

**EFFECTS OF PRODUCT QUALITY, SERVICE QUALITY, PRICE PERCEPTION, AND REPUTATION ON PURCHASE INTENTION: THE MEDIATING AND MODERATING ROLES OF TRUST IN SHOPEE AS AN ONLINE SHOPPING E-COMMERCE**

**A THESIS**

**Presented As Partial Fulfillment of the Requirements to Obtain the Bachelor Degree in Management Department**



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## DECLARATION OF AUTHENTICITY

Here in I declare the originality of the thesis; I have not presented anyone else's work to obtain my university degree, nor have I presented anyone else's words, ideas, or expression without acknowledgement. All quotations are cited and listed in the bibliography of the thesis.

If in the future this statement is proven to be false, I am willing to accept any sanction complying with the determined regulation or its consequence.

Bengkulu, May 2022



Atika Ayu Listari

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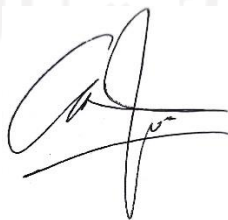
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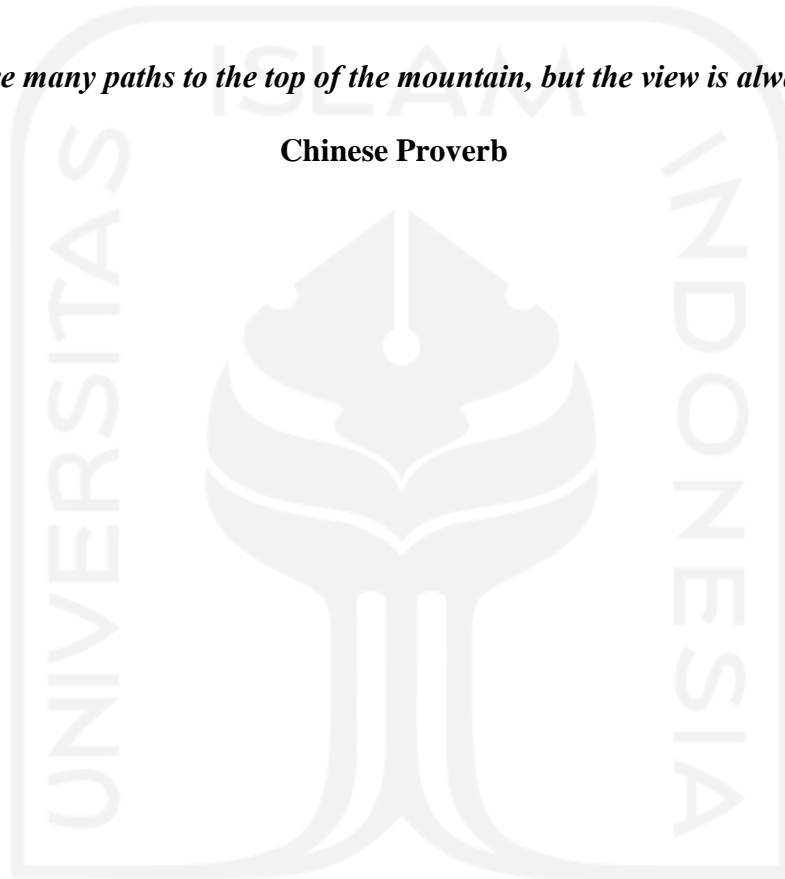
## MOTTO

*“By recording your dreams and goals on paper, you set in motion the process of becoming the person you most want to be. Put your future in good hands - your own.”*

**Mark Victor Hansen**

*“There are many paths to the top of the mountain, but the view is always same”*

**Chinese Proverb**



I dedicate this paper to my beloved family, my parents whose love has always been devoted to me, mom Silis Miarti and dad Yunardi and my three older brothers and sisters-in-law, namely Effri, Arie, Alan, Dita, and Pili. With support, love, and sincere prayers, all these obligations have finally been completed.

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**ABSTRACT**

Technological developments in the current era have a significant effect on various aspects, one of them is E-Commerce. The research entitled "Effects of Product Quality, Service Quality, Price Perception, and Reputation on Purchase Intention: The Mediating and Moderating Roles of Trust in Shopee as an Online Shopping E-Commerce" aims to examine and analyze the influence of the shopping experience based on product quality, service quality, price perception, reputation, and consumer confidence in purchase intentions on the Shopee application. The method used in this research is an online questionnaire via Google Form with a sampling technique of 220 respondents and using Structural Equation Modeling data analysis with the help of AMOS 23 software. Based on the data analysis carried out, it was concluded that product quality, service quality, price perception, reputation, and increased consumer confidence in E-Commerce has a positive influence on consumers' purchase intentions.

**Keywords:** product quality, service quality, price perception, reputation, trust in E-Commerce, purchase Intention, Shopee

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**ABSTRAK**

Perkembangan teknologi di era sekarang ini berpengaruh secara signifikan dalam berbagai aspek, salah satunya E-Commerce. Penelitian yang berjudul "Effects of Product Quality, Service Quality, Price Perception, and Reputation on Purchase Intention: The Mediating and Moderating Roles of Trust in Shopee as an Online Shopping E-Commerce" bertujuan untuk meneliti dan menganalisis pengaruh pengalaman berbelanja berdasarkan kualitas produk, kualitas layanan, persepsi harga, reputasi, dan kepercayaan konsumen terhadap niat beli pada aplikasi Shopee. Metode yg digunakan dalam penelitian ini yaitu kuesioner online melalui Google Form dengan teknik pengambilan sampel responden yang berjumlah 220 orang dan menggunakan analisis data *Structural Equation Modelling* dengan bantuan perangkat lunak AMOS 23. Berdasarkan analisa data yang dilakukan, diperoleh kesimpulan bahwa kualitas produk, kualitas layanan, persepsi harga, reputasi, dan kepercayaan konsumen meningkat terhadap E-Commerce memberikan pengaruh positif terhadap niat beli konsumen.

**Kata Kunci:** kualitas produk, kualitas layanan, persepsi harga, reputasi, kepercayaan konsumen, niat beli, Shopee



# CHAPTER I

## INTRODUCTION

### 1.1 Background

Technological developments globally have made all technological goods undergo rapid changes to suit individual lifestyles. One of the technologies that is developing rapidly is a mobile phone, which nowadays is often referred to as a smartphone. Developments in mobile phones recently have made mobile phones not only used as a communication tool but also used as a technology that helps individuals to do daily activities such as at work, checking email/data, and others. These developments make individuals today depend on smartphones, and this has an impact on smartphone demand. Therefore, the use of smartphones and mobile applications in this modern era provides new opportunities for companies interested in forming relationships with consumers (Tarute et al., 2017). In the past few years, the use of smartphones for internet activities has increased compared to the previous era. This allows users to use the internet as a mediating tool to shop online. In E-commerce, the internet ability to engage with consumers is necessary to capture and retain market share in a highly competitive market, especially the E-commerce mobile applications market. In this era, the number of mobile applications is greatly increased, but the margin per sales is very low (Dovaliene et al., 2015; Lim et al., 2015). The more attractive the technology and mobile applications, it will make many E-commerce companies want to develop relationships with consumers through mobile applications. With so many differences in consumer behavior, it creates new challenges for companies to take advantage of E-commerce mobile application technology as an intermediary on how they can influence consumer purchase intention.

The widespread use of social networks and E-commerce aims to facilitate and mediate customers to transact online. Even though E-commerce mobile applications are used as a mediation tool and have some risks, the application must have a basis of trust that can influence customers' purchase intentions based on the products offered, services offered, prices offered, and the reputation of an E-commerce application itself. E-Commerce or commonly referred to as EC is a routine business exchange using Electronic Data Interchange (EDI) transmissions, e-mail, electronic bulletin boards, facsimile machines, and Electronic Funds Transfer related to transactions in online shopping. The online shopping are very beneficial for buyers and sellers.

Shopee is one of applications for electronic trading tools for buying and offering online easily and quickly. Shopee exists within the frame of a mobile application to make it easier for users to carry out online shopping activities. Shopee is an e-commerce company that came from Singapore under the sponsorship of the Garena Company. Shopee application started to enter Indonesia on December 1, 2015 (Rafsandjani, 2018). On the other hand, Shopee is classified as an e-commerce company with an orange symbol from Singapore which was established by Forrest Li in 2009. Shopee has been established in many countries such as Singapore, Malaysia, Thailand, Taiwan, Indonesia, Philippines, Vietnam, and Brazil. Shopee is known to be able to provide free shipping services for customers. Indeed, Shopee started to be followed by other e-commerce business (Nursyirwan & Ardaninggar, 2020). It has become an E-commerce with the number of transactions ranked, as the biggest number of website visitors in Indonesia. Shopee is described as an E-commerce application that serves online buying and selling transactions which provides an assortment of products and services.

E-commerce has grown rapidly in Indonesia in recent years, which is one of the efforts to expand marketing reach to be more effective and efficient. The development of E-commerce in Indonesia has affected some consumer behavior. For example, the habit of shopping in shopping centers or stores is now starting to switch to using online media. As long as they are connected to the internet, consumers do not have to go to shopping places to get the goods or services they want. The numbers of e-commerce companies in Indonesia, as well as the various types of services offered, ease the consumers to be more flexible in choosing which online store they want to visit. Customers can feel comfortable when use online shopping applications because they no longer need to leave the house or take the time to just go to a shopping center. Just by typing the desired item or brand, customers can see variants of the items that can be purchased. Another benefit of online shopping is minimal physical contact. During this COVID-19 outbreak, we are all encouraged to minimize physical contact, therefore online shopping is the right solution. By shopping online, buyers do not need to worry about being exposed to the virus because all transactions are carried out from the comfort of home without meeting in person.

Various studies pinpoint that usually online shopping makes consumers need to consider their choices before purchasing, based on how they can trust the product quality that is offered, service quality, price, and reputation. Therefore, this research aims to find out what factors can influence consumers' purchase intentions based on an assessment of the use of the Shopee application. This research will be based on a research from Qalati et al., (2021), that will examine the relationship between antecedents of trust in online shopping and purchase intention, particularly the

connection between product quality, service quality, price perception, and reputation as well as the mediating part of trust in online shopping and the moderating part of perceived risk towards trust and online purchase intention.

When consumers are sorting products from online shop, product quality is such an important point in determining the selection of a product by consumers. The product offered to the customers must be a product that is well tested for its quality, in light of the fact that the consumers' priority is the quality of the product itself. According to Mihaela et al., (2018), product quality is an important factor considered when making a purchasing decision for goods and services. The product concept stated that if consumers will prefer quality, high-performance, and innovative features so the managers can focus on making superior products and improving them over time (Siswati & Widiana, 2021). Consumers need quality products in line with their expectations. Besides having to be able to meet the standards required by consumers, the good and bad quality of the goods produced can also be seen from the consistency of meeting the expectations and needs of the community. This statement emphasizes that the quality should be assessed periodically and continuously so that the consistency of compliance above the standard can be seen.

Secondly, Service quality can be characterized as a comparison between customers' expectation of the service that they will get from a company and the genuine service or performance that the company provides them with (Wilson et al., 2019). Service quality is an intangible advantage given to people, business specialists, governments, and other sorts of organizations through the performance of various activities or the arrangement of physical facilities, products, or activities for others

(Priscilla et al., 2021). According to Wilson et al., (2019), service quality is additionally understood as an important factor in deciding the success or failure of a company running a business in the e-commerce industry (Santos, 2003). With e-commerce, sellers and buyers do not meet each other in the marketplace, so transactions are carried out essentially over the network.

Third, several studies have suggested that price perception may be a complex and wide stimulus consisting of positive and negative prompts to consumers (Aprilianty et al., 2016). Price perception is the assessment of a certain price by consumers. "Fair" may be a worldwide degree of price acceptance (Gotmare et al., 2021). Price is additionally a major instrument and a significant determinant of consumer purchasing decisions, it is also utilized excessively to attract consumers to a particular product. Distinctive ways of price levels have different impacts on consumers' perceptions besides their purchasing decisions. The fact that consumers respond in an unexpected way to price stimuli is widely known. Identical price stimuli can be assessed differently by several people (Aprilianty et al., 2016). Consumers prefer online shopping because of the convenience and generally cheaper prices compared to offline stores. Deliberation to find out lower prices is characterized as price awareness, and it has an impact on consumers' trust of price perceptions (Zielke & Komor, 2014).

According to Agmeka et al., (2019), reputation is defined as the term to characterize the attitude of the consumer toward a good and reliable brand of a company. It is characterized as consumers' perception of product quality that's basically related to the brand title. The consumers' perception itself also depends on

consumers' social status when they see the product's quality, whether they are reputable enough or otherwise. Hence, brand reputation is also classified as an important thing to strengthen consumer social status and wealth. Consumers need to enhance their social self-actualization by having a connection with a brand with a high reputation. The previously set up reputation of a vendor also has an impact on the likelihood of a potential customer making a purchase; as well as reputation can be characterized as an assessment of the potential desire of an entity in which evaluation is established by a bunch of external people within the context of the evaluations made by previous purchasers (Aparicio et al., 2021). Reputation systems collect, process, and aggregate information approximately participants or services to assist future users make optimal decisions. In service-oriented network environments, reputation systems ought to encourage trustworthy behavior and punish dishonest participation. Reputation may be a social evaluation or public estimation of standing to justify, achievement, reliability, etc. Reputation is the opinion of a community toward an individual or someone else (Tian et al., 2016). Reputation is additionally conceptualized as the consumer's perception of a store's reputation, where reputation is characterized as the degree to which buyers trust a store is legitimate and concerned about its customers (Zelalem, 2021). When customers do not have personal experience with a seller, word-of-mouth reputation can be a key to attracting customers. Hearing from others about their positive involvement with a seller can offer assistance to ease users' perceptions of risk and uncertainty when collaborating with the online seller. Reputation may be utilized as a premise for trust. Online sellers with a great reputation are seen as trustworthy and those with an awful reputation are seen as untrustworthy. Moreover, the reputation of online shopping is likely to impact

a buyer's trust towards that seller. Consequently, a good reputation suggests certainty and less risk in conducting business, and so helps foster consumer trust.

