EFFECT OF PERCEIVED E-SERVICE QUALITY AND ONLINE CUSTOMER REVIEWS TOWARD PURCHASE INTENTION (Study on Bibit Application Users)

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Abstract: *The investment phenomenon among young people has experienced a significant increase. However, Bibit as a mutual fund selling agent experienced a decrease in transaction value of 15 million USD in 2022. There are complaints on Google Playstore reviews such as application errors and lack of user friendliness have the potential to make users switch to other applications. This study aims to study the effect of Perceived E-Service Quality and Online Customer Reviews on Purchase Intention in the Bibit application. The research method used in this research is using explanatory research with quantitative approach with sample survey method with a sample 100 people. The data collection techniques are through questionnaires. The data analysis method used is model path analysis with the smartPLS 4.0 software program. The results showed that Perceived E-Service Quality and Online Customer Reviews has a positive and significant influence on purchase intentions. There is a direct influence of Perceived E-Service Quality and Online Customer Reviews on Purchase Intention. The recommendation given is that the Bibit Application should provide a memorable usage experience for potential users. That way potential users can provide positive Online Customer Reviews which in turn will lead to their purchase intention. Future research is expected to use other variables.*

Keywords: *perceived e-service quality; online customer reviews; purchase intentions*

Background

The investment climate in Indonesia is considered to be growing rapidly. The occurrence of pandemic conditions in the past few years has made people realize the importance of having reserve funds, one of which can be channeled through various types of investments. The millennials generation has now begun to look at and start investing, because as well as the opinion (Hartomo, 2020) which states that investment is an investment in several assets that are owned and have a long period of time with the aim of getting benefits in the future. Based on Kompas R&D data in its survey, it can be seen that there are 4 lines representing stocks, mutual funds, bonds, and money market instruments to show the increase in transactions every year from 2018 to 2023:

Table 1 Number of Investors in Stocks, Mutual Funds, Bonds, and Money Market (Stated in million)

Investment Instruments	2018	2019	2020	2021	2022	2023	Total Proportion
Mutual Funds	1	1,77	3,18	6	9,6	11,4	11,95
Stocks	0,85	1,1	1,7	3,04	4,4	5,2	6,69
Bonds	0,2	0,32	0,46	0,58	0,8	1	1,56
Money Market	1,62	2,48	3,68	6,7	10,3	12,1	14,48
Total Investment	3,67	5,67	9,02	16,32	25,1	29,7	

Source : Kustodian Sentral Efek Indonesia (Processed Data), 2024

In a survey conducted by Katadata Insight Center (KIC) to 1,939 respondents, the results are presented in the form of reasons why millennials are interested in investing. Based on this data, it can be concluded that the decision to invest is influenced by several factors such as repurchase with the highest percentage of 51.2%. Then in the second position is related to the feeling of security felt with a percentage of 47.9% .Then followed in the third position for reasons of large profits, with a presentation of 47.3%.

The recent increase in the phenomenon of investment among young people has been influenced by the advancement of technology that is increasingly sophisticated and up-to-date. Now there are many best applications that offer a variety of investment services, making it easier for investors to make investment transactions anytime and anywhere. Launching from idxchannel.com, of all the best applications available, Bibit is the most popular application that is currently leading the investment application market in Indonesia. Based on the survey conducted by Katadata Insight Center above, it can be seen that among the various applications available, Bibit occupies the first position as the most preferred platform for buying mutual funds with a percentage of 71.9%.

Robo Advisor, Goal Setting, and Auto-Debit created by Bibit are features or services to facilitate users in conducting mutual fund transactions. This is Bibit's effort to provide good E-Service Quality for its users. E-Service Quality is a service provided by companies to online consumers through application sites and or websites in facilitating purchasing activities, as well as effective and efficient distribution. In line with the opinion by (Hadi et al., 2019) which states that service is a very important factor, especially for companies engaged in services. This new paradigm is a shift in the focus of the logic of marketing science, which was originally a goods-based exchange to a service-based exchange process (Vargo & Lusch, 2004). Scientists and business practitioners also argue that competitive advantage can be enhanced through services. Competing through service provision is considered more than just adding value to products (Lusch et al., 2007).

