacy policy, and frequently asked questions. Indicators based on study measurements adapted from Ramya et al. (2019). The indicators are as follows:

- 1. I feel Shopee is able to deliver the goods at the promised time.
- 2. I feel Shopee responds to customer requests appropriately and quickly.
- 3. Shopee provides insurance against items that are lost or do not reach the customer.
- 4. Sellers on the Shopee site are able to establish good relationships with customers.
- 5. I feel the packing of the goods is in line with expectations.

### 3.4.3. Price

Customers use price as a "give" component in transactions to "get" the product or service they want (Lee, 2014). The price that a customer perceives has a huge impact on their purchasing experience. Consumer's price perceptions helps influence their whole purchasing experience (Victor et al., 2018). Indicators based on study measurements adapted from Dimyati and Subagio (2016). The indicators are as follows:

- 1. The prices of products sold on Shopee are affordable.
- 2. The price of the product is in accordance with the quality of the product.
- 3. Product prices vary from several sellers on Shopee with the same type of product.
- 4. The price given is in accordance with the benefits that consumers need.

#### 3.4.4. Familiarity

Alba and Hutchinson (1987) defined a consumer's familiarity with a brand is a multidimensional construct linked to the many encounters the consumers have with that brand. These dimensions include exposure to advertising (media in general), information seeking, interaction with salespeople, choice and decision making, purchasing, and product use in various situations. Indicators based on study measurements adapted from Kim et al. (2008). The indicators are as follows:

- 1. Overall, I am familiar with Shopee.
- 2. I am familiar with finding items on Shopee.
- 3. I am familiar with the buying process from Shopee.
- 4. I am used to buying products from Shopee.

#### 3.4.5. Reputation

In social interaction including trust, reputation can play two separate functions. The first is that of an informative role. It increases the trustworthiness of the person who receives favorable reputation information. The second function of reputation is to act as a form of censure. The imposition of negative reputation may serve as a deterrent to dishonest activity. This makes the owner of a reputation act in a more trustworthy way (Keser, 2002). The study measurements were adapted from Kim and Lennon (2013) using the following indicators::

- 1. I believe Shopee has a good reputation.
- 2. I believe the information sent by Shopee.
- 3. I believe Shopee is a famous e-commerce site.
- 4. I believe Shopee has many users.

#### 3.4.6. Application Quality

Stefani and Xenos (2001) found that because the consumers interact through the web interface, it is obvious that the quality of the webpages and service supplied to the end users is related to e-commerce quality. It is argued that the quality of e-commerce systems is related to four quality factors, which are functionality, reliability, usability, and efficiency. These study measurements adapted from dimensions explained by Andreou et al. (2005). The indicators are as follows:

- 1. The Shopee application is easy for consumers to learn and operate.
- 2. The Shopee app is easy to navigate.
- 3. The Shopee application has an attractive appearance.

- 4. The Shopee application is competent or competitive.
- 5. The Shopee application provides a positive shopping experience.
- 3.4.7. Purchase Intention

According to Hendrawan and Zorigoo (2019), purchase intention is obtained from the learning process and the thought process that forms a perception. When a customer has to fulfill their desire, the purchase intention that occurs when making a purchase develops a motivation that continues to be stored in their mind and becomes a powerful action that will eventually manifest what is in the customer's mind. The purchase intention indicators are based on study measurements adapted from Kim et al. (2008). The indicators are as follows:

- 1. I used to buy a product on Shopee.
- 2. I recommend Shopee to my friends.
- 3. I do not hesitate to provide information to Shopee.
- 4. I likely transact with Shopee Apps in the future.

#### **3.5 Data Collection Method**

The data used in this study are both primary data. In this study, the primary data were obtained from 217 respondents by distributing questionnaires to respondents. All questions in the questionnaire are translated into Bahasa Indonesia to help the respondents understand the questions better. The questionnaire distributed either directly (print out) or online (Google Form) to the respondents.

The questionnaire was measured by using Likert scale. This study is using 5-point Likert scale items, where (1) indicates Strongly Disagree and (5) indicates Strongly Agree. The underlying reason why the researcher chose 5-point Likert scales is simple to understand for the respondents and also it takes less time than the higher point-scale. The options consist of:

1. Strongly Disagree (SD)

- 2. Disagree (D)
- 3. Neutral (N)
- 4. Agree (A)
- 5. Strongly Agree (SA)

#### 3.6. The Validity and the Reliability of the Researcher Instrument

Instruments occupy an important position in the data collection process. A good and reliable instrument provides excellent data to provide conclusions that reflect the actual situation in the field.

# 3.6.1. The Validity of Research Instrument

Validity of research instrument refers to an extent to which the instrument measures what it is design to measure (Mohajan, 2017). Validity testing can be done by testing the significant of the measurement model parameters. The validity test conducted in this study used 50 respondents (n=50). The validity test will be comparing the calculated r (Pearson correlation value) with r table. Questions can declare valid if r count  $\geq$  r table and its positive. Meanwhile, it also happens the other way, when r count  $\leq$  r table, the question is declared invalid. To find out the value of r table, it is necessary to find out the value of df (degree of freedom) with formula:

Df = n (number of sample) -2Df = 50 - 2 = 48

If the degree of freedom df = 48, then it can be obtained the value of r table is 0,279.

Variables	Indicator	r count	r table	Status
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**Table 3.1 Validity Test of Research Instrument** 

	PQ1	0,811	0,279	Valid
	PQ2	0,784	0,279	Valid
Product Quality	PQ3	0,834	0,279	Valid
	PQ4	0,838	0,279	Valid
	PQ5	0,806	0,279	Valid
	SQ1	0,803	0,279	Valid
5	SQ2	0,844	0,279	Valid
Service Quality	SQ3	0,730	0,279	Valid
12	SQ4	0,845	0,279	Valid
	SQ5	0,783	0,279	Valid
S N	P1	0,929	0,279	Valid
Drice	P2	0,919	0,279	Valid
Price	P3	0,889	0,279	Valid
	P4	0,923	0,279	Valid
	F1	0,838	0,279	Valid
Eomiliority	F2	0,948	0,279	Valid
Familiarity	F3	0,904	0,279	Valid
	F4	0,880	0,279	Valid
Neuli (	R1	0,925	0,279	Valid
Reputation	R2	0,876	0,279	Valid
Reputation	R3	0,893	0,279	Valid
	R4	0,898	0,279	Valid
	AQ1	0,913	0,279	Valid
Application Quality	AQ2	0,894	0,279	Valid
	AQ3	0,809	0,279	Valid

	AQ4	0,937	0,279	Valid
	AQ5	0,899	0,279	Valid
Purchase Intention	PI1	0,879	0,279	Valid
	PI2	0,918	0,279	Valid
	PI3	0,831	0,279	Valid
	PI4	0,903	0,279	Valid

From the results of the validity test carried out on 50 samples, it shows that all question items have value greater than the r table i.e., 0,279. Therefore, it can be concluded that the questionnaire items in the study are valid.

# 3.6.2. Reliability of the Research Instrument

Reliability is the degree to which test results are consistent with respect to one or more causes of discrepancies, such as specific question selection, evaluator selection, day and time of testing (Livingston, 2018). The reliability test was carried out using Cronbach Alpha methods. The Cronbach Alpha method assesses whether a variable is said to be reliable if it gives Cronbach Alpha value > 0,60 and a variable is said to be unreliable if Cronbach Alpha value is < 0,60. Then reliability was measured by using SPSS.