Trust and reputation are critical components that influence the success of both traditional transactions in physical social networks and cutting-edge e-commerce in virtual Internet environments (Tian et al., 2016). Trust in many theories is defined as the foremost determining factor for customer certainty in a transaction (Suleman et al, 2021). Trust within the online environment has picked up wide interest in research along with the increase in online transactions and electronic commerce getting to be more prevalent (Hallikainen & Laukkanen, 2018). Consumers' trust in retailers' stores over the network will also be at a level comparable to that in their offline stores since of their previous purchasing experiences (Jeon et al, 2021). In spite of the fact that trust is based on experience over time, establishing the beginning of trust can be a major challenge to newcomers to E-Commerce, particularly those who do not have well-established off-line brands. Due to COVID-19 both government and private divisions have put many efforts to prosper the virtual shopping platform in many countries (Zelalem, 2021). In addition, trust is one of the components or factors that posture a risk to the foundation as well as the effective operation of E-commerce.

Last but not least, purchase intention is one of the major important points in the study of consumer behavior. Purchase intentions are propensities and desires that empathically encourage individuals to purchase a product. Purchase intention could be a motivational factor that drives people to buy certain products. Therefore, purchase intention is the best method for predicting consumer buying behavior. In line with the Theory of Reasoned Action (TRA), which assumes that consumer behavior is

determined by the consumer's behavioral intentions (Fazekas et al., 2001). Purchase intention may be a propensity to purchase a brand and is generally based on a purchase motive that's following the qualities or characteristics of the brand being considered. According to Wang et al., (2021), purchase intention signifies the probability of consumers to purchase a product with an understanding of the product in a specific scenario. It is a key prerequisite for purchase behavior.

Customers nowadays in online marketplaces ought to rely on electronic information without having the ability to physically assess the product (Zelalem, 2021). E-commerce has changed the way of doing business, bringing more competitive prices to the table due to wider offerings, wider product variety, and more marketing strategies and has made customers more demanding (Fernández-Bonilla et al., 2022). Therefore, the purpose of this paper is to recognize and identify the components that have been related to e-commerce and e-trust that can influence purchase intention. This research title is “Effects of Product Quality, Service Quality, Price Perception, and Reputation on Purchase Intention: The Mediating and Moderating Roles of Trust in Shopee as an Online Shopping E-Commerce”.

## **1.2 Problem Formulation**

1. Does product quality have a positive impact on trust in E-commerce?
2. Does service quality have a positive impact on trust in E-commerce?
3. Does price have a positive impact on trust in E-commerce?
4. Does reputation have a positive impact on trust in E-commerce?
5. Does trust in E-commerce have a positive impact on purchase intention?



6. Do product quality, service quality, price, and reputation have a positive impact on purchase intention?

### **1.3 Research Objectives**

1. To examine and explain the impact of product quality on trust in E-commerce.
2. To examine and explain the impact of service quality on trust in E-commerce.
3. To examine and explain the impact of price perception on trust in E-commerce.
4. To examine and explain the impact of reputation on trust in E-commerce.
5. To examine and explain the impact of trust in E-commerce on purchase intention.
6. To examine and explain the impacts of product quality, service quality, price perception, and reputation on purchase intention.

### **1.4 Benefit of Research**

#### **- Theoretical benefits**

This research is expected to enrich the literature on E-commerce as a mobile device application that can attract customer purchase intention. On the other hand, it also can help users by identifying what factors will influence the purchase intention of customers in using E-commerce services based on product quality, and the quality of Shopee applications as an E-commerce. This research will also contribute to further research in the field of marketing and provide additional literature in the study of marketing strategy.

#### **- Practical benefits**

This research offers practical insights for, especially E-commerce to find what components can build customers trust when they buy products from the attractive and interesting applications, starting from the concepts and features offered by E-commerce applications itself.

This research can offer assistance to companies in smoothing the performance of their strategy, their market position, marketing, fetched investment funds, profit maximization, proficiency, and customer loyalty.



## **1.5 Systematics of Writing**

This thesis consists of five chapters, as follows:

### **CHAPTER I: INTRODUCTION**

This chapter discusses the background of the research, the formulations of the problems, the limitations of the research, the purposes of the research, the contributions of the research, and the systematical writing.

### **CHAPTER II: REVIEW OF LITERATURE**

This chapter exhibits the theoretical foundation of product quality, service quality, price perception, reputation, trust in E-commerce, and purchase intention. Besides, there are research hypotheses and a conceptual framework.

### **CHAPTER III: RESEARCH METHODOLOGY**

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

### **CHAPTER IV: DATA ANALYSIS AND DISCUSSIONS**

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

### **CHAPTER V: CONCLUSIONS AND RECOMMENDATIONS**

This chapter contains the conclusions of the results of the analysis and calculation of data obtained from the research. On the other hand, this chapter also described the weaknesses of the research conducted and recommendations for future research.



## CHAPTER II

### REVIEW OF LITERATURE

#### 2.1 Literature Review

This research provides previous research on the relationship between product quality, service quality, price perception, and reputation as well as the mediating part of trust in online shopping and the moderating part of perceived risk between trust and online purchase intention. By reviewing previous research, the researcher can understand the indicators of a study as well as a comparison for later research.

The literature review also plays a big role in justifying the research and setting the research question. The particular reason for examining past research is allows us to identify gaps in the literature, which we can attempt to fill or address with our work. Most of the time previous studies actively demonstrate that: studies published were disseminated in the past that report results of research findings. This could mean the authors tested a specific hypothesis, tested the tenets of the theory, or tried to answer a specific research question. The following are some of the previous studies that have similar variables and are related to this research, as follows:

##### 2.1.1 Product Quality

Good product quality can shape consumer trust and loyalty. According to Hulu & Ruswanti (2018) products that have the quality of a well-known company brand naturally increase consumer confidence to forcefully purchase the product, particularly since the product is promoted more than once. As mentioned by Hulu & Ruswanti, (2018) product quality incorporates a very close relationship with customer trust and satisfaction. The higher the level of consumer certainty in a product, the higher the purchase intention for the

product. Quality could be a mix of properties and characteristics that decide the degree to which yield can meet the requirements of consumer needs. According to Toivonen, (2012), a product as seen from a customer perspective, is understood as consisting of components, or measurements, which include the physical and substantial goods, and product intangibles such as services, sales personnel behavior, and other suppliers related characteristics. This product concept is alluded to as a total product, the quality of which is referred to as product quality. To build quality durable goods perceived by consumers, perceived products play an imperative part in influencing the purchase of choice, also noted that the quality products are essential to influence customer satisfaction to build trust among consumers and vendors (Rimawan et al., 2017).

Rimawan et al., (2017) suggested that product quality has eight measurements of estimation consisting of the following viewpoints:

- 1). *Performance*. The core product performance that includes the brand, measurable attributes, and individual performance aspects. Each product's performance is usually judged by the preference of consumers who have tried or used a product.
- 2). *Product Diversity*. Product diversity is a characteristic of a product produced by a company/organization which is usually measured by individual preferences from consumers. It can show the difference in a product. Therefore, the development of a quality product requires flexibility to meet and adapt to market demands.
- 3). *Reliability*. This measurement relates to the development of a potential product experiencing a malfunctioning situation on time. Product reliability

which appears as the level of quality is very meaningful for consumers in choosing products. This becomes even more critical considering the number of replacements and maintenance that will happen if: a product that's considered unreliable is defective.

4). *Conformance*. The suitability of a product within the service industry is measured by the level of accuracy, and completion time including calculation errors, unexpected delays and several other errors.

5). *Durability*. Technically, the durability of a product is characterized as the number of uses that an individual obtains before experiencing a decline in quality. Economically, durability is characterized as the product economy of the product through several valuable uses before damage and the decision not to replace the product.

6). *Serviceability*. This measurement appears that customers not only pay attention to the decline in product quality but moreover the time before the product is stored, the planning of the communication process with staff, the frequency of service improvements will damage other products and services. These factors can reflect differences in individual standards of service received where product service capabilities lead to conclusions about product quality which are judged subjectively by consumers.

7). *Aesthetic*. The aesthetics of a product is seen from how a product is heard by consumers, how to see beyond product, taste, and scent. Aesthetics is a judgment and reflection felt by consumers.

8). *Perceived Quality*. Consumers do not continuously have complete information about product and service attributes. In any case, customers usually have information about the product by implication, such as through the

manufacturer's brand, name, and country. Product strength, for instance, can be very important in measuring product quality.

### **2.1.2 Service Quality**

Service quality is the factor that is considered to be able to influence trust in repurchase intention. Market competition is getting tougher, making many companies talk about quality, where they think their service quality is the best. In addition, concern for service quality is a reason to seek and gain consumer trust. Service quality is determined by the ability of a particular company or institution to meet the needs or expectations desired by customers. In other words, the important factors that affect service quality are the services expected by customers and public perceptions of these services. The value of service quality depends on the ability of the company and its staff to consistently meet customer expectations. According to Uzir et al., (2021), the SERVQUAL Model is a framework that captures and measures service quality experienced by customers. It highlights five dimensions: Tangibility (physical appearance of service or encompassing of service to feel its existence), Reliability (the consistency and dependability of performance), Empathy (paying attention independently and passionately), Responsiveness (the willingness to service provision on time), and Assurance (the increase of trust and confidence). Based on SERVQUAL, service quality has been proven to have a positive and critical relationship with customer satisfaction in many contexts, including on-demand home service (Sivathanu, 2019), in businesses in Indonesia (Nuryakin & Priyo, 2018), the life insurance industry in Malaysia (Al Halbusi et al., 2020; Panigrahi et al., 2018), the protections sector in India



(Goswami, 2007), restaurant businesses in Korea (Kim & Shim, 2019), basic supply retail in Chile (Goi c et al., 2021), and the banking industry across the globe (Setiawan & Sayuti, 2017; Adams et al., 2016). Connected in several service businesses and focusing on different dimensions of service quality, analyzing the relationship between customer satisfaction and various aspects of service quality, the SERVQUAL model has appeared that the most overwhelming components of a service sector are the most dominating components of customer satisfaction (Yi & Natarajan, 2018). Within the setting of e-commerce, a large number of studies have focused on the quality of logistics service, in light of the fact that it is considered as the most significant driver for sales (Ghezzi et al. (2012); Rai et al. (2019)). Another portion of the study of Wilson et al. (2019), also in the Indonesian e-commerce industry, besides gives the same result where service quality includes a more significant impact on consumers' repurchase intentions compared to its partners, specifically the quality of website design.

### **2.1.3 Price Perception**

As stated in Wen and Siqin's (2019) study, the pricing issue is additionally critical for the sharing economy. Price has a direct influence on product demand in the market. Basically, the price is something that the company offers to consumers or institutional buyers. To be successful in promoting a product or service, each company must set the right price according to what they can offer for the customers. Price is the most important element of the marketing mix that provides income for the company, while the other three elements (product, distribution, and promotion) cause costs

(expenses). If the price is set as well high in the minds of customers, the perceived value will be less than the cost, and sales opportunities will be lost. Concurring to Fecher et al., (2019), price perception shows up that consumer purchasing decisions do not only depend on the (objective) price itself but are also impacted by the framing of price information. As pointed out by Echardt and Bardhi (2015), customers in the sharing economy are more curious about accessing products with lower prices, rather than cultivating social relationships with the service provider or other customers. Hence, companies who understand this logic will possess competitive advantages. Perception refers to the method by which an individual chooses, organizes, and interprets information about the external environment and sends it to the brain for beginning processing (Hati et al., 2021). As stated by Hati et al., (2021), there are a few stages in preparing information where perception also plays an important role. These stages include:

- (1) The exposure stage, which happens when consumers are given a stimulus and the opportunity to pay attention to the data given through the stimulus,
- (2) The attention stage, which happens when consumers react to an alluring stimulus, the response actuates one or more nerves. Tangible receptors through sensory receptors and the results of these sensations are transmitted to the brain for processing, and
- (3) The interpretation stage, which is related to how somebody interprets the information obtained based on its characteristics, stimuli, individuals, and circumstances.

Perception can be described as awareness and understanding of the genuine world of buyers (Johan et al, 2020). The consumers' perception of a

price can influence the decision to buy a product. Therefore, every producer will try to give a good perception of the products or services they sell.

#### **2.1.4 Reputation**

According to Agmeka et al., (2019) brand reputation is a term to characterize consumer attitudes towards good and reliable brands. It is characterized as the consumer's perception of product quality related to the brand name. Kim & Lennon (2013) explained that reputation has frequently been suggested as a factor that reduces consumer perceived risk in sales organizations. Reputation can influence customers' minds on the value of an item, customers prefer a good reputation of an item over a bad reputation. Reputation is an award that's obtained by the company because of the advantages that exist in the company, such as the capabilities possessed by the company. Therefore, the company will proceed to be able to develop itself to create new products again to meet consumer needs. Companies can build different kinds of reputation, such as quality reputation, marketing reputation, product innovation reputation, and so on. A company's reputation will decay when it fails to meet market necessities.

#### **2.1.5 Trust in E-commerce**

According to Tian et al., (2016), trust is characterized as the probability of successful completion of the target entity. The definition of trust within the definition of necessities from the point of view of social capital and social uncertainty, the relationship of trust between partners in the process of definition of requirements is considered as follows: strategic trust (reciprocity

principle), trust within the intentions of others, trust-based on passion or goodwill to give up on the task (Trust as hope for the capacity of others), trust in the capacity of others in a specific field (Trust as an expectation of the capacity of others), and moralistic trust (Kiritani & Osashi, 2015). If customer trust has arisen between the customer and the company, it will be easier for company to build a cooperative relationship with their customers. Customer trust arises indicated by credibility obtained from other parties because they have the desired expertise to perform a task. Customer trust can also be obtained from doing the best thing for the other party through a relationship. According to the different components, trust can be split into parts such as identity-based trust models, role-based trust models, trust transaction models, and reputation-based trust models (Tian et al., 2016).