The development of various features that continue to be carried out in implementing the E-Service Quality of the Bibit application is also used as their effort to provide the best user experience. This is important to note because it will greatly affect the benefits that users get and then an assessment from them will appear in the form of online customer reviews. In (Wan et al., 2023) it is explained that online customer reviews refer to the results of product or service evaluations and recommendations published by customers through pages available on a platform. This statement is in line with the opinion of (Zhang et al, 2021) who also said that in the service of a platform, a platform is provided to connect between companies and consumers by allowing customers to share their opinions and experiences regarding goods and services with many other consumers.

Although the Bibit application is the top market leader of mutual fund applications with more than 5 million downloads, so it can be said that this application is the largest and most famous mutual fund application among other mutual fund applications, a business phenomenon was found related to the decline in transactions and the lack of intention to buy mutual funds on the Bibit application.

Table 2 Transaction Growth Data of Indonesian Investment Firms

Investment Application	2020 (Million US$)	2021 (Million US$)	2022 (Million US$)
Bibit	62	95	80
Pluang	38	55	55
Ajaib	70	243	No data

Based on the data above, although in 2021 Bibit recorded transactions of 95 million USD, in 2022 there was a decrease of 15 million USD and Bibit only recorded transactions of 80 million USD.The phenomenon of declining transactions in the Bibit application is also accompanied by various negative reviews that appear on the Google Playtore page. This is suspected to be one of the things that could potentially affect users' buying interest in buying mutual funds through the Bibit application.

Theoretical Framework

Theory of Planned Behavior

Theory Of Planned Behavior (TPB) by Icek Ajzen in 1985 Theory Of Planned Behavior (TPB) is a theory that explains the causes of behavioral intentions. In other words, a person's behavior will arise because of the intention to behave.

Perceived E-Service Quality

According to Zeithaml et al. (1993) define perceived quality in service as the difference between perceived performance and customer expectations. Perceived quality in service is widely regarded as a driver of competitiveness and financial performance, influencing customer satisfaction and loyalty and creating positive word of mouth. When performance exceeds expectations, the service is considered excellent and the customer is pleasantly surprised. Perceived service quality is an antecedent to customer satisfaction, and has an important role in purchase intention.

Online Customer Reviews

In Syakira (2019) online consumer review is defined as feedback given by consumers based on their experience in using a product and can influence potential new consumers to develop purchase intentions for similar products.

Purchase Intention

Based on Kotler and Keller (2016) purchase intention defined is an effort to make a decision to buy a brand alternative among various other brand alternatives. Purchase intention is the desire to purchase an item or service that is influenced by internal and external factors after first evaluating the product or product to be purchased.

Hypothesis

Based on the research objectives and the theoretical framework for problem formulation, the following hypothesis can be formulated.

H1: It is expected that there will be a positive and significant effect of Perceived E-Service Quality on Purchase Intention
H2: It is expected that there will be a positive and significant effect of Online Customer Reviews on Purchase Intention
H3: It is expected that there will be a positive and significant effect of Perceived E-Service Quality and Online Customer Reviews on Purchase Intention

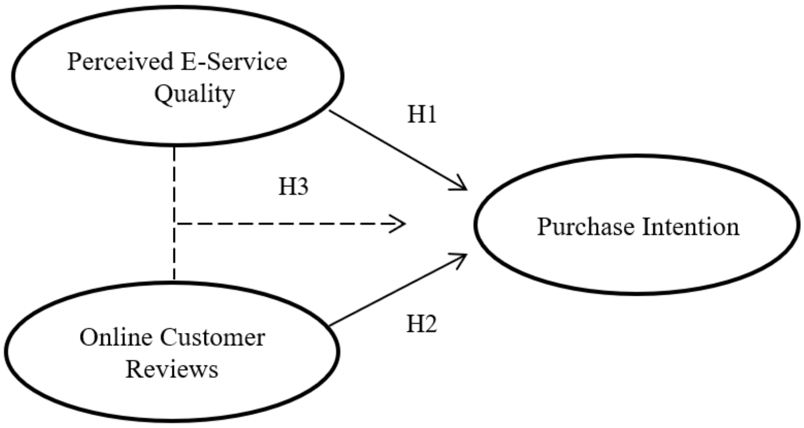

Figure 1. Research Model

Research Method

This research uses an explanatory type of research with a quantitative approach. The population in this study are people who have never made a transaction on the Bibit application but already know the Bibit application or want to make mutual fund transactions on the Bibit application in the future. According to Cooper & Emory (1998), this research use a minimum 100 respondents. The sampling technique used is non-probability sampling technique, namely purposive sampling. Likert Scale is used to be measurement scale. The data collection techniques are through questionnaires. The data analysis method used is model path analysis with the smartPLS 4.0 software program consists of outer model and inner model.