Table 3.2 Reliability Test of Research Instrumen	Ta	ıble	3.2	Reliability	<b>Test of Researc</b>	h Instrument
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Variable	Cronbach Alpha's	Standard Cronbach Alpha's	Status
Product Quality	0,869	0,60	Reliable
Service Quality	0,860	0,60	Reliable

Price	0,933	0,60	Reliable
Familiarity	0,914	0,60	Reliable
Reputation	0,915	0,60	Reliable
Application Quality	0,932	0,60	Reliable
Purchase Intention	0,903	0,60	Reliable

Based on the reliability testing of the 50 samples above, it shows that the value of the Cronbach Alpha's coefficient on each variable is greater than 0,60. Therefore, all variables in this study were declared reliable.

# 3.7. Data Analysis

3.7.1. Descriptive Analysis

A set of concise descriptive coefficients that describes a particular set of data, which might be a representation of the complete population or a sample, is known as descriptive analysis. Descriptive analysis is data simplification. Descriptive analysis can be used as a research output on its own, such as when it uncovers previously unknown occurrences or patterns in data (Loeb et al., 2017).

#### 3.7.2. Statistical Tool

The data from the questionnaire were then evaluated statistically. Statistical analysis is an analysis used in statistical methods to prove the proposed hypothesis. In this study, the analytical tool used is Structural Equation Modeling (SEM). SEM is a very desirable alternative to this method, and it is undoubtedly one of the most important tools for researchers generating new measures. For social work researchers that utilize or construct multiple-item measures, SEM is highly recommended (Bowen & Guo, 2012). The equation model analysis used is AMOS (Analysis of

Moment Structure) computer program version 23. The AMOS program presents measurements, structural problems, and is also used to analyze and test hypothetical methods. In conducting SEM testing, the steps taken are as follows:

- 1. Data Quality Test
  - a. Sample Size

There is no sample of structural similarities or exact figures on the number of respondents. However, as a general rule, using SEM with complex models requires a large number of samples. This is necessary to obtain accurate and reliable data. So Siregar et al. (2021) mentioned a sample size of 100–200 for the Maximum Likelihood (ML) estimation technique.

b. Data Normality

Normality test is a statistical test used to determine whether the data collected from each variable is normally or not normally distributed (Siregar et al., 2021). According to Siregar et al. (2021), the normality test can be seen from the multivariate c.r value (critical ratio), where the multivariate c.r, gradient (skewness), or sharpness (kurtosis) values are between  $\pm 2.58$  in the range of values.

c. Outlier Evaluation

One of the causes of the failure of the data normality test is the finding of outliers in the survey data. Outliers are data that differ greatly from other observations. Outlier detection can be seen on the AMOS output on the observation farthest from the centroid (Mahalanobis Distance) by looking at the distance of the mahalanobis data. The data are said to be an outlier if the value of p2 < 0.05. Therefore, eliminating outliers or deleting data affected by outliers (p2 < 0.05) is one way to overcome the non-fulfillment of data normality (Siregar et al., 2021).

#### d. Confirmatory Factor Analysis Test

Confirmatory Factor Analysis (CFA) is a technique used in SEM to determine whether the indicator variable is really the latent variable being investigated (Siregar et al., 2021). This measurement is based on checking the validity of the questionnaire items and the reliability of the loading factor. According to Ghozali (2017), a validation test can be declared valid if the test of loading factor value is greater than 0.50 and also a reasonable level of configuration reliability is above 0.70.

e. Goodness-of-fit Test

SEM is very sensitive to the distribution characteristics of the data, especially the distribution that violates multivariate normality or high kurtosis (distribution distribution) in the data. For this reason, the data should be tested for outliers before processing, and the data distribution should be a multivariate normal distribution (Haryono & Wardoyo, 2012).

After the SEM assumption is fulfilled, the next step is to see whether there is an offending estimate, namely the estimated coefficient in both the structural model and the measurement model whose value is above the acceptable limit. If an offending estimate occurs, the researcher must eliminate this first before assessing the feasibility of the model. After making sure that there is no longer an offending estimate in the model, the researcher is ready to evaluate the overall model fit with various criteria for assessing the model fit. Goodness-of-Fit measures the conformity of the observed or actual input (covariance or correlation matrix) with the predictions of the proposed model (proposed model) (Haryono & Wardoyo, 2012).

1) Likelihood Ratio Chi-Square Statistic

The fundamental measure of overall fit is the likelihood-ratio chi-square ( $\chi 2$ ). A high Chi-Square value relative to the degree of freedom indicates that the covariance matrix or the observed correlation with the predicted one is significantly different and this results in a probability (p) smaller than the significance level (a). On the other hand, a small chi-square value will produce a probability value (p) that is greater than the significance level (a) and this indicates that the input covariance matrix between predictions and actual observations is not significantly different (Haryono & Wardoyo, 2012).

# 2) CMIN/DF

The CMIN/DF value is obtained from the Chi-square divided by the degree of freedom. Some authors recommend using this ratio measure to measure fit (Haryono & Wardoyo, 2012). The value of CMIN/DF < 2.00 indicates that the model fits the data.

### 3) GFI (Goodness of Fit Index)

GFI ratings are calculated by weighted comparison of the variance of the covariance matrix of the sample data and represent the non-statistical size criteria described by the population covariance matrix. A non-statistical measure whose values range from 0 (poor fit) to 1.0 (perfect fit). A high GFI value indicates a better (Haryono & Wardoyo, 2012). GFI value > 0.90 indicates a fit model or an acceptable model.

4) RMSEA (Root Mean Square Error of Approximation) The root mean square error of approximation (RMSEA) is a measure that tries to correct the tendency of the chi-square statistic to reject models with a large number of samples. RMSEA value between 0.05 to 0.08 is an acceptable measure. The results of the RMSEA empirical test are suitable for testing confirmatory models or competing model strategies with large samples (Haryono & Wardoyo, 2012).

5) AGFI (Adjusted Goodness of Fit Index)

Adjusted goodness-of-fit is an amalgamation of GFI which is adjusted to the ratio of the degree of freedom for the proposed model to the degree of freedom for the null model. The recommended value is the same >0.90 (Haryono & Wardoyo, 2012).

6) TLI (Tucker Lewis Index)

The Tucker-Lewis Index is also known as the non-normed fit index (NNFI). This measure incorporates the parsimony measure into the index of comparison between the proposed model and the null model and the TLI value ranges from 0 to 1.0. The recommended TLI value is equal to or > 0.90(Haryono & Wardoyo, 2012).

### 7) NFI (Normed Fit Index)

The Normed Fit Index is a measure of the comparison between the proposed model and the null model. The NFI value will vary from 0 (zero fit at all) to 1.0 (perfect fit). As with the TLI, there is no absolute value that can be used as a standard, but it is generally recommended to be equal to or > 0.90 ((Haryono & Wardoyo, 2012).

2. Model Modification

If a model is found to be unsuitable for the data, it can be modified by adding a dash, adding or eliminating variables, or adding or subtracting variables if data are available. Modifications to the model are based on data obtained from AMOS 23's Modification Indices. If the model is to be changed, it must first be cross-validated. If the coefficient is estimated, the Modification Indices value is the same as the decrease in Chi-Square.

3. Hypothesis Testing

Hypothesis testing in this study aims to determine the magnitude of the percentage of independent variables in explaining the dependent and knowing the effect of the independent variable on the dependent. Then, the hypothesis that has been formulated previously is tested by looking at the results through the analysis and the magnitude of the significance value. According to Ghozali (2016) if the sign is in accordance with the theory and the significance value is <0.05, this means that the hypothesis can be accepted. However, if the sign does not match the theory and the significant value is > 0.05, this means that the hypothesis is rejected.