According to Bauman & Bachmann (2017), online trust is the foremost crucial element of business strategy as it reduces perceived risk and creates positive word of mouth and positive image for the company. They stated that during online shopping:

" . . . A consumer, as a trustor, finds himself/herself in a risky circumstance where he/she uses the Internet as a tool to communicate his/her needs to an e-vendor and submits private information around himself/herself. He or she chooses a method of payment. He or she anticipates the site to be a reliable infers for the transaction and the seller to act truly and professionally when fulfilling the purchase request." (Bauman & Bachmann, 2017).

### **2.1.6 Purchase Intention**

According to Johan et al., (2020), purchase intention is believed as the main variable that can predict purchases. Purchase intention is also characterized as the circumstance which manifests itself when a consumer is

willing and intends to become involved in online transactions (Chang et al., 2014). Purchase intention itself is frequently affected by numerous other factors such as perceived quality. The perception of quality itself is usually based on the main measurements comprising product quality, performance, brand, and reliability. The customer's intention in analyzing a product brand goes through 6 (six) processes, namely awareness of the desired product (awareness), knowledge of the brand (knowledge), interest (interest), preference (preference), trust (persuasion), and purchase (purchase). (Kotler & Armstrong, 2014). So it can be said that consumers' purchases are the result when they accept that the store is reliable and credible. In case a store provides products and services that are reliable with their guarantees, then it helps shape their purchase intentions. As stated by Kouser et al., (2018), intention demonstrates a state of mind in which an individual has a desire to perform a certain way of acting. Essentially, purchase intention could be a buyer-focused impulse to buy a product. Online purchase intention is additionally expressed as a situation when a buyer is ready to purchase a product or service through the internet. The Internet influences the decision-making behavior of customers in all three stages of pre-purchase, purchase, and post-purchase (Meskaran et al., 2013).

## **2.2 Hypothesis Formulation**

### **2.2.1 Product Quality and Trust in E-Commerce**

Offering good quality products and benefiting customers can have a positive effect on customer trust when shopping online. As stated by Siswati & Widiana (2021), product quality is the overall product features and

characteristics that can provide satisfaction to consumers. This evidence is also in line with Hulu & Roswanti (2018), that if consumers have trust in a particular brand or product into consideration of consumers to increase the purchase of a product or service. This can increase the customer's sense of trust because the goods that have been offered will give rise to the customer's intention to repurchase the product, also quality could be a very imperative portion of a product, both goods and services to gain the trust of consumers.

Some researchers stated that information about product quality will affect consumer trust in E-commerce and their purchase intentions, and consumers usually make judgments through information about product quality provided by e-commerce platforms, namely third parties and online sellers (He et al, 2021). In line with Siswati & Widiana (2021), good product quality in online commerce can be in the form of products or goods that do not harm effectively, and there are no defects from consumers, meaning that the product is by the wishes of consumers, including the benefits of the appropriate product. According to the seller's description, the customer is satisfied with the quality received, giving rise to a value of trust for the seller. Based on the analysis, the following hypothesis is proposed:

*H1. Product quality has a positive impact on trust in E-commerce*

### **2.2.2 Service Quality and Trust in E-Commerce**

The key success factor to survive within the furious e-environment competition is a service-focused strategy. A company must provide a superior service experience to its customers, therefore they will repurchase and be loyal to the company (Rita et al., 2019). To get a high level of customer satisfaction,

high quality of service is required, which often leads to favorable behavioral intentions. Numerous analysts have examined the concept of service quality. In line with Blut et al., (2015), service quality traits have a significant relationship with overall service quality, specifically through e-service quality, customer satisfaction, and repurchase intentions, but not with WOM. In addition, Gounaris et al., (2010), found that the quality of e-services incorporates a positive impact on three customer behavioral intentions: buy intentions, site visits, and WOM. According to Chang et al., (2013), trust is one of the most important factor to attract e-commerce buyers. However, a few studies on the impact of service quality have a positive impact on trust, especially in the sphere of online business. Based on such discussion, the following hypothesis is proposed:

*H2. Service quality has a positive impact on trust in E-commerce*

### **2.2.3 Price Perception and Trust in E-Commerce**

Price perception described as the evaluation of a certain price by consumers. "Reasonable" may be a global measure of price acceptance (Hung et al., 2021). A price is a key major tool and a significant determinant of consumer purchasing decisions, it is also used excessively to attract consumers to certain products. Different ways of price levels have different impacts on consumers' perceptions and on their purchasing decisions (Aprilianty et al., 2016). According to Gotmare et al., (2021), progresses in technology and information analytics empower online retailers to embrace dynamic pricing strategies that help identify and track individual online customers in real-time. Previous research has discussed how the location of the selling price relative to

the first price can influence consumer evaluations. In line with Hung et al., (2021), reference prices are an effective method for consumers to encode information, increase purchase volume, and strengthen brand choice. E.g., consumers who want to buy products online can check prices listed on e-commerce platforms like Shopee, etc, or use comparison sites or price tracking tools to track price fluctuations. By that, applying the right price perception for customers will gain trust and provide them with the desired price threshold value. Based on the analysis, the following hypothesis is proposed:

***H3. Price perception has a positive impact on trust in E-commerce***

#### **2.2.4 Reputation and Trust in E-Commerce**

Reputation can be interpreted as an image of the mind, namely the image that is in individual's mind. Reputation is an intangible asset that is difficult to measure and explain since reputation is not a product that can be seen (Agustin & Helianto, 2020). Reputation evaluation is usually done through a post-transaction feedback review. However, the quality of the feedback degrades the quality of the reviews. According to Tian et al., (2015), reputation is one of the most important ways to help build trust, also introducing an adaptive and dynamic reputation-based trust model to evaluate trust, based on community feedback about participants' past behavior. Based on the analysis, the following hypothesis is proposed:

***H4. Reputation has a positive impact on trust in E-commerce***



### **2.2.5 Trust in E-Commerce and Purchase Intention**

Chang et al., (2013), stated that trust is one of the most important factor to attract e-commerce customers who basically ever using an online shopping. According to Tian et al., (2015), trust is an abstract concept and it is often used interchangeably with relative concepts such as reputation, credibility, and self-confidence. On the other hand, trust also defined as a multi-faceted concept that combines cognitive, emotional, and behavioral components that creates customer loyalty. Aparicio et al., (2021), stated that loyal customers develop connections with the company and carry on in an unexpected way from ordinary customers, consumer loyalty has an impact on the attitude taken and thus on purchase intention. Another study was conducted to understand the impact of gamification on brand satisfaction and loyalty, moreover confirming the positive impact of trust on sellers on purchase intention, repurchase, and purchase intention (Aparicio et al., 2021). Based on the analysis, the following hypothesis is proposed:

*H5. Trust in E-commerce has a positive impact on purchase intention*

### **2.2.6 Purchase Intention**

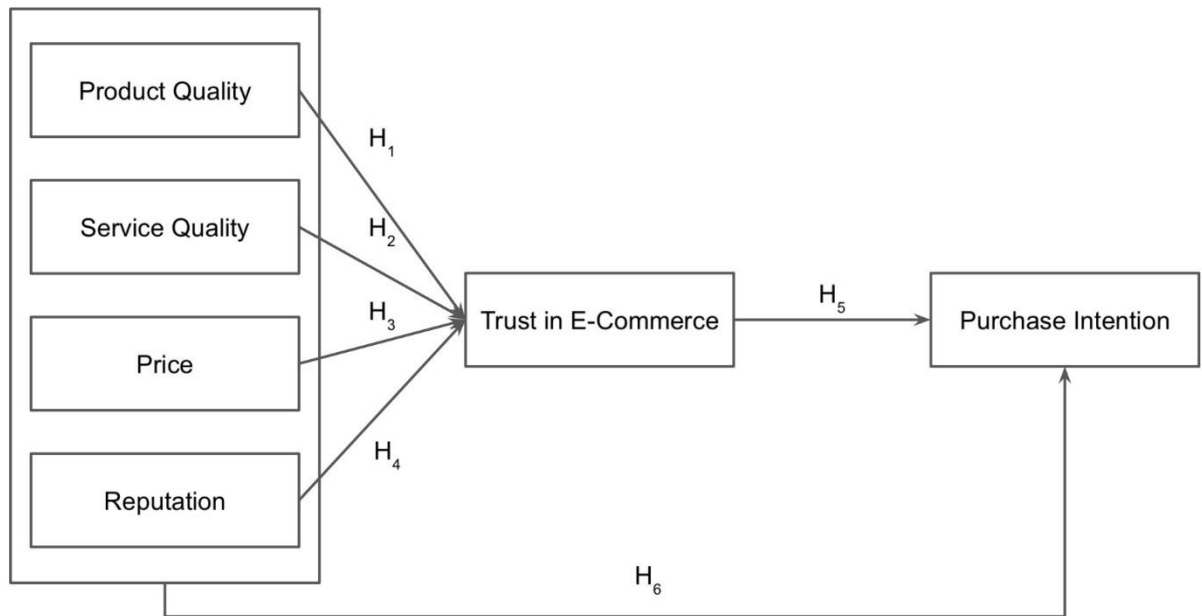
The quality of services and products is very important for consumer judgment. The quality of the product or service is a factor that must get the main thing from the company because product quality also has an impact on customer satisfaction and trust which will ultimately have an impact on increasing consumer buying intentions. According to Hulu & Ruswanti (2018), it shows that product quality influences trust, and trust affects purchase intentions. The determinant of consumer confidence is the consumer's

perception of the quality of a product/service. Likewise, with the influence of prices, different ways of price levels have different impacts on consumers' perceptions and on their purchasing decisions (Aprilianty et al., 2016). Quality is a combination of properties and characteristics that determine the extent to which the output can meet the requirements of consumer needs. Therefore, if consumer needs are met based on undoubted quality and the right price, it can form consumer trust and loyalty (Hulu & Ruswanti., 2018). On the other hand, reputation evaluation is usually done through post-transaction feedback reviews. According to Tian et al., (2015), reputation is the foremost significant ways to help build trust, which is it also introduces an adaptive and dynamic reputation-based trust model to evaluate trust, based on community feedback about participants' past behavior. Therefore, if customer loyalty has been obtained, customers can easily trust products and services that can be repurchased based on the experiences that have been obtained by consumers. Based on the analysis, the following hypothesis is proposed:

*H6. Product quality, service quality, price, and reputation has a positive impact on purchase intention*

### **2.3 Conceptual Framework of the Study**

**Figure 2.1 Conceptual Framework of the Study**



(Modified from Qalati et al., 2021)

This study proposes a research framework that is modified from the research of Qalati et al., (2021). The framework consists of four independent variables, which are product quality, service quality, price perception, reputation, then consist of one mediating variable which is trust in E-commerce that is affected by product quality, service quality, price perception, reputation. The last one consists of one dependent variable, which is purchase intention that is affected by one mediating variable and four independent variables.

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

#### **3.1 Research Location**

The location chosen to carry out the research is on the campus of the Universitas Islam Indonesia which is located in Sleman Regency, Yogyakarta. Yogyakarta as one of the major province in Indonesia, and is known as the city of students. It is shown by the large numbers of educational institutions are available in Yogyakarta, so students all over Indonesia meet in one city of Yogyakarta. A survey approach would be implemented in this study, by spreading online questionnaires to social media to be filled by respondents that are fulfilling the classification required.

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

The population is the dimension characteristics of the whole object under the study. The sample of the research is about the number of certain characteristics of the part of the population that has the same characteristics of the population. The population of the respondents are mainly smartphone users that are actively involved in using mobile applications E-commerce especially Shopee in Yogyakarta. With non-probability and judgment sampling, this study is targeting 220 individual respondents who are still using E-Commerce mobile applications. Based on this technique, certain criteria for a respondent in this study are based on the following characteristics:

1. UII's active students
2. Aged 16-35 years old
3. Having a Shopee account
4. Having experience of shopping at Shopee

Number of Samples:

Minimum: 5 x total questionnaires items

$$5 \times 27 = 135$$

Maximum: 10 x total questionnaires items

$$10 \times 27 = 270$$

### 3.3 Identification of Research Variable

- a. Hypothesis 1 in this study is that product quality at Shopee has a positive effect on trust in E-commerce perceived by account users. To empirically prove the hypothesis, the variables to be measured are:

Independent variable: Product quality

Intervening variable: Trust in E-commerce

- b. Hypothesis 2 in this study is that the service quality of Shopee has a positive effect on trust in E-commerce perceived by account users. To empirically prove the hypothesis, the variables to be measured are:

Independent variable: Service quality

Intervening variable: Trust in E-commerce

- c. Hypothesis 3 in this study is that the price perception of Shopee has a positive effect on trust in E-commerce perceived by account users. To empirically prove the hypothesis, the variables to be measured are:

Independent variable: Price perception

Intervening variable: Trust in E-commerce

- d. Hypothesis 4 in this study is that the reputation of Shopee has a positive effect on trust in E-commerce perceived by account users. To empirically prove the hypothesis, the variables to be measured are:

Independent variable: Reputation

Intervening variable: Trust in E-commerce

- e. Hypothesis 5 in this study is that trust in the E-commerce of Shopee has a positive effect on purchase intention perceived by account users. To empirically prove the hypothesis, the variables to be measured are:

Intervening variable: Trust in E-commerce

Dependent variable: Purchase intention

- f. Hypothesis 6 in this study is that product quality, service quality, price perception, and reputation of Shopee have a positive effect on purchase intention perceived by account users. To empirically prove the hypothesis, the variables to be measured are:

Independent variables: Product quality, service quality, price perception, and reputation

Dependent variable: Purchase intention

### **3.4 Definition of Variable Operational and Measurement Research**

Variable operationalization is needed in a research to determine the types and indicators of the related variables. In addition, the operationalization of variables aims to determine the scale of the measurement of each variable. So that the operationalization of variables helps hypothesis testing to be more precise.