Result

Respondents Profile

In this study, the number of respondents was 100 respondents, which were users of the Bibit application who had the intention of purchasing mutual funds in the application. Respondent identity includes age, gender, income and occupation. The majority of respondents are dominated by women, namely with a percentage of 66%. Respondents aged 24-29 years are dominating with a percentage of 67%. Furthermore, majority respondents in this study were dominated by private employees, namely with a percentage of 72%. Then, respondents with income >10.000.000 have the largest percentage, amounted 44%.

Measurement of Outer Model

Measurement model analysis is also known as the outer model, which involves two main testing stages, namely validity and reliability tests (Ghozali & Latan, 2016). The validity test is used to assess the accuracy of an instrument in measurement, while the reliability test measures the consistency of the instrument in producing similar results if repeated on the same sample. Perceived E-Service Quality, Online Customer Reviews and Purchase Intention have met the requirements > 0.70 it can be considered valid. The next step is to conduct the AVE test to calculate the value of variables that are considered valid if the value is greater than 0.5.

Table 3 Validity Test

Variabel	Average Variance Extracted (AVE)
Perceived E-Service Quality	0.725
Online Customer Reviews	0.672
Purchase Intention	0.754

Source: Processed Primary Data, 2024

Based on the table 3 , the Average Variance Extracted (AVE) value of each variable reaches the minimum threshold required to be considered valid. Next stage is discriminant validity. Based on data processing, it can be concluded that all constructs in the estimation model have a fairly good discriminant validity value. The cross loading test results show that each indicator has a value that is greater than the value of other variable indicators. When conducting a reliability test on a construct, there are two criteria that are used as guidelines, namely Cronbach alpha and Composite Reliability. To conclude that a construct can be considered reliable, the value of these two criteria should more than 0.7.

Table 4 Reliability Test

Variables	Cronbach's Alpha	Composite Reliability
Perceived E-Service Quality	0.936	0.948
Online Customer Reviews	0.902	0.925
Purchase Intention	0.918	0.939

Source: Processed Primary Data, 2024

From table 4, it can be concluded that all constructs meet the standard criteria for Cronbach alpha and Composite Reliability, which have a value of more than 0.7. Therefore, it can be stated that all constructs in this study have a good level of reliability.

Measurement of Inner Model

This test is conducted to test the hypothesis. The structural model can be evaluated by looking at the R2 (reliability indicator) for the dependent construct and the t value of the path coefficient test statistics. The higher the R2 value means the better the prediction model of the proposed research model. The path coefficient value indicates the level of significance in hypothesis testing.

Table 5 Model Fit

	Saturated Model	Estimated Model
SRMR	0,061	0,061
d_ULS	0,631	0,631
d_G	0,640	0,640
Chi-Square	334,184	334,184
NFI	0,806	0,806

Source: Processed Primary Data, 2024

Based on the results of the model fit, the SRMR results meet because it shows the number 0.061 which means less than 0.08. The NFI value in this study is 0.806. This means that this study has 80.6% fit percentage. The Chi-Square value of 334,184 can be seen to have met the requirements for the suitability of the research model because the value listed in the table is more than 0.05. The results of the Model Fit Test are stated to have met the requirements of a correlation relationship between the variables being tested.

R-Square is a measure of the proportion of variation in the value of the dependent variable that can be explained by the independent variable. Its function is to estimate whether the model is good/bad. Referring to the criteria given by (Ghozali & Latan, 2015), If the R-Square value reaches 0.75 the model has high strength, if in the range of 0.50, the model is a moderate model and if reaches 0.25, the model is considered weak.

Table 6 R-Square

	R Square	R Square Adjusted
Purchase Intention	0,770	0,766

Source: Processed Primary Data, 2024

Based on the R-Square results, it shows that the variability of the Purchase Intention construct that can be explained by Perceived E-Service Quality and Online Customer Reviews has an influence of 0.766 or 76.6%, which means that the remaining 23,4% is explained by other variables not explained in this study. R-Square Adjustment Model = 0.766. This means that the ability of variables X1 (Perceived E-Service Quality) and X2 (Online Customer Reviews) to explain Purchase Intention Y) is 76,6%, thus the model is included in the strong model category.