#### **CHAPTER 4**

# **RESEARCH FINDINGS AND DISCUSSIONS**

### 4. Research Finding and Discussions

#### 4.1. Respondents' Description

Description of respondents in this study describe gender, age, latest education, and shopping frequency. Description of respondents are presented in tables 4.1, 4.2, 4.3, 4.4 in percentage form as follows:

#### 4.1.1. Respondent's Gender

The data on the characteristics of respondents depending on gender were acquired by delivering questionnaires to 217 student respondents from Universitas Islam Indonesia, who have Shopee account and actively use it:

Gender	Frequency	Percentage
Female	178	82.03%
Male	39	17.97%
Total	217	100%

Table 4.1 Respondents' Gender

According to Table 4.1, female respondents accounted for 178 people, or 82.03 percent of the total respondents. Then there were 39 male respondents, accounting for 17.97 percent of the total. In other words, the majority of respondents were female.

#### 4.1.2. Respondent's Age

The data on the characteristics of respondents based on age were acquired after distributing questionnaires to 217 student respondents from Universitas Islam Indonesia, who have Shopee account and actively use it:

Age	Frequency	Percentage
16 – 20	70	32.26%
21 – 25	136	62.67%
26 - 30	10	4.61%
31 – 35.	1	0.46%
> 35	0	0%
Total	217	100%

 Table 4.2 Respondents' Age

According to Table 4.2, there were 70 respondents who are 16 to 20 years old, or 32.26 percent of the total respondents. Then there were 39 respondents whose age were between 21 to 25 years old, or 62.67 percent. Respondents whose age are between 26 to 30 years old accounted for 10 people, or 4.61 percent. There were only 1 respondent who is 31 to 35 years old, or 0.46% and there is no respondent that is more than 35 years old. As a result, it can be concluded that the majority of respondents are 21 to 25 years old.

#### 4.1.3. Respondent's Latest Education

The data on the characteristics of respondents based on latest education were acquired after distributing questionnaires to 217 student respondents from Universitas Islam Indonesia, who have Shopee account and actively use it:

Latest Education	Frequency	Percentage
Junior High School	2	0.92%
Senior High School	142	65.44%
Bachelor	71	32.72%
Postgraduate	2	0.92%
Total	217	100%

**Table 4.3 Respondents' Latest Education** 

According to Table 4.3, there were two respondents who were Junior High School graduates, or 0.92 percent of the total respondents. Then there were 142 respondents graduated from Senior High School, accounting for 65.44 percent of the total respondents. There were 71 people who were university graduates, or 32.72 percent. There were only two postgraduate respondents, or 0.92 percent. As a result, it can be concluded that the majority of respondents' latest education was Senior High School.

### 4.1.4. Respondent's Shopping Frequency

The data on the characteristics of respondents based on shopping frequency were acquired after distributing questionnaires to 217 student respondents from Universitas Islam Indonesia, which has Shopee account and actively use it:

Shopping Frequency	Frequency	Percentage
1 - 3 times	111	51.15%
4 - 6 times	71	32.72%

**Table 4.4 Respondents' Shopping Frequency** 

7 - 10 times	16	7.37%
> 10 times	19	8.76%
Total	217	100%

Based on Table 4.4, respondents who shopped 1 to 3 times a month accounted for 111 people or 51.15 percent of the total respondents. Then 71 respondents who shopped 4 to 6 times a month or 32.72 percent of the total. Respondents who shopped 7 to 10 times a month are 16 people or 7.37 percent. Then the respondents who shopped more than 10 times a month were 19 people or 8.76 percent. Therefore, the majority of respondents shopped at Shopee at least 1 to 3 times a month.

# 4.2. Respondents' Assessment of Variables

The answer of the respondents was recapitulated and examined based on the data received from the respondents to get the descriptive statistics for each variable. The respondents' perspective on several research variables such as product quality, service quality, pricing, familiarity, reputation, application quality, and purchase intention are described in the responses. The assessment of this respondent is based on the following criteria:

> Lowest Score = 1 Highest Score = 5

Interval =  $\frac{5-1}{5} = 0,80$ 

So that the assessment limits for each variable are obtained as follows:

Interval	Category
1,00 - 1, 79	Very Low
1,80 - 2 ,59	Low

**Table 4.5 Respondent's Assessment of Variables** 

2,60 - 3,39	Moderate
3,40 - 4,19	High
4,20 - 5,00	Very High

# 4.2.1. Descriptive Analysis of Product Quality Variables

Table 4.6 below shows the distribution of respondents' assessments of product quality variables based on the findings of respondents' answers that have been recapitulated about product quality variables:

No.	Indicator	Average	Status
1	Make a purchase on the Shopee application because the variety of goods provided varies.	4,68	Very High
2	Make a purchase on the Shopee application because the items offered are attractive.	4,47	Very High
3	Make a purchase on the Shopee application because what is received is in accordance with what is offered by the seller.	4,01	High
4 Make a purchase on the Shopee application because the goods received are in accordance with the specifications.		3,99	High
5 Make a purchase on the Shopee application because it has good products.		4,03	High
	AVERAGE	4,24	Very High

Table 4.6 Descrip	otive Analysis of Pro	duct Quality Variables

From Table 4.6, it can be seen that the average respondents' assessment of the product quality variable is 4,24. While the highest value is 4,68 which describes the first indicator, "Make a purchase on the Shopee application because the variety of goods provided varies". The lowest value is on the fourth indicator, "Make a purchase on the Shopee application because the goods received are in accordance with the specifications" with a value of 3,99.

### 4.2.2. Descriptive Analysis of Service Quality Variables

Table 4.7 shows the distribution of respondents' assessments of service quality variables in the following table, based on the findings of respondents' answers that have been recapitulated about service quality variables:

No.	Indicator	Average	Status
1	I feel Shopee is able to deliver the goods at the promised time.	4,14	High
2	I feel Shopee responds to customer requests appropriately and quickly.	4,06	High
3	Shopee provides insurance against items that are lost or do not reach the customer.	4,00	High
4	Sellers on the Shopee site are able to establish good relationships with customers.	4,10	High
5 I feel the packing of the goods is in line with expectations.		4,08	High
	AVERAGE	4,07	High

Table 4.7 Descriptive Analysis of Service Quality Variables

From the table 4.7, it can be seen that the average of respondents' assessment of the service quality variable is 4,07. While the highest value is 4,14 which describes the first indicator, "I feel Shopee is able to deliver the goods at the promised time". The lowest value is on the third indicator, "Shopee provides insurance against items that are lost or do not reach the customer" with a value of 4,00.

# 4.2.3. Descriptive Analysis of Price Variables

Table 4.8 shows the distribution of respondents' assessments of price variables in the following table, based on the findings of respondents' answers that have been recapitulated:

No.	Indicator	Average	Status
1	The prices of products sold on Shopee are affordable.	4,58	Very High
2	The price of the product is in accordance with the quality of the product.	4,36	Very High
3	Product prices vary from several sellers on Shopee with the same type of product.	4,56	Very High
4	The price given is in accordance with the benefits that consumers need.	4,34	Very High
	AVERAGE	4,46	Very High

#### **Table 4.8 Descriptive Analysis of Price Variables**

From Table 4.8, it can be seen that the average respondents' assessment of the price variable is 4,46. While the highest value is 4,58 which stated the first indicator, "The prices of products sold on Shopee are affordable". The lowest value is on the fourth indicator, namely "The price

given is in accordance with the benefits that consumers need" with the value of 4,34.

## 4.2.4. Descriptive Analysis of Familiarity Variables

Table 4.9 shows the distribution of respondents' assessments of familiarity variables can be seen in the following table, based on the findings of respondents' answers that have been recapitulated:

No.	Indicator	Average	Status
1	Overall, I am familiar with Shopee.	4,35	Very High
2	I am familiar with finding items on Shopee.	4,62	Very High
3	I am familiar with the buying process from Shopee.	4,71	Very High
4	I am used to buying products from Shopee.	4,71	Very High
N	AVERAGE	4,60	Very High

**Table 4.9 Descriptive Analysis of Familiarity Variables** 

From Table 4.9, it can be seen that the average respondent's assessment of the familiarity variable is 4,60. While the highest value is 4,71 which stated the third and fourth indicator, "I am familiar with the buying process from Shopee" and "I am used to buying products from Shopee". The lowest value is on the first indicator, namely "Overall, I am familiar with Shopee" with a value of 4,35.