The variables to be studied in this study consist of four independent variables, namely product quality, service quality, price perception, and reputation. One intervening variable, namely trust in E-commerce, and the dependent variable is purchase intention. The operational definitions and measurement details of each of these variables are as follows:

### **3.4.1 Product Quality**

In terms of product quality, consumers will also judge the quality of the products offered to them whether they are following what they want. Rimawan et al., (2017) stated that quality characterized as a utilization, or the degree to which a product effectively serves customer objectives. Quality excellence is very important in maintaining customer certainty in the company's market leadership. The existence of dynamic business movements allows every company to be able to continue to improve its innovation in developing products offered to consumers and continue to update the technology used by companies to develop product quality. Product quality might be a physical condition, nature, and work of a product, be it a product or service product, based on a quality level that is adjusted to durability, reliability, and ease of use, suitability, repair and other components that are made to meet satisfaction and needs for customers. Thus, good product quality will be able to provide a sense of satisfaction to customers, so that in the end the level of consumer loyalty to the product will increase by itself, and the company can get a large profit. The product quality variable is measured through the following five indicators:

1. I make a purchase on the Shopee Application because the variety of goods provided is varied.
2. I make a purchase on the Shopee Application because the items offered is attractive.

3. I make a purchase on the Shopee Application because what was received was in accordance with what is offered by the seller.
4. I make a purchase on the Shopee Application because the item received is in accordance with the specifications.
5. I make a purchase on the Shopee Application because Shopee has good products.

### **3.4.2 Service Quality**

Service quality (SQ) is an achievement to answer all consumer needs. The services provided by the company to consumers aim to win the hearts of these consumers so that they are finally willing to buy the products offered. Concurring with Azhagan et al., (2021), service quality is fundamentally centered on meeting customer needs and also how well the services offered meet their trust based on those customer experiences. When running a business, customer satisfaction is the main thing that must be considered. Satisfied customers will have loyalty to a company, to increase sales. The more satisfied customers, the more your business will grow. To get this, the company must have good service quality. In today's era, business competition is getting tougher, which means every company must make various efforts to maintain their business. Service quality is one of the efforts that can be done regarding company services. In service quality, there are five main elements to achieve customer satisfaction. The five elements are as follows: reliability, assurance, tangibles, empathy, and responsiveness (Azhagan et al., 2021). Service quality can be used as an important focus in marketing strategies because it contains many factors that can affect the process of making products or services until the products and services reach the hands of customers. So that if there are deficiencies in the process,



it can be evaluated immediately to ensure customer satisfaction and loyalty. Therefore, the service quality variable is measured through the following five indicators:

1. I think Shopee can deliver the right items on time.
2. I think 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 Application can establish good relationships with customers.
5. I think the packaging of the goods is as expected.

### **3.4.3 Price Perception**

The use of term "price" is actively demonstrate the used in the activities of buying and selling a product, be it goods or services. The selling price is determined by the seller who offers the product and service and takes advantage of that price, while the consumer gets what they needs by paying for the product at a specified price. Price defined as an element of the marketing mix that is flexible and can change at any time according to time and place. Prices are not just the numbers listed on the label of a package or store shelves, but prices take many forms and perform many functions. Mentioned by Hung et al., (2021), several studies have examined how sales locations' prices relative to the initial price can influence consumer evaluations. Placing the selling price to the right (vs. left) of the original price is more helpful for the consumer to perform the subtraction task. The smaller amount of the selling price shown on the right-hand side of the original price makes calculating the depth of the discount easier, which assists in increasing the positive evaluation. In any case, so far,

previous research has not examined whether the final price figure that is consistent at the original price and the selling price influences the customer's price perception. Therefore, the service quality variable is measured through the following four indicators:

1. The prices of products sold on Shopee are affordable.
2. The price of the product is following 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 following the benefits of the product that consumers need.

#### **3.4.4 Reputation**

Reputation is a term to describe the attitude of consumers towards a good and reliable brand that offered. This is followed by consumer perceptions of product quality related to the brand name offered (Agmeka et al, 2019). Building a positive reputation or personal branding is necessary for the self-development process. According to Aparicio et al., (2021), the reputation of a vendor influences the probability of a potential customer making a purchase; reputation can be defined as an assessment of the potential desire of an entity in which evaluation is established by a bunch of outside individuals. Company reputation is one of the factors that can affect consumer purchasing decisions for a product or service from a company. Reputation of a brand becomes a matter of attitudes and beliefs towards brand awareness and image. Marketing efforts carried out by a company, main point to the assumption that reputation in the form of brand image, company image, excellent service, and all things related to customer satisfaction get priority. Therefore, the reputation variable is measured through the following four indicators:

1. I believe Shopee has a good reputation
2. I believe the information submitted by Shopee
3. I believe Shopee is a famous online shop site
4. I believe Shopee has many users

### **3.4.5 Trust in E-Commerce**

Corbitt et al., (2003), defined trust as a willingness to depend on an exchange partner where one has certainty and trust as a perception of "trust in the reliability and integrity of the exchange partner". According to Tian et al., (2015), trust is one of the most important components influencing the successful implementation of network service environments, such as e-commerce, wireless sensor networks, and online social networks. Consumer relations in E-commerce are influenced by consumer trust in E-commerce application vendors. These trusts are generally classified as terms of use, which are related to the perception of the application site, and trust, which is related to the feasibility and trustworthiness of the vendor (Salam et al, 2005). Therefore, the trust in the E-commerce variable is measured through the following five indicators:

1. The Shopee application is trustworthy.
2. The Shopee application instills trust in customers when transacting.
3. The Shopee application provides customers with an authentic payment portal to make product payments.
4. The name of the Shopee Application is well known and has a good reputation.
5. The customer's personal information is not misused which is guaranteed by the Shopee Application.

### **3.4.6 Purchase Intention**

According to Chang et al., (2014), "purchase intention is characterized as a situation that manifests itself when consumers are willing and intend to engage in online transactions". Purchase intention is also a decision made by consumers to buy a product or service because they need or like the function of the product or service provided. On the other hand, online purchase intention is also expressed as a situation when a buyer is ready to buy a product or service via the internet (Kouser et al., 2018). Purchase intention can also be explained as the customer's desire to repurchase the same product because they know the function and quality of the product. According to Wang et al., (2021), purchase intention shows the possibility of consumers buying a product with an understanding of the product in a certain scenario. This is the main prerequisite for buying behavior. Therefore, the purchase intention variable is measured through the following four indicators:

1. I used to buy a product from Shopee.
2. I recommend Shopee to my friend.
3. I'm not hesitate to provide information to Shopee.
4. I likely transact with Shopee App in the future.

### **3.5 Data Collection Types and Techniques**

The data used in this study are primary data. Primary data are the information that was gotten directly from research purposes by using information retrieval tools on the subject as the source of the information looked for. Primary data are obtained through the distribution of online questionnaires containing several question items from each variable indicator. To collect the data in this study is also by relying on a questionnaire. According to Sekaran & Bougie (2009), "The questionnaire is a

preformulated written set of questions to which respondents record their answers, usually within rather closely defined options". The questionnaire is a list of written statements that were already formulated and then respondents select their responses.

Respondents' answers of the research questions have been provided with a Likert scale. Based on the views of Sekaran & Bougie (2009), Likert scale is designed to determine the magnitude of the influence of the subject in determining whether or not it agrees with a statement in 5 points with a guide point (anchor). With a Likert scale, the variables to be measured are translated into variable indicators. The weights used in each question are: 1 = Strongly Disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly Agree.

To collect the data, the researcher used questionnaires that are distributed to 220 respondents. The questionnaires are administered online to reach broader respondents according to the specific requirements of respondents. It is also to support the government policy of health protocol of social distancing during pandemic Covid 19.

### **3.6 Validity and Reliability Test**

In the data collection process, the validity and reliability of the instrument are considered to have an important position. A valid and reliable instrument will produce good data to provide conclusions that are following the actual conditions in the field. To effectively evaluate the measurement, the researcher will use the reflective measurement models, a high inter-correlation measurement model wherein each direction of the arrow is from the construct to the indicator variables.

### 3.6.1 Validity Test

To test the validity, the researcher uses concurrent validity, where the indicator can be judged to be valid as it has an association with a pre-existing indicator. Validity testing is done by testing the significance of the measurement model parameters. Furthermore, the validity test conducted in this study used 50 respondents (n=50). The statement instrument is valid if the r-count value is greater than the r-table and the significance value is less than 0.05 r-table for 50 respondents  $DF-2 = 50-2 = 48$  is 0.2787. If the value of r count is bigger than r table then the item can be declared valid, and if the value of r count is smaller than r table then the item is declared invalid (Bahri, 2018).

**Table 3.1 Validity Test**

<b>Variable</b>	<b>Indicate or</b>	<b>r count n=50</b>	<b>r table</b>	<b>Ket</b>
<b>Product Quality</b>	PQ1	0,811	0.2787	Valid
	PQ2	0,784	0.2787	Valid
	PQ3	0,834	0.2787	Valid
	PQ4	0,838	0.2787	Valid
	PQ5	0,806	0.2787	Valid
<b>Service Quality</b>	SQ1	0,803	0.2787	Valid
	SQ2	0,844	0.2787	Valid
	SQ3	0,730	0.2787	Valid
	SQ4	0,845	0.2787	Valid
	SQ5	0,783	0.2787	Valid
<b>Price Perception</b>	P1	0,929	0.2787	Valid
	P2	0,919	0.2787	Valid

	P3	0,889	0.2787	Valid
	P4	0,923	0.2787	Valid
<b>Reputation</b>	R1	0,925	0.2787	Valid
	R2	0,876	0.2787	Valid
	R3	0,893	0.2787	Valid
	R4	0,898	0.2787	Valid
<b>Trust in E-commerce</b>	TE1	0,956	0.2787	Valid
	TE2	0,920	0.2787	Valid
	TE3	0,897	0.2787	Valid
	TE4	0,896	0.2787	Valid
	TE5	0,813	0.2787	Valid
<b>Purchase Intention</b>	PI1	0,879	0.2787	Valid
	PI2	0,918	0.2787	Valid
	PI3	0,831	0.2787	Valid
	PI4	0,903	0.2787	Valid

Source: data processing (2021)

From the results of the validity test conducted on 50 samples, it shows that all of the question items have a greater value than the  $r$  table, which is 0.2787. Thus the questions in the study can be declared valid.

### 3.6.2 Reliability Test

The reliability test according to Sekaran & Bougie (2009) is the reliability of a measurement which demonstrates the degree to which it is unbiased (error-free) and thus ensures consistent measurement over time and over various items in the

instrument. In other words, the reliability of a degree is an indication of the stability and consistency with which the instrument measures the concept and helps to evaluate the suitability of a measure.

Reliability testing in this study used the Cronbach Alpha method. The variable statement is reliable if the Cronbach's Alpha value is more than 0.60. In addition, if the Cronbach's Alpha value is less than 0.60 then the answers from the respondents on the questionnaire as a measuring tool are declared unreliable.

**Table 3.2 Reliability Test**

<b>Variable</b>	<b>Cronbach's Alpha</b>	<b>Standard Cronbach's Alpha</b>	<b>Description</b>
Product Quality	0,869	0,6	Reliable
Service Quality	0,860	0,6	Reliable
Price Perception	0,933	0,6	Reliable
Reputation	0,915	0,6	Reliable
Trust in E-commerce	0,936	0,6	Reliable
Purchase Intention	0,903	0,6	Reliable

Source: data processing (2021)

Based on the results of reliability testing on the 50 samples above, it shows that the value of the Cronbach's Alpha coefficient on each variable is greater than 0.6. Therefore, all variables in this study are declared reliable.



### 3.7 Data Analysis

Data analysis is a process or effort to process the data into new information. This process is needed in case the characteristics of the data become easier to understand and use as an arrangement to a problem, particularly those related to the research.

#### 3.7.1 Descriptive Analysis

The descriptive quantitative data analysis technique is done when we look at the performance of the data in the past to get a conclusion. After the research data is collected, then an analysis of the description of the respondent's identity is carried out. Next step is to calculate the frequency distribution which is implemented in the form of a percentage (Durianto et al., 2001) with the following formula:

$$\% = f \times 100\%$$

Information:

% = percentage score of each characteristic

f = frequency

N = number of data/ sample

Descriptive analysis will provide data about descriptive statistics that provide an overview or description of data seen from the number of the data sample (n), minimum value, maximum value, the average value (mean), and standard deviation.

#### 3.7.2 Statistical Tools

The data that have been collected from the questionnaire are then carried out for statistical analysis. Statistical analysis is an analysis used in statistical techniques to prove the proposed hypothesis. In this study, the

analytical tool used is Structural Equation Modeling (SEM). SEM is a combination of two separate statistical methods, namely the simultaneous equation modeling developed in econometrics and factor analysis developed in psychology and psychometry (Ghozali, 2017). Analysis of the equation model used is the computer program AMOS (Analysis of Moment Structure) version 23. The AMOS program will show measurements, structural problems and is also used to analyze and test the hypothesis model.

### 3.7.3 Hypothesis testing

Hypothesis testing in this study aims to determine the percentage of the independent variable in explaining the dependent and to determine the effect of the independent variable on the dependent. Then, the hypothesis that has been formulated previously is tested by looking at the results of the analysis through the sign and magnitude of the significance value. 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 (Ghozali, 2016).

## CHAPTER IV

### DATA ANALYSIS AND DISCUSSIONS

The results of the primary data are used to answer the formulation of the problem in the research. Furthermore, the results are presented using descriptive analysis and SEM analysis. The SEM analysis technique itself uses the AMOS version 23 data processing program. The analysis is carried out according to the stages in measurable analysis as described in the previous chapter. Assessment of the SEM model was also analyzed to obtain the proposed fit. From the results of data processing, it is obtained the proof of the hypothesis which then becomes a reference in the conclusion.