# 4.2.5. Descriptive Analysis of Reputation Variables

Table 4.10 below shows the distribution of respondents' assessments of product quality variables, based on the findings of respondents' answers that have been recapitulated about the product quality variables:

No.	No. Indicator		Status
1	I believe Shopee has a good reputation.	4,46	Very High
2	I believe the information sent by Shopee.	4,25	Very High
3	I believe Shopee is a famous e- commerce site.	4,67	Very High
4	I believe Shopee has many users.	4,82	Very High
Ξ/	AVERAGE	4,55	Very High

 Table 4.10 Descriptive Analysis of Reputation Variables

From Table 4.10, it can be seen that the average respondents' assessment of the price variable is 4,55. While the highest value is 4,82 which stated "I believe Shopee has many users". The lowest value is on the second indicator, namely "I believe the information sent by Shopee" with a value of 4,25.

# 4.2.6. Descriptive Analysis of Application Quality Variables

Table 4.11 shows the distribution of respondents' assessments of application quality variables that have been recapitulated from the questionnaires:

No.	No. Indicator		Status
1	The Shopee application is easy for consumers to learn and operate.	4,62	Very High
2	The Shopee app is easy to navigate.	4,46	Very High
3	The Shopee application has an attractive appearance.	4,14	High
4	4 The Shopee application is competent or competitive.		Very High
5	5 The Shopee application 5 provides a positive shopping experience.		Very High
C	AVERAGE		Very High

Table 4.11 Descriptive Analysis of Application Quality Variables

From Table 4.11, it can be seen that the average respondents' assessment of the price variable is 4,42. While the highest value is 4,62 which states "The Shopee application is easy for consumers to learn and operate". The lowest value is for the third indicator, "The Shopee application has an attractive appearance" with the value of 4,14.

4.2.7. Descriptive Analysis of Purchase Intention Variables

Table 4.12 presents the distribution of respondents' assessments of purchase intention variables that have been recapitulated:

Table 4. 12 Descriptive Analysis of	f Purchase Intention Variables
-------------------------------------	--------------------------------

No.	Indicator	Average	Status
1	I used to buy products on Shopee.	4,56	Very High

2	I recommend Shopee to my friends.	4,52	Very High
3	I do not hesitate to provide information to Shopee.	4,16	High
4	4 I likely transaction with Shopee Apps in the future.		Very High
AVERAGE		4,44	Very High

From Table 4.12, it can be seen that the average respondents' assessment of the price variable is 4,44. While the highest value is 4,65 from the first indicator, "I used to buy a product on Shopee". The lowest value is on the third indicator, "I do not hesitate to provide information to Shopee" with the value of 4,16.

# 4.3. Test the Validity and Reliability of Each Variable

4.3.1. Validity Test of Each Variable

The validity test is used to assess a research object's feasibility (instrument). If an instrument can measure and disclose data from the variables investigated on a regular basis, it is said to be valid. The validity test results are presented in Table 4.13 below.

Variable	Indicator	Factor Loading	Variance Extracted	Status
Product Quality	PQ1	0,573		Valid
	PQ2	0,657	0.921	Valid
	PQ3	0,671	0,831	Valid
	PQ4	0,750	1	Valid

 Table 4.13 Validity Test of Each Variable

	PQ5	0,811		Valid
	SQ1	0,693		Valid
	SQ2	0,818	1	Valid
Service Quality	SQ3	0,551	0,831	Valid
	SQ4	0,714		Valid
I S	SQ5	0,637		Valid
S	P1	0,750		Valid
Price	P2	0,739	0,799	Valid
Price	P3	0,676	0,799	Valid
	P4	0,801		Valid
S	F1	0,662		Valid
Familiarity	F2	0,952	0.706	Valid
Familiarity	F3	0,726	0,796	Valid
	F4	0,954		Valid
	R1	0,849	S	Valid
Reputation	R2	0,733	0,799	Valid
Reputation	R3	0,890	0,799	Valid
	R4	0,738		Valid
n Endil (	AQ1	0,885	2	Valid
	AQ2	0,883	. 2	Valid
Application Quality	AQ3	0,652	0,831	Valid
	AQ4	0,746		Valid
	AQ5	0,709		Valid
Purchase Intention	PI1	0,772	0,797	Valid
	PI2	0,726	0,797	Valid

PI3	0,526	Valid
PI4	0,645	Valid

According to the validity test in Table 4.13, all of the variable instruments have been proved to be valid. Valid indicators measure the score of the variable, as indicated by the value of the loading factor and Variance Extracted (AVE) of each variable indicator presented in Table 4.13. All variables constructed by the indicators have a loading factor value of > 0,5 and Variance Extracted (AVE) > 0,6.

# 4.3.2. Reliability Test of Each Variable

The results of the reliability test on the ability of the indicators in constructing the research variables can be seen from the construct reliability values described in the following table:

Variable	Construct Reliability (CR)	Status
Product Quality	0,708	Reliable
Service Quality	0,703	Reliable
Price	0,688	Reliable
Familiarity	0,736	Reliable
Reputation	0,722	Reliable
Application Quality	0,753	Reliable
Purchase Intention	0,645	Reliable

**Table 4.14 Reliability Test of Each Variables** 

Based on Table 4.14, it is found that all instrument variables Product Quality, Service Quality, Price, Familiarity, Reputation, Application Quality, and Purchase Intention have been proven to be reliable with the Construct Reliability (CR) value greater than 0,6. Thus, it can be used as input for structural equation analysis.

#### 4.4. Data Quality Test

To test the quality of the data in the study, the researcher used the data normality test and outliers as follows:

#### 4.4.1. Sample Size

In SEM modeling, there are two types of sample sizes that must be met, namely: first, between 100-200 samples or second, using a comparison of 30 observations for each estimated parameter. With a sample of 217 respondents, the sample in this study has met the assumptions about the number of samples.

# 4.4.2. Data Normality

The normality assumption was conducted by calculating the zstatistic for the *skewness value* in the assessment of normality. At alpha 0.1, if the *skewness value* is below the absolute value of  $\pm$  2.58, then the data are normally distributed. The following are the results of the normality test shown in Table.

Variable	Min	Max	Skew
PI4	1,000	5,000	-1,654
PI3	1,000	5,000	-,823
AQ1	1,000	5,000	-2,348
AQ2	1,000	5,000	-1,535
AQ3	1,000	5,000	-,988
R1	1,000	5,000	-1,407
R2	1,000	5,000	-1,071

# **Table 4.15 Normality Test**

F1	1,000	5,000	-1,178
F2	1,000	5,000	-2,053
P1	1,000	5,000	-1,760
P2	1,000	5,000	-1,039
SQ1	1,000	5,000	-,705
SQ2	1,000	5,000	-,521
SQ3	1,000	5,000	-,487
PQ1	1,000	5,000	-1,365
PQ2	1,000	5,000	-1,367
PQ3	1,000	5,000	-,351
PI2	1,000	5,000	-1,785
PI1	1,000	5,000	-1,696
PQ4	1,000	5,000	-,422
PQ5	1,000	5,000	-,654
AQ4	1,000	5,000	-1,445
AQ5	1,000	5,000	-1,249
R3	1,000	5,000	-1,817
R4	1,000	5,000	-2,015
F3	1,000	5,000	-1,654
F4	1,000	5,000	-2,165
P3	1,000	5,000	-1,678
P4	1,000	5,000	-,986
SQ4	1,000	5,000	-,652
SQ5	1,000	5,000	-,551

Based on the results of the normality test, the skewness value for each variable indicator is between -2.58 to +2.58. This proves that there is no violation of the SEM normality assumption in the input data of this study.

# 4.4.3. Outliers

Outliers are observations or data that have distinct qualities that distinguish them from other observations and appear as extreme values for a single variable or a set of variables. Here are the findings of the outlier test.

Observation	Mahalanobis d-	p1	p2
number	squared		
74	88,555	,000	,000
149	81,027	,000	,000
65	78,113	,000	,000
13	74,234	,000	,000
137	74,192	,000	,000
21	68,908	,000	,000
217	66,164	,000	,000
153	66,107	,000	,000
10	64,600	,000	,000
115	63,206	,001	,000
24	62,800	,001	,000
55	61,636	,001	,000
61	61,193	,001	,000
204	59,006	,002	,000
131	58,185	,002	,000
43	58,119	,002	,000
8	57,120	,003	,000
20	54,781	,005	,000
190	53,601	,007	,000
111	53,573	,007	,000
159	52,698	,009	,000
201	51,278	,012	,000
68	50,456	,015	,000
108	50,172	,016	,000
216	49,941	,017	,000
103	49,659	,018	,000
96	49,242	,020	,000
58	48,002	,026	,000
88	47,033	,033	,000
197	46,272	,038	,000
66	46,231	,039	,000
80	45,802	,042	,000
67	45,687	,043	,000
97	45,510	,045	,000
199	44,960	,050	,000

 Table 4.16 Outlier Test

Observation	tion Mahalanobis d-		2
number	squared	p1	p2
209	44,913	,051	,000
1	44,765	,052	,000
138	44,639	,054	,000
38	44,329	,057	,000
186	44,250	,058	,000
191	43,169	,072	,000
155	43,082	,073	,000
106	42,714	,078	,000
184	42,436	,083	,000
6	42,422	,083	,000
124	42,267	,085	,000
99	41,222	,104	,000
136	41,171	,105	,000
123	40,993	,108	,000
71	40,648	,115	,000
152	40,014	,129	,000
122	39,896	,131	,000
117	39,787	,134	,000
2	39,755	,135	,000
168	39,171	,149	,000
161	39,132	,150	,000
37	39,066	,151	,000
177	39,027	,152	,000
133	38,863	,157	,000
171	38,610	,163	,000
49	38,535	,166	,000
95	37,734	,188	,000
188	37,348	,200	,001
192	37,286	,202	,001
28	37,151	,207	,001
196	37,129	,207	,000
162	36,822	,217	,001
213	36,446	,230	,003
160	36,271	,236	,004
130	36,218	,238	,003
113	36,164	,240	,002
170	36,107	,242	,002

Observation	Mahalanobis d-	p1	p2
number	squared	рт	₽ <b>2</b>
165	35,985	,246	,002
151	35,847	,251	,002
132	35,724	,256	,002
172	35,702	,257	,001
128	35,612	,260	,001
183	35,534	,263	,001
78	35,412	,268	,001
121	35,353	,270	,001
180	35,326	,271	,001
175	35,021	,283	,002
102	34,872	,289	,002
35	34,231	,315	,015
116	34,031	,324	,021
11	34,019	,324	,015
63	33,965	,327	,013
114	33,805	,334	,016
17	33,800	,334	,011
104	33,604	,342	,016
142	33,270	,357	,034
34	33,053	,367	,049
32	32,770	,380	,082
134	32,625	,387	,093
31	32,606	,388	,076
156	32,331	,401	,119
50	32,054	,414	,180
144	31,995	,417	,167
181	31,727	,430	,239
105	31,417	,445	,347

Several observation number values have a significance value less than 0.05, indicating that the observation number contains outliers, according to the outlier test. Essentially, any value of the observation number in the research that contains outliers must be deleted. This is because it will have an impact on univariate and multivariate normalcy results that are not met.

# 4.5. Confirmatory Factor Analysis (CFA) Test

The results of the validity and reliability tests of each variable are shown in Table 4.17 below:

Variable	Indicator	Factor Loading	Status	Construct Reliability	Status
	PQ1	0,573	Valid		
	PQ2	0,657	Valid		
Product Quality	PQ3	0,671	Valid	0,708	Reliable
U U U	PQ4	0,750	Valid		
	PQ5	0,811	Valid	$\leq$ L	
	SQ1	0,693	Valid		
	SQ2	0,818	Valid	П	Reliable
Service Quality	SQ3	0,551	Valid	0,703	
Z	SQ4	0,714	Valid		
	SQ5	0,637	Valid		
	P1	0,750	Valid		
Price	P2	0,739	Valid	0.699	Reliable
Price	P3	0,676	Valid	0,688	Kellable
201	P4	0,801	Valid	$ \geq $	
Familiarity	F1	0,662	Valid		
	F2	0,952	Valid	0,736 Relia	Reliable
	F3	0,726	Valid		Kellable
	F4	0,954	Valid		

 Table 4.17 Confirmatory Factor Analysis (CFA) Test

	R1	0,849	Valid		
Doputation	R2	0,733	Valid	0 722	Reliable
Reputation	R3	0,890	Valid	0,722	Kellable
	R4	0,738	Valid		
	AQ1	0,885	Valid		
	AQ2	0,883	Valid		
Application Quality	AQ3	0,652	Valid	0,753	Reliable
	AQ4	0,746	Valid	7	
	AQ5	0,709	Valid		
<u>v</u>	PI1	0,772	Valid		
Purchase Intention	PI2	0,726	Valid	0,645	Reliable
r urchase intention	PI3	0,526	Valid	0,045	Kellable
	PI4	0,645	Valid		

The results of the CFA validity test, as shown in Table 4.17, show that the factor loading value on all variable items is > 0.5, and the construct reliability value of each variable is > 0.7, indicating that all items are valid and the variables are reliable, allowing the results of this analysis to be used for further testing.

### 4.6. Structural Model Identification

The estimation results are one technique to determine whether or not there is an issue identification. Only if the results of model identification demonstrate that the model is in the overidentified category SEM analysis may be performed. This is done by looking at the df value of the model that was built.

**Table 4.18 Structural Model Identification** 

Number of distinct sample moments:	496
------------------------------------	-----

Number of distinct parameters to be estimated:	68
Degrees of freedom (496 - 68):	428

The results show that the df model value is 428. Based on these results, the model is indicated as an over identified category because it has a positive df value. Therefore, data analysis can be continued to the next stage.

### 4.7. Assessing the Goodness of Fit Criteria

In SEM, the goodness of fit assessment is used to determine how well the hypothesized model "fits" or fits the sample data. The following data shows the goodness of fit results.

Goodness of Fit Indices	Cut-off Value	Model Result	Model
RMSEA	$\leq 0,08$	0,114	Marginal Fit
CMIN/DF	≤ 5,00	3,803	Good Fit
GFI	$0,90 \le \text{GFI} < 1,00$	0,634	Marginal Fit
AGFI	$0,90 \le \text{GFI} < 1,00$	0,576	Marginal Fit
TLI	$0,90 \le TLI < 1,00$	0,706	Marginal Fit
CFI	$0,90 \le \text{CFI} < 1,00$	0,730	Marginal Fit
NFI	$0,90 \le \text{NFI} < 1,00$	0,668	Marginal Fit

Table 4.19 Goodness of Fit Criteria

Based on Table 4.19, it can be seen that the model is feasible to use because all goodness of fit values has a condition of one good fit and the rest are marginal fits. In an empirical study, a researcher cannot easily meet all the criteria of goodness, but it depends on the judgment of each researcher. Marginal value is the condition of the suitability of the measurement model under the criteria of absolute fit and incremental fit. However, it can still be analyzed further because it is close to the goodness of fit criteria.

CMIN/DF is an index of parsimonious suitability that measures the goodness of fit model through the number of estimated coefficients that are expected to achieve conformity. In this study, the CMIN/DF result was 3,803, indicating that the research model was fit.