The number of questionnaires received was 220 respondents. The distribution of research questionnaires were conducted online using the Google Form platform, distributed through social media such as Facebook, Instagram, Whatsapp, etc. The respondents in this study are mainly smartphone users that are actively involved in using mobile applications E-commerce “Shopee” especially in Yogyakarta. Online data retrieval is more effective and efficient because the data must be filled in completely before it was sent. The respondents also had to fill in gender, age, last education, and frequency of online shopping in a month which was used for descriptive analysis.

#### 4.1 Characteristics Description

The respondents in this study are described based on gender, age, last education, and frequency of online shopping in a month. Descriptions of respondents are presented in Tables 4.1, 4.2, 4.3, 4.4 in percentage form as follows:

##### 4.1.1 Gender

From the results of distributing questionnaires to 220 respondents, the characteristics of respondents based on gender can be seen in the following table:

**Table 4.1 Table of Characteristics of Respondents based on Gender**

<b>Gender</b>	<b>Total</b>	<b>Percentage</b>
Female	181	82.3%
Male	39	17.7%
<b>Total</b>	<b>220</b>	<b>100%</b>

Source: 2022 data

From Table 4.1, it can be seen that the number of female respondents was 181 or 82.3%, while male respondents was 39 or 17.7%. Thus, it can be concluded that the composition of the respondents in this study was dominated mainly by female respondents.

#### **4.1.2 Age**

After distributing questionnaires to 220 respondents, the data obtained for the characteristics of respondents based on their age are shown in the following table:

**Table 4.2 Table of Characteristics of Respondents Based on Age**

<b>Age</b>	<b>Total</b>	<b>Percentage</b>
16-20	73	33.2%
21-25	136	61.8%
26-30	10	4.5%
31-35	1	0.5%
>35	0	0%
<b>Total</b>	<b>220</b>	<b>100%</b>

Source: 2022 data

From Table 4.2 above, it can be seen that the respondents who are 16 to 20 years old are 73 people or 33.2%, the respondents whose age are between 21 to 25 are

136 people or 61.8%, the respondents who are between 26 to 30 years old are 10 people or equal to 4.5%, the respondents whose age are 31 to 35 is 1 person or 0.5%, and there was no respondent who is more than 35 years old. Therefore, it can be concluded that the respondents in this study were dominated by respondents whose age are between 21 to 25 years.

#### 4.1.3 Last Educational Background

From the results 220 respondents, the data from the characteristics of respondents based on their last educational background can be seen in the following table:

**Table 4.3 Table of Characteristics of Respondents Based on Last Education**

<b>Last Education</b>	<b>Total</b>	<b>Percentage</b>
Junior High School	2	0.9%
Senior High School	145	65.9%
Undergraduate	71	32.3%
Graduate	2	0.9%
<b>Total</b>	<b>220</b>	<b>100%</b>

Source: 2022 data

According to Table 4.3, the respondents of this study were dominated by High School students that is 65.9%, the second dominant respondents Under Graduates, that is as much as 32.3%, and for Junior High School students and a Graduate has the same percentage, that is 0.9%.

#### 4.1.4 Frequency of Online Shopping in a Month

Based on the data collection, the characteristics of respondents based on the frequency of their monthly online shopping are shown in the following table:

**Table 4.4 Table of Characteristics of Respondents Based on Frequency of Online Shopping in a Month**

<b>Online shopping frequency</b>	<b>Total</b>	<b>Percentage</b>
1 - 3	113	51.4%
4 - 6	72	32.7%
7 - 10	16	7.3%
> 10	19	8.6%
<b>Total</b>	<b>220</b>	<b>100%</b>

Source: 2022 data

From the Table 4.4, it can be seen that respondents who shopped 1 to 3 times a month were 113 people or 51.4%, 4 to 6 times were 72 people or 32.7%, 7 to 10 times were 16 people or 7.3%, and more than 10 times were 19 people or 8.6%. So it can be concluded that the respondents in this study were dominated by respondents who shopped 1 to 3 times a month.

#### 4.2 Descriptive Analysis

Descriptive analysis works by describing the distribution of data. The data distribution in question is the measurement of the central tendency and the measurement of shape. The techniques used in descriptive statistics in this study are averages and percentages of variables in each indicators as can be seen in Table 4.5.

**Table 4.5 Descriptive Analysis of Variables in Each Indicators**

Variable	n	1	2	3	4	5	Total
<b>Product Quality</b>							
PQ1	220	1	1	36	114	68	220
PQ2		2	2	32	119	65	220
PQ3		0	2	39	120	59	220
PQ4		2	2	38	117	61	220
PQ5		1	4	34	128	53	220
		<b>1%</b>	<b>1%</b>	<b>16%</b>	<b>54%</b>	<b>28%</b>	<b>100,00%</b>
<b>Service Quality</b>							
SQ1	220	1	2	40	87	90	220
SQ2		1	6	33	79	101	220
SQ3		1	2	24	77	116	220
SQ4		1	3	19	77	120	220
SQ5		1	1	12	61	145	220
		<b>0%</b>	<b>1%</b>	<b>12%</b>	<b>35%</b>	<b>52%</b>	<b>100,00%</b>
<b>Price Perception</b>							
P1	220	1	1	12	61	145	220
P2		1	1	24	83	111	220
P3		1	1	10	69	139	220
P4		1	1	19	98	101	220
		<b>0%</b>	<b>0%</b>	<b>7%</b>	<b>35%</b>	<b>56%</b>	<b>100,00%</b>
<b>Reputation</b>							
R1	220	1	2	11	87	119	220

R2		2	3	29	88	98	220
R3		1	0	5	59	155	220
R4		1	1	1	31	186	220
		<b>1%</b>	<b>1%</b>	<b>5%</b>	<b>30%</b>	<b>63%</b>	<b>100,00%</b>
<b>Trust in E-Commerce</b>							
TE1	220	1	2	20	80	117	220
TE2		1	1	15	99	104	220
TE3		1	1	11	83	124	220
TE4		1	1	10	69	139	220
TE5		1	4	38	78	99	220
		<b>0%</b>	<b>1%</b>	<b>9%</b>	<b>37%</b>	<b>53%</b>	<b>100,00%</b>
<b>Purchase Intention</b>							
PI1	220	1	1	9	70	139	220
PI2		2	1	16	62	139	220
PI3		1	10	40	69	100	220
PI4		1	2	11	70	136	220
		<b>1%</b>	<b>2%</b>	<b>9%</b>	<b>31%</b>	<b>58%</b>	<b>100,00%</b>

Source: 2022 data

**Table 4.6 Descriptive Analysis of Each Variables**

Variable	N	Percentage of participant who selected the score
		(%)



		Score				
		1	2	3	4	5
Product Quality	220	1	1	16	54	28
Service Quality	220	0	1	12	35	52
Price Perception	220	0	0	7	35	56
Reputation	220	1	1	5	30	63
Trust in E-Commerce	220	0	1	9	37	53
Purchase Intention	220	1	2	9	31	58

Source: 2022 data

Based on summary of all the questions indicators of product quality, it was found that the respondents answered strongly disagree 1%, disagree 1%, neutral 16%, agree 54%, and while the rest answered strongly agree 28%. The summary of all the questions indicators of service quality, is the respondents answered strongly disagree 0%, disagree 1%, neutral 12%, agree 35%, while the rest answered strongly agree 52%. From the summary of all the questions indicators of price perception, it was found that the respondents answered strongly disagree 0%, disagree 0%, neutral 7%, agree 35%, while the rest answered strongly agree 56%. The summary of all the questions indicators for reputation, that the respondents answered strongly disagree 1%, disagree 1%, neutral 5%, agree 30%, while the rest answered strongly agree 63%. The summary of all the questions indicators for trust in E-commerce, is that the respondents answered strongly disagree 0%, disagree 1%, neutral 9%, agree 37%, while the rest answered strongly agree 53%. The last is the summary of all the questions indicators for purchase intention, showed that the respondents answered strongly disagree 1%, disagree 2%, neutral 9%, agree 31%, while the rest answered strongly agree 58%.

### 4.3 Variable Description

Based on the respondent's data collected, the answers were then recapitulated and analyzed to find out the descriptive answers to each variable. The description of the answers from the respondents shows the respondents' views on various research variables which include product quality, service quality, price perception, reputation, trust in e-commerce, and purchase intention. The assessment of this respondent is based on the following criteria:

The lowest score= 1

The highest score= 5

$$\text{Interval} = \frac{5-1}{5} = 0.80$$

Therefore, the assessment limits for each variable are obtained as follows:

**Table 4.7 Research Interval**

<b>Interval</b>	<b>Category</b>
1.00-1.79	Very low
1.80-2.59	Low
2.60-3.39	Medium
3.40-4.19	High
4.20-5.00	Very High

Source: 2022 data

### 4.3.1 Descriptive Analysis of Product Quality Variables

Based on the results of the respondents' answers that have been recapitulated about the product quality variable, the distribution of respondents' assessments of the product quality variable can be seen in Table 4.8 below:

**Table 4.8 Product Quality Variable Assessment**

<b>Number</b>	<b>Indicator</b>	<b>Average</b>	<b>Description</b>
1	I make a purchase on Shopee Application because the variety of items provided was varied.	4.68	Very High
2	I make a purchase on the Shopee Application because the items offered were interesting.	4.47	Very High
3	I make a purchase on the Shopee Application because what was received was in accordance with what was offered by the seller.	4.01	High
4	I make a purchase on the Shopee Application because the item received was in accordance with the specifications.	4	High
5	I make a purchase on the Shopee App because Shopee has good products.	4.03	High
<b>Average</b>		4.23	Very High

Source: Primary data processed (2022)

From Table 4.8 it can be seen that the average respondent's assessment of the product quality variable is at a value of 4.23. While the highest value is 4.68 which stated in the first indicator, "I make a purchase on Shopee Application because the variety of items provided was varied". The lowest value is on the fourth indicator, "I

make a purchase on the Shopee Application because the item received was in accordance with the specifications" with a value of 4.

#### 4.3.2 Descriptive Analysis of Service Quality Variables

Based on the results of the respondents' answers that have been recapitulated about the service quality variable, the distribution of respondents' assessments of service quality variable can be seen in Table 4.9 below:

**Table 4.9 Service Quality Variable Assessment**

Number	Indicator	Average	Description
1	I think Shopee is able to deliver the right items on time.	4.14	High
2	I think 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	High
4	Sellers on the Shopee Application are able to establish good relationships with customers.	4.1	High
5	I think the packaging of the goods is as expected.	4.09	High
<b>Average</b>		4.07	High

Source: Primary data processed (2022)

From Table 4.9, it can be seen that the average respondent's assessment of the service quality variable is at a value of 4.07. While the highest value is 4.14 which

stated in the first indicator, "I feel Shopee is able to deliver the right items on time". The lowest value is the third indicator, "Shopee provides insurance against items that are lost or do not reach the Customer" with a value of 4.

#### 4.3.3 Descriptive Analysis of Price Perception Variables

Based on the results of the respondents' answers that have been recapitulated about the price perception variable, the distribution of respondents' assessments of price perception variable can be seen in Table 4.10 below:

**Table 4.10 Reputation Variable Assessment**

<b>Number</b>	<b>Indicator</b>	<b>Average</b>	<b>Description</b>
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.	4.37	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 of the product that consumers need.	4.35	Very High
<b>Average</b>		4.46	Very High

Source: Primary data processed (2022)

From Table 4.10, it can be seen that the average respondent's assessment of the price perception variable is at a value of 4.46. While the highest value is 4.58

which stated in the first indicator, "The prices of products sold on Shopee are affordable". The lowest value is on the fourth indicator, "The price given is in accordance with the benefits of the product that consumers need" with a value of 4.35.

#### 4.3.4 Descriptive Analysis of Reputation Variables

Based on the results of the respondents' answers that have been recapitulated about the reputation variable, the distribution of respondents' assessments of reputation variable can be seen in Table 4.11 below:

**Table 4.11 Reputation Variable Assessment**

<b>Number</b>	<b>Indicator</b>	<b>Average</b>	<b>Description</b>
1	I believe Shopee has a good reputation.	4.46	Very High
2	I believe the information submitted by Shopee.	4.26	Very High
3	I believe Shopee is a famous e-commerce site.	4.66	Very High
4	I believe Shopee has a lot of users.	4.82	Very High
<b>Average</b>		4.55	Very High

Source: Primary data processed (2022)

From Table 4.11, it can be seen that the average respondent's assessment of the reputation variable is at a value of 4.55. In the assessment of this variable the highest value is 4.82 which contains the fourth indicator, "I believe Shopee has a lot of users". The lowest value is the second indicator, "I believe the information submitted by Shopee" with a value of 4.26.

### 4.3.5 Descriptive Analysis of Trust in E-commerce Variables

Based on the results of the respondents' answers that have been recapitulated about the trust in e-commerce variable, the distribution of respondents' assessments of trust in e-commerce variable can be seen in Table 4.12 below:

**Table 4.12 Trust in E-commerce Variable Assessment**

<b>Number</b>	<b>Indicator</b>	<b>Average</b>	<b>Description</b>
1	Shopee application is trustworthy.	4.4	Very High
2	Shopee application instills trust in customers when transacting.	4.38	Very High
3	Shopee application provides customers with an authentic payment portal to make product payments.	4.49	Very High
4	The name of the Shopee Application is well known and has a good reputation.	4.56	Very High
5	Customer's personal information is not misused which is guaranteed by the Shopee Application.	4.22	Very High
<b>Average</b>		4.41	Very High

Source: Primary data processed (2022)

From Table 4.12, it can be seen that the average respondent's assessment of the trust in e-commerce variable is at a value of 4.41. In the assessment of this variable, the highest value is 4.56 which states in the fourth indicator, "The name of the Shopee Application is well known and has a good reputation". The lowest score is

on the fifth indicator, “Customer's personal information is not misused which is guaranteed by the Shopee Application.” with a value of 4.22.