The Goodness of Fit Index (GFI) presents the level of overall model suitability calculated from the squared residuals in the predicted model compared to the actual data. The GFI value in this study is 0,634. The GFI value with the recommended level is  $\geq$  0,90. So this value shows the research model is fit.

RMSEA index is used to compensate for chi-square value. The recommended RMSEA value is  $\leq 0,08$ . While this study result is 0,114. This shows that the research model is fit.

The AGFI is a GFI that has been modified for the ratio of the suggested degree of freedom to the null model's degree of freedom. The AGFI recommended value is  $\geq 0.90$ . While the AGFI results in this model are 0.576. This shows that the research model is fit.

TLI is a suitability index which is less affected by sample size. The recommended TLI value is  $\geq 0.90$  and the TLI value in this study is 0.706. This shows that the research model is fit.

CFI is an index that is relatively insensitive to the size of the sample and the complexity of the model. The recommended CFI value is  $\geq 0.90$  and in this study the CFI value is 0.730. So, this value shows the research model is fit.

# 4.8. Structural Equation Model

If a theory-based model has been developed, the next step is to put the model into a flowchart so that the causality links to be evaluated may be seen more easily. The relationships between the structures are represented by arrows in a flowchart below. Straight arrows indicate a causal relationship between two or more constructs. A path diagram is created based on the existing theoretical foundation:

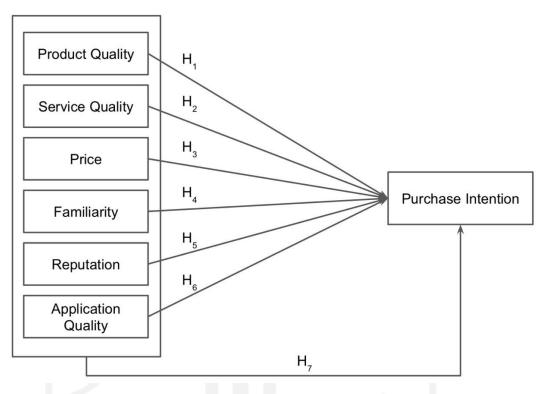
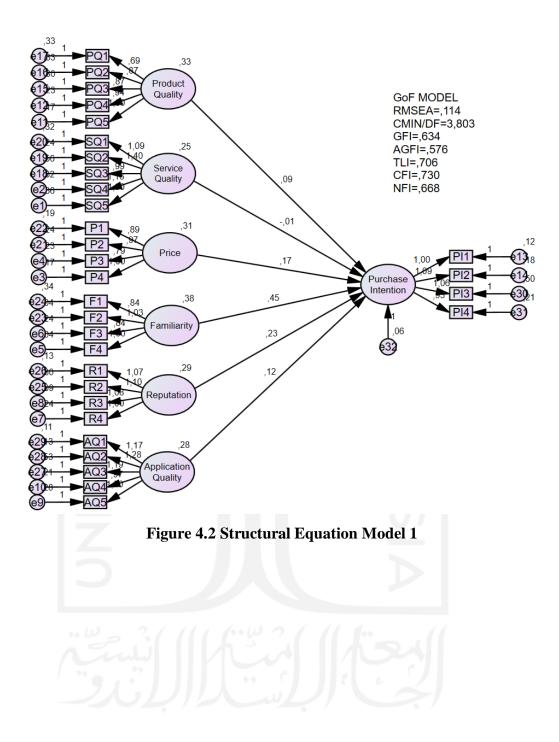


Figure 4.1 Path Chart

Following the testing and acceptance of each manifest variable (indicator), the results of confirmatory analysis are used to establish latent variables. The flowchart must then be converted into equations, including structural and measurement model equations.



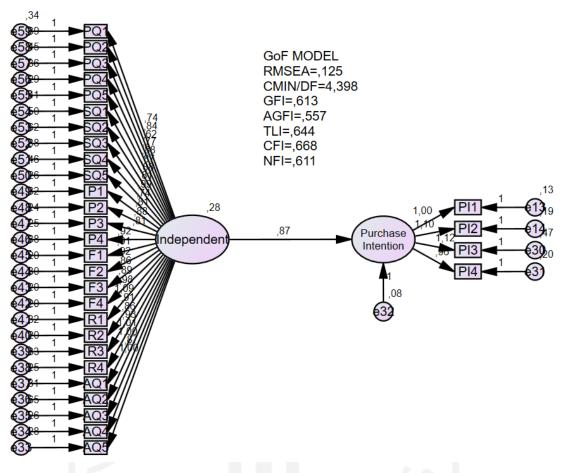


Figure 4.3 Structural Equation Model 2

# 4.9. Hypothesis Test

Based on the empirical model proposed in this study, it is possible to test the proposed hypothesis through path coefficient testing on the structural equation model. Table 4.20 below presents the results of hypothesis testing by looking at the p value. If the p value is less than 0.05 then there is a significant relationship between variables.

After it is identified that the model in this analysis is fit, the next analysis is to determine the level of relationship and the significance or significance of the relationship between the variables in this study. The structural equation model results from the AMOS program demonstrate the link between exogenous, endogenous, and mediating factors. The findings of hypothesis testing will be reported after the description of the relationship between the variables in this study is identified. The results of the SEM analysis will present the path coefficient values between the variables, and the significance of the hypothesis test results is shown in Table 4.20 below.

	ction Be Variable		Estimate	S.E.	C.R.	Р	Status
PI	$\leftarrow$	PQ	0,088	0,045	1,977	0,048	Accepted
PI	$\leftarrow$	SQ	-0,008	0,051	-0,159	0,874	Rejected
PI	←	Р	0,166	0,048	3,493	***	Accepted
PI	$\leftarrow$	F	0,447	0,046	9,741	***	Accepted
PI	$\leftarrow$	R	0,229	0,049	4,637	***	Accepted
PI	←	AQ	0,116	0,047	2,440	0,015	Accepted
PI	Ļ	PQ, SQ, P, F, R, AQ	0,874	0,084	10,373	***	Accepted

Table 4.20 Hypothesis Test Results

- Hypothesis testing: Product Quality has a positive effect on Purchase Intention The results of hypothesis testing on the relationship between Product Quality and Purchase Intention variables show a coefficient value of 0,088 (positive). This coefficient value shows that product quality and purchase intention show positive results. This means that the higher the product quality, the higher the purchase intention felt by Shopee users. Then the p-value of 0,048 is smaller than 0,05 so it can be concluded that Product Quality has a significant positive effect on Purchase Intention.
- 2. Hypothesis testing: Service Quality has a positive effect on Purchase Intention

The results of hypothesis testing on the relationship between Service Quality and Purchase Intention variables show a coefficient value of -0,008 (negative). This coefficient value shows that service quality with purchase intention shows negative results. This means that high service quality has no effect or has a negative effect on purchase intention felt by Shopee users. Then the p-value of 0,874 is greater than 0,05 so it can be concluded that Service Quality has an insignificant negative effect on Purchase Intention.

3. Hypothesis testing: Price has a positive effect on Purchase Intention

The results of hypothesis testing on the relationship between Price and Purchase Intention showed a coefficient value of 0.166 (positive). This coefficient value shows that price with purchase intention shows positive results. This means that the more the price corresponds to the goods, the higher the purchase intention felt by Shopee users. Then the p-value of 0.000 is smaller than 0.05 so it can be concluded that Price has a significant positive effect on Purchase Intention.

# 4. Hypothesis testing: Familiarity has a positive effect on Purchase Intention

The results of hypothesis testing on the relationship between the Familiarity variable and Purchase Intention show a coefficient value of 0.447 (positive). This coefficient value shows that familiarity with purchase intention shows positive results. This means that the more users are familiar with Shopee, the higher the purchase intention felt by Shopee users. Then the p-value of 0.000 is smaller than 0.05. So, it can be concluded that Familiarity has a significant positive effect on Purchase Intention.

#### 5. Hypothesis testing: Reputation has a positive effect on Purchase Intention

The results of hypothesis testing on the relationship between Reputation variable and Purchase Intention show a coefficient value of 0.229 (positive). This coefficient value shows that reputation with purchase intention shows positive results. This means that the more e-commerce companies have a good reputation, the higher the purchase intention felt by Shopee users. Then the p-

value of 0,000 is smaller than 0,05 so it can be concluded that Reputation has a significant positive effect on Purchase Intention.

6. Hypothesis testing: Application Quality has a positive effect on Purchase Intention

The results of hypothesis testing on the relationship between Application Quality and Purchase Intention variables show a coefficient value of 0.116 (positive). This coefficient value shows that application quality with purchase intention shows positive results. This means that the easier the application is to use, the more purchase intention felt by Shopee users. Then the p-value of 0.015 is smaller than 0.05 so it can be concluded that Application Quality has a significant positive effect on Purchase Intention.

 Hypothesis testing: Product Quality, Service Quality, Price, Familiarity, Reputation, and Application Quality have a positive effect on Purchase Intention

The results of hypothesis testing on the relationship between Product Quality, Service Quality, Price, Familiarity, Reputation, and Application Quality toward Purchase Intention variables show a correlation value of 0.874 (positive). This coefficient value shows that product quality, service quality, price, familiarity, reputation, and application quality with purchase intention shows positive results. This means that these factors greatly affect the buying interest of Shopee users. Then the p-value of 0.000 is smaller than 0.05 so, it can be concluded that Product Quality, Service Quality, Price, Familiarity, Reputation, and Application Quality have a significant positive effect on Purchase Intention.

#### 4.10. Discussions

After the researcher has tested the hypothesis based on the findings of the research, the following discussion can be drawn.

1. Product Quality has a positive effect on Purchase Intention

Based on the results of data analysis that led to the CFA SEM test, product quality has a positive and significant effect on purchase intention, and the results of H1 were accepted. It means the higher the quality of the product, the higher the user's interest in buying the product. The results of this study are consistent with the previous studies by So et al. (2015) which shows that consumers' perceived quality also has strong influence to increase consumer purchase intention.

2. Service Quality has a positive effect on Purchase Intention

Based on the results of data analysis that led to the CFA SEM test, service quality has a negative and no significant effect on purchase intention, and the results of H2 are not accepted. Therefore, poor service quality will reduce the company's performance, so that it affects consumer buying interest. The results of this study are not in line with the previous studies by Dapas et al. (2019) which shows that purchase intention is positively influenced by service quality.

3. Price has a positive effect on Purchase Intention

Based on the results of data analysis that led to the CFA SEM test, price has a positive and significant effect on purchase intention, and the results of H3 were accepted. That is, if the price offered is in accordance with the consumer's expectations, the consumer will buy the product. The results of this study are consistent with the previous studies by Victor et al. (2018) which shows that purchasing a product at the lowest price (showing the highest value) certainly increases the consumer's satisfaction.

4. Familiarity has a positive effect on Purchase Intention

Based on the results of data analysis that led to the CFA SEM test, familiarity has a positive and significant effect on purchase intention, and the results of H4 were accepted. Therefore, products that are already familiar will be easily recognized by consumers, so that it can also increase consumer buying interest. The results of this study are consistent with the previous studies by Azam and Aldehayyat (2018) which shows that well-known brands provide better memory and decrease levels of perceived risk, which can increase attitude and purchase intention toward brands.

5. Reputation has a positive effect on Purchase Intention

Based on the results of data analysis that led to the CFA SEM test, reputation has a positive and significant effect on purchase intention, and the results of H5 were accepted. Therefore, a good reputation for the seller will greatly affect the buyer's purchase intention. The results of this study are consistent with the previous studies by Zhen et al. (2021) which shows that consumers may be aware of online reputation sellers. They also revealed that perceived reputation has a high correlation with online purchase intention.

6. Application Quality has a positive effect on Purchase Intention

Based on the results of data analysis that led to the CFA SEM test, application quality has a positive and significant effect on purchase intention, and the results of H6 were accepted. Therefore, the higher level of application quality, will lead to the increase of purchase intention. The results of this study are consistent with the previous studies by Chen (2013) which shows that the quality of mobile shopping plays an important role in influencing purchase intention and organizational performance.

7. Product Quality, Service Quality, Price, Familiarity, Reputation, and Application Quality have a positive effect on Purchase Intention

Based on the results of data analysis that led to the CFA SEM test, product quality, service quality, price, familiarity, reputation, and application quality have a positive and significant effect on purchase intention, and the results of H7 are accepted. It shows that good reputation, service quality, varying price, ease of using application, and product quality greatly influence consumer buying intention. The results of this study are consistent with the previous study by Yulisetiarini et al. (2017) which stated that purchase intentions are significantly affected by price and service quality in online shopping. Sari and Giantari (2020) mentioned that to increase the intention to repurchase it is necessary to pay attention to product quality. Das (2018), the influence of familiarity and trust are especially strong on people's purchase intention. Peng (2020) explained that a good seller reputation has a positive impact on buyer's purchase intention. Lastly, a study from Nursyirwan and Ardaninggar (2020) stated that the higher level of website quality, will lead to higher purchase intention.



#### **CHAPTER 5**

### CONCLUSIONS, LIMITATIONS, AND IMPLICATIONS

#### 5. Conclusions, Limitations, and Implications

Based on the results of the analysis and discussion that has been carried out on 217 samples of respondents from students of the Universitas Islam Indonesia. Then the following conclusions and suggestions can be drawn below:

# **5.1.** Conclusions

Based on the results of the research analysis, it can be concluded that the overall hypothesis that has been formulated can be accepted and not accepted, so that the results shown in the hypothesis are significant and not significant.

- Product quality has a positive and significant influence on purchase intention. This is because the probability value is 0.048 < 0.05 (alpha), which means, the higher the quality of the products offered, the higher the buying interest felt by UII students as Shopee users.
- 2. Service quality has a negative and no significant influence on purchase intention. This is because the probability value is 0.874 > 0.05 (alpha), which means, the lower the quality of the services offered, the lower the buying interest felt by UII students as Shopee users.
- 3. Price has a positive and significant influence on purchase intention. This is because the probability value is 0.000 < 0.05 (alpha), which means, the more appropriate the price of the goods offered, the more buying interest felt by UII students as Shopee users.</p>
- 4. Familiarity has a positive and significant influence on purchase intention. This is because the probability value is 0.000 < 0.05 (alpha), which means, the more familiar a website or mobile application from an e-commerce offer is, the more buying interest felt by UII students as Shopee users.
- 5. Reputation has a positive and significant influence on purchase intention. This is because the probability value is 0.000 < 0.05 (alpha), which means, the

better the reputation of an e-commerce offered, the higher the buying interest felt by UII students as Shopee users.

- 6. Application quality has a positive and significant influence on purchase intention. This is because the probability value is 0.015 < 0.05 (alpha), which means, the better the quality of an e-commerce application offered, the higher the buying interest felt by UII students as Shopee users.</p>
- 7. Product quality, service quality, price, familiarity, reputation, and application quality have a positive and significant influence on purchase intention. This is because the probability value is 0.015 < 0.05 (alpha), which means, the better the product quality, service quality, price, familiarity, reputation, and application of an e-commerce offered, the higher the buying interest felt by UII students as users Shopee.

# 5.2. Limitations and the future research direction

Based on the results of the study that has been done, the researcher has several limitations to consider for further study, they are:

- The results are based on a relatively large and randomly selected sample and can be biased by data from a single source. Therefore, the researcher suggests to other parties to conduct further study on purchase intention on a broader subject.
- 2. There might be other variables that affect positive flow besides Product Quality, Service Quality, Price, Familiarity, Reputation, and Application Quality, which are not included in this research. Therefore, the researcher suggests to other parties to conduct further study on purchase intention in more general materials and more relevant methods so that generalizations can be drawn.