#### 4.3.6 Descriptive Analysis of Purchase Intention Variables

Based on the results of the respondents' answers that have been recapitulated about purchase intention variable, the distribution of respondents' assessments of purchase intention variable can be seen in Table 4.13 below:

**Table 4.13 Purchase Intention Variable Assessment**

<b>Number</b>	<b>Indicator</b>	<b>Average</b>	<b>Description</b>
1	I used to buy a product from Shopee.	4.56	Very High
2	I recommend Shopee to my friend.	4.52	Very High
3	I will not hesitate to provide information to Shopee.	4.16	High
4	I likely transact with Shopee Application in the future.	4.53	Very High
<b>Average</b>		4.44	Very High

Source: Primary data processed (2022)

From Table 4.13, it can be seen that the average respondent's assessment of the purchase intention variable is at a value of 4.44. In the assessment of this variable the highest value is 4.56 which states in the first indicator, "I used to buy a product from Shopee". The lowest value is the third indicator, "I will not hesitate to provide information to Shopee" with a value of 4.16.



#### 4.4 Validity and Reliability Test of Each Variable

Validity and reliability test was conducted to determine whether the research data had met the valid and reliable criteria. This study consists of 27 lists of statements that represent each variable with a total of 220 respondents. Then the answers from the respondents are processed using AMOS version 23.

##### 4.4.1 Validity Test

The validity test aims to measure the possibility of an object (instrument) of the research. An instrument is said to be valid if the instrument can measure and uncover data from the variables studied on a regular basis.

The results of the validity test are shown in the following table:

**Table 4.14 Validity Test of Each Variable Model**

Variable	Indicator	Loading Factor	Information	Variance Extracted
Price	P1	0.743	Valid	0.799
	P2	0.748	Valid	
	P3	0.681	Valid	
	P4	0.803	Valid	
Purchase Intention	PI1	0.701	Valid	0.799
	PI2	0.681	Valid	
	PI3	0.594	Valid	
	PI4	0.735	Valid	
Product Quality	PQ1	0.658	Valid	0.829
	PQ2	0.941	Valid	
	PQ3	0.642	Valid	

	PQ4	0.944	Valid	
	PQ5	0.931	Valid	
Reputation	R1	0.808	Valid	0.799
	R2	0.752	Valid	
	R3	0.681	Valid	
	R4	0.635	Valid	
Service Quality	SQ1	0.660	Valid	0.831
	SQ2	0.723	Valid	
	SQ3	0.782	Valid	
	SQ4	0.942	Valid	
	SQ5	0.914	Valid	
Trust Ecommerce	TE1	0.789	Valid	0.832
	TE2	0.800	Valid	
	TE3	0.720	Valid	
	TE4	0.685	Valid	
	TE5	0.586	Valid	

Source: Primary data processed (2022)

Based on Table 4.14, the validity test appears that all the variable instruments are proven valid. This is shown by the value of the loading factor and the Variance Extracted (AVE) of each variable indicator displayed in Table 4.14 that shows all variables developed by the indicators have a loading factor value of  $> 0.5$  and Variance Extracted (AVE)  $> 0.6$ , in other words valid indicators measure the score of the variable.

#### 4.4.2 Reliability Test

To sum up the reliability test on the ability of indicators in constructing research variables, it can be seen from the construct reliability values described in Table 4.15 below:

**Table 4.15 Validity Test of Each Variable Model**

Variable	<i>Construct Reliability (CR)</i>	Information
Price	0.689	Reliable
Purchase Intention	0.649	Reliable
Product Quality	0.777	Reliable
Reputation	0.676	Reliable
Service Quality	0.767	Reliable
Trust Ecommerce	0.722	Reliable

Source: Primary data processed (2022)

Based on Table 4.15, it is found that all the variables of Product Quality, Service Quality, Price, Reputation, Trust in E-commerce, and Purchase Intention are proven to be reliable with the Construct Reliability (CR) value greater than 0.6. Thus, it can be used as an input for structural equation analysis.

#### 4.5 SEM (Structural Equation Modeling) Analysis Assumption

##### 4.5.1 Sample Size

In SEM modeling, there are two types of sample sizes that must be met, to be specific: first, between 100-200 samples or second, using a comparison of 30 observations for each estimated parameter. With a sample of 220 respondents, the sample in this study has met the assumptions about the number of samples.

#### 4.5.2 Normality test

The normality assumption test is done by calculating the z-statistic 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 4.16.

**Table 4.16 Normality Test**

Variable	min	max	skew
R1	1,000	5,000	-1,394
R2	1,000	5,000	-1,079
P1	1,000	5,000	-1,780
P2	1,000	5,000	-1,057
SQ1	1,000	5,000	-,971
SQ2	1,000	5,000	-,690
SQ3	1,000	5,000	-,941
PQ1	1,000	5,000	-,554
PQ2	1,000	5,000	-,841
PQ3	2,000	5,000	-,262
TE1	1,000	5,000	-1,226
TE2	1,000	5,000	-1,080
TE3	1,000	5,000	-1,409
PI4	1,000	5,000	-1,673
PI3	1,000	5,000	-,842
PI2	1,000	5,000	-1,804
PI1	1,000	5,000	-1,716

TE4	1,000	5,000	-1,697
TE5	1,000	5,000	-,829
R3	1,000	5,000	-2,105
R4	1,000	5,000	-3,871
P3	1,000	5,000	-1,697
P4	1,000	5,000	-1,002
SQ4	1,000	5,000	-1,154
SQ5	1,000	5,000	-1,313
PQ4	1,000	5,000	-,740
PQ5	1,000	5,000	-,656

Source: Primary data processed (2022)

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.

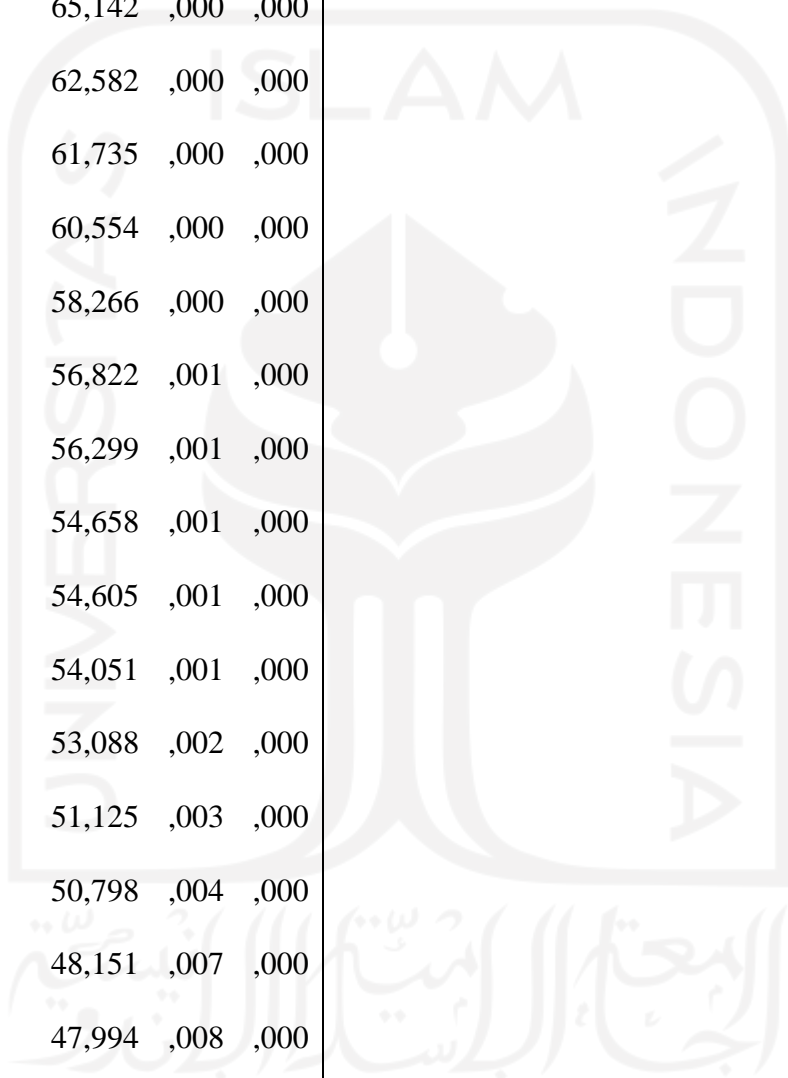
#### 4.5.3 Outlier Test

Outliers are the observations or data that have unique characteristics that look very different from other observations and appear in the form of extreme values, both for a single variable or for combination variables. Here are the outlier test results:

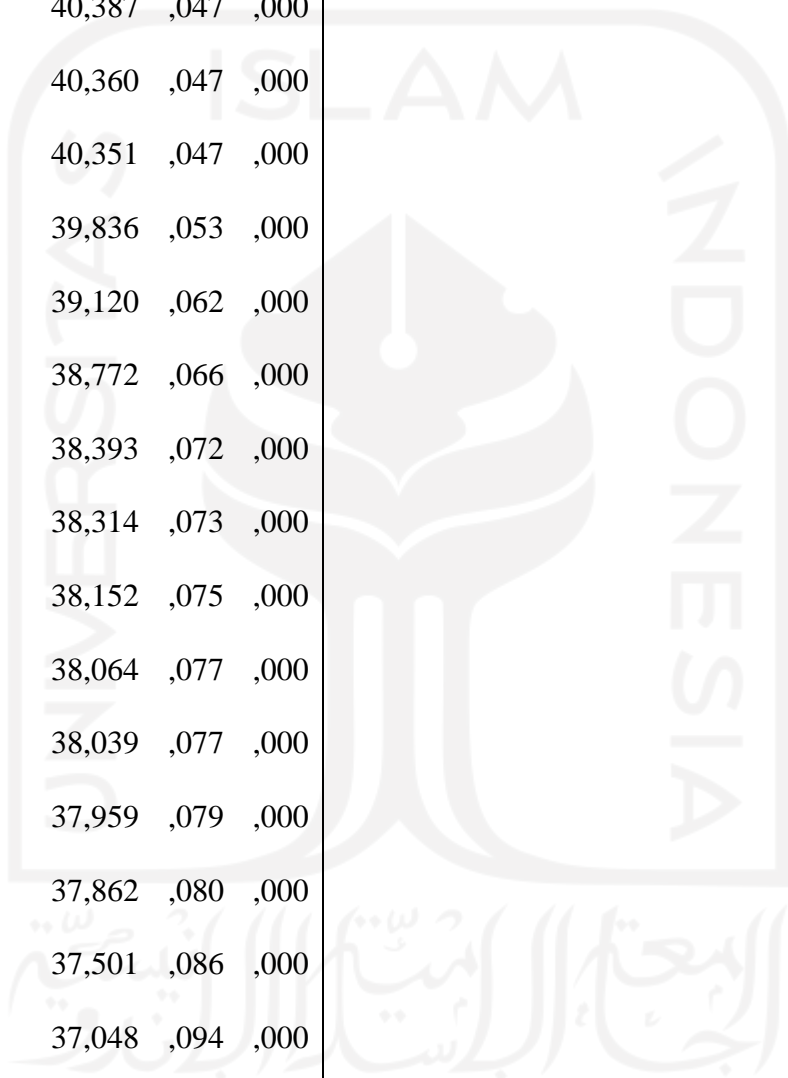
**Table 4.17 Outlier Test**

Observation number	Mahalanobis d-squared	p	
		p1	p2
13	85,405	,000	,000
10	84,830	,000	,000
21	84,624	,000	,000

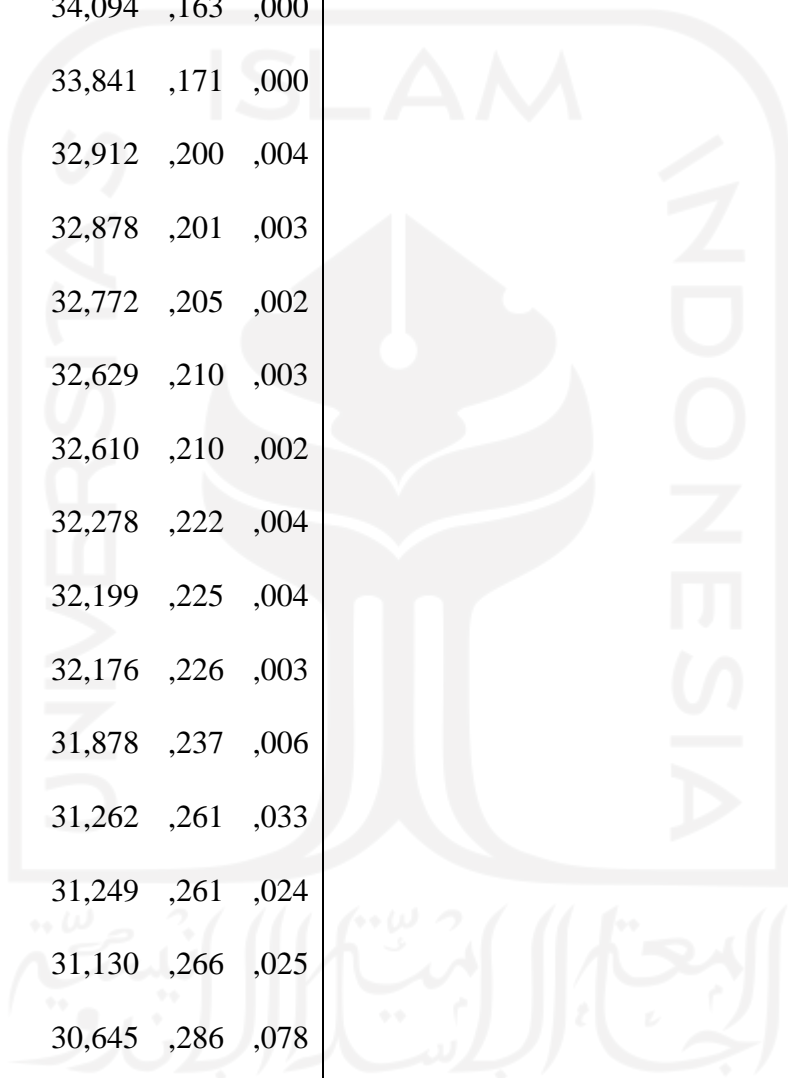
74	71,301	,000	,000
24	70,832	,000	,000
8	70,449	,000	,000
149	67,740	,000	,000
27	66,730	,000	,000
217	65,142	,000	,000
12	62,582	,000	,000
1	61,735	,000	,000
2	60,554	,000	,000
4	58,266	,000	,000
65	56,822	,001	,000
28	56,299	,001	,000
58	54,658	,001	,000
201	54,605	,001	,000
204	54,051	,001	,000
6	53,088	,002	,000
104	51,125	,003	,000
115	50,798	,004	,000
11	48,151	,007	,000
170	47,994	,008	,000
177	46,014	,013	,000
163	44,729	,017	,000
17	44,259	,019	,000
20	43,685	,022	,000
123	43,540	,023	,000



216	43,158	,025	,000
81	42,396	,030	,000
159	41,187	,040	,000
111	40,954	,042	,000
55	40,691	,044	,000
184	40,387	,047	,000
156	40,360	,047	,000
190	40,351	,047	,000
162	39,836	,053	,000
168	39,120	,062	,000
175	38,772	,066	,000
51	38,393	,072	,000
160	38,314	,073	,000
99	38,152	,075	,000
130	38,064	,077	,000
97	38,039	,077	,000
197	37,959	,079	,000
137	37,862	,080	,000
155	37,501	,086	,000
215	37,048	,094	,000
153	36,904	,097	,000
14	36,370	,107	,000
122	35,914	,117	,000
80	35,675	,123	,000
15	35,251	,133	,000



136	35,057	,137	,000
18	35,036	,138	,000
16	34,904	,141	,000
124	34,883	,142	,000
71	34,124	,162	,000
191	34,094	,163	,000
171	33,841	,171	,000
95	32,912	,200	,004
219	32,878	,201	,003
131	32,772	,205	,002
106	32,629	,210	,003
196	32,610	,210	,002
161	32,278	,222	,004
103	32,199	,225	,004
98	32,176	,226	,003
194	31,878	,237	,006
209	31,262	,261	,033
212	31,249	,261	,024
192	31,130	,266	,025
214	30,645	,286	,078
67	30,576	,289	,071
176	30,180	,306	,148
202	30,140	,308	,129
113	29,733	,326	,247
128	29,543	,335	,293





186	29,429	,340	,302
181	29,307	,346	,316
132	29,279	,347	,282
151	29,155	,353	,297
117	29,054	,358	,301
88	28,979	,362	,292
102	28,769	,372	,355
183	28,611	,380	,394
119	28,611	,380	,342
188	28,598	,381	,300
89	28,444	,388	,334
180	28,420	,390	,299
205	28,072	,407	,449
108	28,042	,409	,413
208	27,976	,412	,401
120	27,857	,418	,420
61	27,643	,430	,499
213	27,555	,434	,500
143	27,260	,450	,630
172	27,249	,450	,584
31	26,933	,467	,720
105	26,785	,475	,754

Source: Primary data processed (2022)

Based on the outlier test, there are several observation number values that have a significance value less than 0.05 so it can be proven that the observation

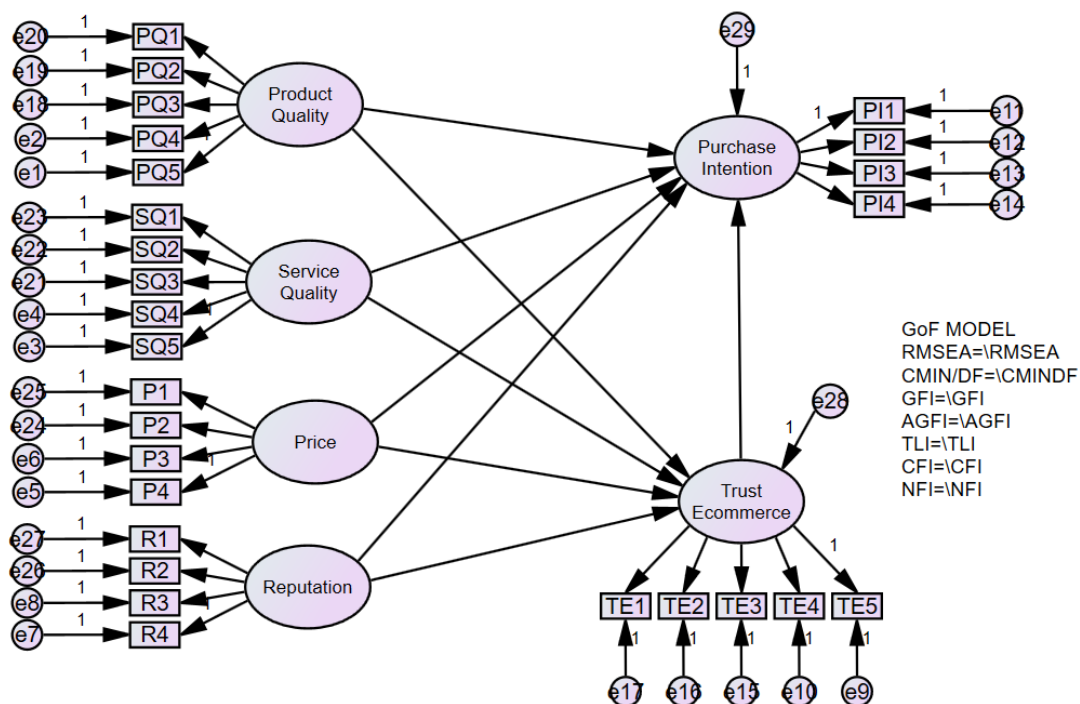
number contains outliers. Basically, every value of the observation number that contains outliers in the study must be removed. This is because it will affect the results of univariate normality and multivariate normality that are not met.

According to Ferdinand (2002), if there is an outlier at the multivariate level in an analysis, it will not be removed from the analysis because the data describes the real situation and there is no special reason for the respondent's profile that causes it to be excluded from the analysis. Therefore, the observation number, whether containing outliers or not containing outliers, is still used as the research sample because the data describe the actual situation in this study.

#### 4.6 Measurement Model Test

The next stage is to make the shape of the research model on AMOS 23 software, the model created in this study is adjusted to the theory and framework of thought in previous research. The model in this study is presented in Figure 4.1 using AMOS 23 software.

**Figure 4.1 Research Model with AMOS 23**

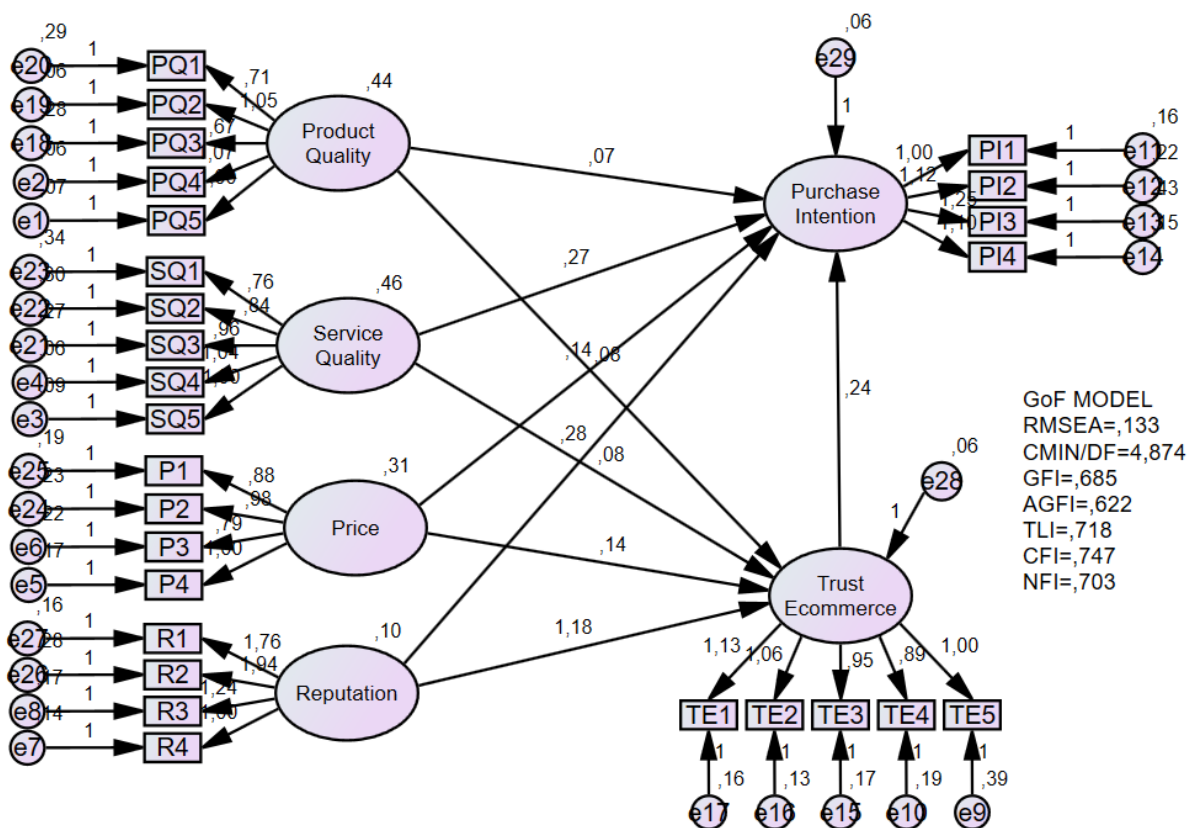


Source: Primary data processed (2022)

To make it easier when entering data into the AMOS 23 software, the name of each dimension is used as an abbreviation or a code. The names are preceded by letters from each of the existing dimensions. Furthermore, testing was carried out on the research model that had been made on the AMOS 23 software by looking at the degree of freedom (df) number.

The AMOS 23 software needs to estimate the variance and ovarian variance in the research model that has been created. The research model that has been tested is presented in Figure 4.2. The results of testing the research model in Figure 4.2 show the results of the calculation of the degree of freedom (df) which can be seen in Figure 4.2 as follows.

**Figure 4.2 Research Model with AMOS 23**



Source: Primary data processed (2022)

Furthermore, in assessing the model with SEM, it begins by looking at the R-square for each dependent latent variable. Table 4.18 is the result of R-square estimation using AMOS.

**Table 4.18 Value of R Square**

Variable	<i>R Square</i>
Trust in Ecommerce	0,713
Purchase Intention	0,575

Source: Primary data processed (2022)

In principle, this study uses two variables that are influenced by other variables. The results of the R Square value of the Trust in Ecommerce variable are 0.713 or 71.3%, meaning that the Product Quality, Service Quality, Price and Reputation variables can substantially explain the Trust in E-commerce variable with a level of 71.3% while the rest is influenced by other factors that are not included in this research variable. While the results of the R Square value of the Purchase Intention variable are 0.575 or 57.5%, meaning that in Product Quality, Service Quality, Price, Reputation and Trust in Ecommerce variables can substantially explain the Purchase Intention variable with a level of 57.5% while the rest is influenced by other factors, which are not included in the variables of this study.

#### **4.7 Model Fit Test**

After doing the measurement model, the next step is to test the fit of the model. The tools for this test are divided into three fit indices, namely absolute fit indices, incremental fit indices, and parsimony fit indices. This is in accordance with the statement by Hair et al. (2011) that stated Confirmatory Factor Analysis (CFA) requires at least one of each test

instrument that is in accordance with the index requirements. The model criteria and critical values that have data suitability can be seen in Table 4.19 below:

**Table 4.19 Evaluation of Criteria for *Goodness of Fit Indices***

<i>Goodness of Fit Indices</i>	<i>Cutt of value</i>	Model Results	Information
RMSEA	$\leq 0,08$	0,133	<i>Marginal Fit</i>
CMIN/DF	$\leq 5,00$	4,874	<i>Good Fit</i>
GLI	$0,90 \leq \text{GFI} < 1,00$	0,685	<i>Marginal Fit</i>
AGFI	$0,90 \leq \text{AGFI} < 1,00$	0,622	<i>Marginal Fit</i>
TLI	$0,90 \leq \text{TLI} < 1,00$	0,718	<i>Marginal Fit</i>
CFI	$0,90 \leq \text{CFI} < 1,00$	0,747	<i>Marginal Fit</i>
NFI	$0,90 \leq \text{NFI} < 1,00$	0,703	<i>Marginal Fit</i>

Source: Primary data processed (2022)

Based on Table 4.19, it can be seen that the model is feasible to use since all goodness of fit values has a condition of one Good Fit and the rest are Marginal fit. In an empirical study, a researcher is not required to meet all the goodness of fit criteria, but it depends on the judgment of each researcher. Marginal value is the condition of the suitability of the measurement model beneath the criteria of absolute fit and incremental fit. However, it can still be continued in further analysis since it is close to the goodness of fit criteria. Therefore, the overall model can be said to be in accordance with the data and can be analyzed further.