#### **5.3. Marketing Implications**

Based on the results of the study above, this study is expected to provide insight to Shopee and seller who are members of Shopee in order to develop their business network by paying attention to factors that will have an impact on consumers purchase intention. Understanding the existing factors can help Shopee to be able to plan and implement useful marketing strategies to increase consumers' purchase intention in Shopee.

Through the study results that were obtained, it was found that familiarity and reputation are a strong factor to influence consumers' purchase intention. Therefore, it is important for Shopee and sellers who are members of Shopee to keep paying attention to their brand image. This can be done by continuing to be consistent in company advertising, educating the sellers regarding the product description, customer service, and ease of use the application. This will increase consumers repurchase intention.



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#### APPENDICES

#### **Appendix 1 Research Questionnaires**

Assalamualaikum Wr. Wb.

Responden yang terhormat,

Perkenalkan kami adalah Atika Ayu Listari, Haliza Rahma Alifia, dan Zahra Tsabitha Anureza, mahasiswa Management Program Internasional, Fakultas Bisnis dan Ekonomi Universitas Islam Indonesia. Saat ini kami sedang melakukan penelitian tentang "Pengaruh Kualitas Produk, Kualitas Layanan, Harga, Reputasi, dan Niat Beli Pada Aplikasi Shopee".

Di era modern ini, perubahan pada teknologi dan sistem informasi semakin cepat. Hal tersebut juga berdampak langsung pada sistem penjualan. Dengan adanya kemajuan teknologi dan sistem informasi, masyarakat juga seringkali mencari sesuatu yang praktis dan serba instan. Hal ini membuat para penyedia layanan berlomba untuk memenuhi keinginan masyarakat. E-commerce bisa menjadi salah satu solusi yang disediakan oleh para penyedia layanan. E-commerce adalah proses bisnis yang berisikan penjual dan pembeli dengan melalui platform elektronik. Terdapat banyak sekali e-commerce yang ada di Indonesia, seperti contohnya Tokopedia, Lazada, Shopee, dan Bukalapak. Shopee adalah salah satu e-commerce terbesar yang ada di Indonesia. Menurut data yang dilansir oleh teknologi.bisnis.com, pada Agustus 2021 pengguna Shopee di Indonesia telah mencapai 26 juta lebih pengguna. Oleh karena itu, penelitian ini bertujuan untuk mengetahui kualitas produk, kualitas layanan, harga, reputasi, dan niat beli dari aplikasi Shopee.

Untuk itu, dengan ini kami mohon kesediaan Anda untuk mengisi kuesioner di bawah ini sesuai dengan pengalaman Anda menggunakan Aplikasi Shopee. Identitas Anda akan dijaga kerahasiaannya dan hanya akan digunakan untuk kepentingan penelitian saja. Atas kerjasama dan kesediaannya kami ucapkan terima kasih.

Wassalamualaikum Wr. Wb.



# Appendix 2 RESEARCH QUESTIONNAIRE

Beri tanda (√)	pada kolom yang disediakan sesuai de	ngan jawaban Anda
A. Jenis I	Kelamin :	
1.	Laki-laki	
2.	Perempuan	
B. Age:		
1.	16 tahun - 20 tahun	
2.	21 tahun - 25 tahun	
3.	26 tahun - 30 tahun	
4.	31 tahun - 35 tahun	
C. Penda	patan Perbulan	
1.	< Rp1,000,000	
2.	Rp.1,000,000 - Rp.2,000,000	
3.	Rp.2,000,000 - Rp.3,000,000	
4.	> Rp.3,000,000	
D. Pendic	likan Terakhir	
1.	SMP	
2.	SMA	
3.	Pasca Sarjana (S1)	
4.	Magister (S2)/Doktor (S3)/Pekerja	

II. Fulfillment Instruction

Pilihlah jawaban berikut sesuai dengan jawaban yang Anda yakini dengan memberikan tanda (X) atau tanda centang (V) pada kolom jawaban yang telah tersedia!

Deskripsi jawaban:

- SS = Sangat Setuju
- S = Setuju
- N = Netral
- TS = Tidak Setuju
- STS = Sangat Tidak Setuju
- A. Product Quality (Kualitas Produk)
  - Melakukan pembelian pada Aplikasi Shopee karena variasi barang yang disediakan beragam.
  - b. Melakukan pembelian pada Aplikasi Shopee karena barang yang ditawarkan menarik.
  - c. Melakukan pembelian pada Aplikasi Shopee karena yang diterima sesuai dengan yang ditawarkan oleh penjual.
  - Melakukan pembelian pada Aplikasi Shopee karena barang yang diterima sesuai dengan spesifikasi.
  - e. Melakukan pembelian pada Aplikasi Shopee Karena memiliki produk yang baik.
- B. Service Quality (Kualitas Pelayanan)
  - a. Saya merasa Shopee mampu mengirimkan barang yang sesuai pada waktunya.
  - b. Saya merasa Shopee merespon permintaan pelanggan secara tepat dan cepat.
  - c. Shopee memberikan asuransi terhadap barang yang hilang atau tidak sampai ke Pelanggan.

- d. Penjual pada Aplikasi Shopee mampu menjalin hubungan baik dengan pelanggan.
- e. Saya merasa packing barang sesuai dengan harapan.
- C. Price (Harga)
  - a. Harga produk yang dijual di Shopee terjangkau.
  - b. Harga produk sesuai dengan kualitas produk tersebut.
  - c. Harga produk bervariasi dari beberapa seller yang ada di Shopee dengan jenis produk yang sama.
  - d. Harga yang diberikan sesuai dengan manfaat produk yang dibutuhkan konsumen.
- D. Reputation (Reputasi)
  - a. Saya percaya Shopee memiliki reputasi yang baik
  - b. Saya percaya informasi yang disampaikan Shopee
  - c. Saya percaya Shopee adalah situs online shop yang terkenal
  - d. Saya percaya Shopee memiliki banyak pengguna
- E. Application Quality (Kualitas Aplikasi)
  - a. Aplikasi Shopee mudah dipelajari dan dioperasikan oleh konsumen.
  - b. Aplikasi Shopee mudah di navigasikan.
  - c. Aplikasi Shopee memiliki tampilan yang menarik.
  - d. Aplikasi Shopee memiliki kompetensi atau berdaya saing.
  - e. Aplikasi Shopee memberikan pengalaman positif dalam berbelanja.
- F. Familiarity (Keakraban)
  - a. Secara keseluruhan, saya akrab dengan Shopee.
  - b. Saya terbiasa menemukan barang Shopee.
  - c. Saya sudah familiar dengan proses pembelian dari Shopee.
  - d. Saya sudah terbiasa membeli produk dari Shopee.

Trust in E-Commerce (Percaya pada E-Commerce)

- e. Aplikasi Shopee dapat dipercaya.
- f. Aplikasi Shopee menanamkan kepercayaan pada pelanggan saat bertransaksi.
- g. Aplikasi Shopee menyediakan portal pembayaran otentik kepada pelanggan untuk melakukan pembayaran produk.
- h. Nama Aplikasi Shopee sudah terkenal dan memiliki reputasi yang baik.
- i. Informasi pribadi Pelanggan tidak disalahgunakan yang dijamin oleh Aplikasi Shopee.
- G. Purchase Intention (Niat Beli)
  - a. Saya akan membeli produk di Shopee.
  - b. Saya akan merekomendasikan Shopee kepada teman-teman saya.
  - c. Saya tidak akan ragu untuk memberikan informasi kepada Shopee.
  - d. Saya akan bertransaksi dengan Aplikasi Shopee di masa mendatang.