#### **4.8 Hypothesis Testing (Direct Effect)**

Based on the observational model proposed in this study, it is possible to test the proposed hypothesis through way coefficient testing on the structural equation model. Table 4.20 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 importance of the relationship between the variables in this study. The test results with the AMOS program provide structural equation model results that show the relationship between exogenous, endogenous, and intervening variables. After identifying the description of the relationship between the variables of this study, the results of hypothesis testing will be presented. The results of the SEM analysis will be presented with the path coefficient values between the following variables, and the significance of the hypothesis test results in Table 4.20 below:

**Table 4.20 Path coefficient values and hypothesis testing**

		Estimate	S.E.	C.R.	P	STATUS
Trust_Ecommerce	<-- Product_Quality	,079	,037	2,144	,032	<i>Accepted</i>
Trust_Ecommerce	<-- Service_Quality	,085	,036	2,332	,020	<i>Accepted</i>
Trust_Ecommerce	<-- Price	,138	,048	2,877	,004	<i>Accepted</i>
Trust_Ecommerce	<-- Reputation	1,180	,173	6,812	,000	<i>Accepted</i>
Purchase_Intention	<-- Trust_Ecommerce	,239	,139	1,719	,086	<i>Accepted</i>
Purchase_Intention	<-- Product_Quality	,071	,037	1,917	,055	<i>Accepted</i>
Purchase_Intention	<-- Service_Quality	,275	,042	6,589	,000	<i>Accepted</i>
Purchase_Intention	<-- Price	,139	,051	2,759	,006	<i>Accepted</i>
Purchase_Intention	<-- Reputation	,279	,196	1,423	,155	<i>Rejected</i>

Source: Primary data processed (2022)

Based on the results of the analysis of hypothesis testing in table 4.20 it is found that:

a) Hypothesis testing 1: Effect of Product Quality on Trust in E-commerce

The results of hypothesis testing 1, the relationship between Product Quality and Trust in E-commerce shows a coefficient value of 0.079 (positive) and a p-value of 0.032 which is smaller than 0.05 (5%). Therefore it can be concluded that Product Quality has a significant positive effect on Trust in E-commerce. This result is in accordance with hypothesis 1 (**hypothesis 1 is accepted**).

b) Hypothesis testing 2: Effect of Service Quality on Trust in E-commerce

The results of hypothesis testing 2, the relationship between Service Quality and Trust in E-commerce variables show a coefficient value of 0.085 (positive) and a p-value of 0.020 which is smaller than 0.05 (5%) so, it can be concluded that Service Quality has a significant positive effect on the Trust in E-commerce variables. This result is in accordance with hypothesis 2 (**hypothesis 2 is accepted**).

c) Hypothesis testing 3: Effect of Price on Trust in E-commerce

The results of hypothesis testing 3 of the relationship between Price and Trust in E-commerce variables show a coefficient value of 0.138 (positive) and a p-value of 0.004 which is smaller than 0.05 (5%) so, it can be concluded that Price has a significant positive effect on Trust in E-commerce. This means that the result is in line with hypothesis 3 (**hypothesis 3 is accepted**).

d) Hypothesis testing 4: Effect of Reputation on Trust in Ecommerce

The results of hypothesis testing 4 the relationship between Reputation variable and Trust in E-commerce show a coefficient value of 1.180 (positive) and a p-value of 0.000 which is smaller than 0.05 (5%) so, it can be concluded that Reputation has a significant positive effect on Trust in E-commerce, meaning that it is in line with hypothesis 4 (**hypothesis 4 is accepted**).

e) Hypothesis testing 5: Effect of Trust in Ecommerce on Purchase Intention

The results of hypothesis testing 5 the relationship of the Trust in Ecommerce variable to Purchase Intention show a coefficient value of 0.239 (positive) and a p-value of 0.086 which is smaller than 0.1 (10%). It can be concluded that Trust in E-commerce has a significant positive effect on Purchase Intention, and it is relevant with hypothesis 5 (**hypothesis 5 is accepted**).

f) Hypothesis testing 4a: Effect of Product Quality on Purchase Intention

The results of hypothesis testing 4a, the relationship between Product Quality and Purchase Intention shows a coefficient value of 0.071 (positive) and a p-value of 0.055 which is smaller than 0.05 (5%). So, it can be concluded that Product Quality has a significant positive effect on Purchase Intention and it is relevant with hypothesis 4a (**hypothesis 4a is accepted**).

g) Hypothesis testing 4b: Effect of Service Quality on Purchase Intention

The results of hypothesis testing 4b the relationship between Service Quality variables and Purchase Intentions show a coefficient value of 0.275 (positive) and a p-value of 0.000 which is smaller than 0.05 (5%) so it can be concluded that Service Quality has a significant positive effect on Purchase Intention, and this is in line with hypothesis 4b (**hypothesis 4b is accepted**).

h) Hypothesis testing 4c: Effect of Price on Purchase Intention

The results of hypothesis testing 4c of the relationship between Price and Purchase Intention show a coefficient value of 0.139 (positive) and a p-value of 0.006 which is smaller than 0.05 (5%) so, it can be concluded that Price has a significant positive effect on Purchase Intention. This research is relevant with the hypothesis 4c (**hypothesis 4c is accepted**).

i) Hypothesis testing 4d: Effect of Reputation on Purchase Intention

The results of hypothesis testing 4d about the relationship between Reputation variable and Purchase Intention show a coefficient value of 0.279 (positive) and a p-value of 0.155 which is greater than 0.1 (10%) so, it can be concluded that Reputation has no significant effect on Purchase Intention. This is not relevant with hypothesis 4d (**4d hypothesis is rejected**).



#### 4.9 Mediation Test (Indirect Effect)

**Table 4.21 Summary of Hypothesis Testing Results**

No	Variable	Path Coefficient
1	Effect of Product Quality on Purchase Intention through the mediation of the Trust in E-commerce variable	0,019
2	Effect of Service Quality on Purchase Intention through the mediation of the Trust in E-commerce variable	0,020
3	Effect of Price on Purchase Intention through the mediation of the Trust in E-commerce variable	0,033
4	Effect of Reputation on Purchase Intention through the mediation of the Trust in E-commerce variable	0,282

The results of testing the mediation hypothesis (*indirect effect*) in Table 4.21 show that the relationship between Product Quality variables and Purchase Intention through the mediation of the Trust in Ecommerce variable shows a coefficient value of 0.019 (positive). Therefore, it can be concluded that Product Quality has a positive effect on Purchase Intention through the mediation of the Trust in Ecommerce variable. Then the relationship of the Service Quality variable to Purchase Intention through the mediation of the Trust in Ecommerce variable shows a coefficient value of 0.020 (positive) so it can be concluded that Service Quality has a positive effect on Purchase Intention through the mediation of the Trust in Ecommerce variable. Then the relationship between Price variable and Purchase Intention through the mediation of the Trust in Ecommerce variable shows a coefficient value of 0.033 (positive), which means Price has a positive effect on Purchase Intention through the mediation of the Trust in Ecommerce variable. And finally, the relationship between the

Reputation variable and Purchase Intention through the mediation of the Trust in E-commerce variable shows a coefficient value of 0.282 (positive) so it can be concluded that Reputation has a positive effect on Purchase Intention through the mediation of the Trust in E-commerce variable.

#### 4.10 Discussions

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

- a) *The product quality offered by Shopee as a mobile application has a positive effect on the customers' trust in e-commerce.*

Based on the results of data analysis leading to the CFA SEM test, product quality variable has a positive and significant effect on trust in e-commerce. Therefore, it is said that the results of H1 are accepted. This means that the higher the level of consumer certainty in a product, the higher the purchase intention for the product. The results of this study are in line with previous research conducted by Hulu and Ruswanti, (2018) which showed that aspects of an offer such as good product quality has strong effect on consumers's the trust in e-commerce.

- b) *The service quality offered by Shopee as a mobile application has a positive effect on the customers' trust in e-commerce.*

Based on the results of data analysis leading to the CFA SEM test, service quality variable has a positive and significant effect on trust in e-commerce. It can be conclude that the results of H2 are accepted. This means the higher the quality of the product, the higher the trust of users to buy the product. The results of this study are

in line with previous research conducted by Wilson et al., (2019) which showed that service quality offered are relevant for trust in e-commerce felt by users.

- c) *The price perception offered by Shopee as a mobile application has a positive effect on the customers' trust in e-commerce.*

Based on the results of data analysis leading to the CFA SEM test, it shows that the price perception variable has a positive and significant influence on trust in e-commerce, so the results of H2 are relevant and accepted. This means that the price perception given by the Shopee application has an effect on purchase intention and refers to an increase in consumer confidence. The results of this study are in line with a research by Zielke and Komor, (2014) which proved the important role of deliberation to find out the lower and higher prices is characterized as price awareness, and it has an impact on consumers' trust of price perceptions in getting a positive response from users.

- d) *The reputation offered by Shopee as a mobile application has a positive effect on the customers' trust in e-commerce.*

Based on the result of data analysis that led to the CFA SEM test, reputation has a positive and significant effect on trust in e-commerce. Therefore, H4 were accepted. The more guaranteed the reputation of the Shopee application, the higher the trust obtained from consumers. The results of this study are in accordance with the previous research by Zelalem (2021) stated that, reputation is additionally conceptualized as the consumer's perception of a brand reputation, and the reputation is strongly characterized as the degree to which buyers' trust to a brand.

- e) *The trust in e-commerce offered by Shopee as a mobile application has a positive effect on the customers' purchase intention.*

Based on the result of data analysis that led to the CFA SEM test, trust in e-commerce has a positive and significant effect on purchase intention. Therefore, H4 were accepted. The higher the consumer trust in the Shopee application, the higher the purchase intention obtained by Shopee as an e-commerce. The results of this study are in accordance with the previous research by Jeon et al, (2021), that found consumers' trust in a store or brand through the network is also at a level comparable to their offline store since their previous buying experience. This clearly has a positive effect on the purchase intention felt by consumers through the trust that has been obtained.

- f) *Product quality, service quality, price perception, and reputation offered by Shopee as a mobile application has a positive effect on the customers' purchase intention.*

Based on the results of data analysis leading to the CFA SEM test, product quality, service quality, and price perception variables have a positive and significant effect on purchase intention. It can be concluded that the results of H6 were accepted. On the other hand, reputation does not have a significant effect on purchase intention. Therefore, the result of reputation is rejected. The results of this study are in line with the previous research by Hulu and Ruswanti (2018), which showed product quality influences purchase intentions, and trust affects purchase intentions. The determinant of consumer confidence is the consumer's perception of the quality of a product/service. On the other hand, previous research by Aprilianty et al, (2016) stated that the influence of prices, different ways of price levels have different impacts on consumers' perceptions and on their purchasing decisions.



## CHAPTER V

### CONCLUSIONS AND RECOMMENDATIONS

Based on the results of the analysis and discussion that has been carried out on 220 samples of respondents from smartphone users who are actively involved in using mobile applications E-commerce “Shopee” especially in Yogyakarta, the following conclusions and suggestions can be drawn:

#### 5.1 Conclusions

1. This study was conducted to determine the relationship between the independent variables consisting of product quality, service quality, price perception, and reputation that affect the intervening variable trust in E-commerce which refers to the dependent variable purchase intention. The relationships between these variables were collected from an online questionnaire distributed by the Google form platform through several social media. The research sample is Indonesian people with an age range of 16-35 years who have experience using the Shopee application as an online shopping tool.
2. Through the results of the research analysis listed in the previous chapter, the analysis that have been carried out show the effect of a positive relationship between product quality, service quality, price, and reputation on trust in e-commerce as a mediator and to the dependent variable purchase intention. It can be concluded that almost all of the hypotheses that have been formulated can be accepted, therefore the results shown in the overall hypotheses are positive and significant. From all of the results, there were twelve approved hypotheses (direct & indirect) and one disapproved hypothesis (direct).

3. This research is very helpful for Shopee application users, sellers, and the Shopee application to provide insight and reviews about the influence on product quality, service quality, price, brand reputation, and trust in E-commerce both in experience and equity, as well as influence of consumers to visit and consider the intention to repurchase the product from Shopee. This study reveals that the influence obtained from trust in E-commerce on product quality, service quality, price, and reputation has created an impact on customers to choose preferences to create their purchase intentions. People will choose how Shopee application as an E-commerce offers the convenience and uniqueness of their experience by shopping on the application. Therefore, the seller and the application provider must be able to provide a high-quality experience for customers. To fulfill all of this, Shopee management and sellers must provide the best for customers starting from product quality, service quality, price, brand reputation in line with the appropriate market share, a qualified place to sell for sellers, good and suitable offers for customers. It also ensures that customers have the opportunity to learn a unique and interesting experience while shopping online.

## **5.2 Research Limitations and Future Research Directions**

1. In this study, the location of sampling was distributed only on the campus of the Islamic University of Indonesia which is located in Yogyakarta, therefore samples obtained do not represent all of the Shopee users. For further research, it is expected to use the quota sampling technique and involve Shopee application users throughout Indonesia with a wider geographical area.

2. This research does not guarantee the same results and findings when the framework is tested on different platforms because the opinions of application users may differ.
3. In this research, there are also indicators in the form of question items that are less relevant if used and can potentially cause bias.
4. Within the acceptance of the direct and indirect hypothesis, the positive and significant influence of product quality, service quality, price, reputation on trust in e-commerce, Shopee application and sellers must increase these variables to get consumer purchase intentions. The right strategy must be formulated by taking into account the indicators of each variable.
5. The number of samples can be increased to obtain data that truly represents the indicators of the variables studied.
6. E-commerce applications, especially Shopee, must focus on the quality provided to consumers in order to gain trust for the brand so consumers will make repeat purchases.
7. In further research, other factors that influence online shopping media can be added beyond the factors that have been discussed in this study in order to obtain more detailed results.

### **5.3 Marketing Implications**

1. The manager of E-commerce must create a feeling that makes user comfortable and provide the option to repurchase by using the application. To make this happen, managers must ensure that product quality, service quality, varied prices, and the reputation offered are in line with the creation of consumer confidence in the E-commerce application so as to give consumers the desire to have purchase intentions on the Shopee application. This study



also shows the relationship between product quality, service quality, price, reputation and mediator trust in e-commerce which will influence purchase intention of the consumers to repurchase. Furthermore, this research contributes to providing additional research information about the importance of trust in e-commerce applications regarding purchase intentions, especially in the Shopee application.



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