Table 7 F-Square

	Online Customer Reviews	Perceived E-Service Quality	Purchase Intention
Perceived E-Service Quality (X1)			0.728
Online Customer Reviews (X2)			0.264

Source: Processed Primary Data, 2024

Based on table 7, it is known that Perceived E-Service Quality have a strong effect on Purchase Intention of 0.728 because it reaches a value (> 0.35). Meanwhile, Online Customer

Reviews has a moderate effect on Purchase Intention of 0.264. Moderately influenced because it is in the range (> 0.15 - 0.35) .

Hypothesis Testing

This test is run using bootstrap. It will checked by the path coefficient considering the T significance level. The test will be dividing the t-statistic score by the t table score at the significance level, the significance of path coefficient is tested 5% or 1.96. If the t-statistic score is higher than the t table score of 1.96 (Ghozali & Latan, 2015), the path coefficient will be affected. If the p-value is less than 0.05, then the hypothesis will be accepted.

Table 8 Path Coefficient

	Original Sample	*T-Statistics*	*P-Values*	
Perceived E-Service Quality → Purchase Intention	0.588	7.883	0.000	H1 Accepted
Online Customer Reviews → Purchase Intention	0.354	4.662	0.000	H2 Accepted

Source: Processed Primary Data, 2024

Based on Table 8, it can be seen that the results of data processing using Smart PLS version 4.0 obtained the results regarding the direct effect as follows:

a. Perceived E-Service Quality has a positive and significant effect on mutual fund Purchase Intention with coefficient value 0.588. The T-statistic Value 7.883 > 1,96, the P-value is (0.000) or less than 0.05
b. Online Reviews Customer has a positive and significant effect on Purchase Intention with coefficient value is 0.354. The T-statistic Value 4.662 > 1,96, the P-value is (0.000) or less than 0.05

Discussion

This research is based on Theory Planned Behavior which according to (Li & Zhang, 2021) this theory focuses on perspectives that can influence a person to perform certain behaviors (Han et al., 2018). The perspective of trust is carried out through the incorporation of various characteristics, qualities and attributes of certain information which then forms consumer intentions in behavior (Yuliana, 2004).

Referring to one of the dimensions of the Theory Planned of Behavior, namely Attitude towards Behavior, the results of this study prove that the values of Perceived E-Service Quality have an impact on Attitude, which in turn affects consumer purchase intentions. So it is concluded that Perceived E-Service Quality has a positive and significant effect on Purchase Intention. Before having the intention to buy mutual funds through the Bibit application, consumers tend to want to try first to find out how the performance and quality of service provided by the application. This includes the attitude taken before the consumer's purchase intention later appears. After directly experiencing the services provided, consumer perceptions will emerge regarding the assessment of the quality of the services provided.

Hypothesis 1 is accepted, meaning that there is a positive and significant effect of Perceived E-Service Quality on Purchase Intention. The importance of Perceived E-Service Quality lies in its influence on consumer perceptions, which in turn can affect purchasing decisions, customer loyalty and brand image (Ndun, 2019). This concept becomes crucial as consumer judgment can quickly spread through online reviews, influencing other consumers' perceptions of a platform or brand. Therefore, companies tend to focus on improving and maintaining the quality of their e-services to build positive relationships with consumers.

Hypothesis 2 is accepted, meaning that there is a positive and significant effect of Online Customer Reviews on Purchase Intention. The importance of online customer reviews lies in their influence on the purchasing decisions of potential consumers (Mulyati & Gesitera, 2020). Positive reviews can increase consumer confidence in a product or brand, while negative reviews can provide a warning to potential consumers to consider other options (Farki et al., 2016). Along with the development of social media such as influencers and online review platforms, this information can be easily accessed and spread, having a significant impact on brand image.

Hypothesis 3 is accepted, meaning that there is a positive and significant effect of Perceived E-Service Quality and Online Customer Reviews on Purchase Intention,.The interaction between Perceived E-Service Quality and Online Customer Reviews also plays an important role in shaping purchase intentions. Positive responses from sellers, good service, and ease in the transaction process can increase consumer purchase intentions. In addition, information provided by sellers, whether through advertisements, customer reviews, or recommendations, can also affect the level of consumer interest in buying a product. This purchase intention concept reflects the next step in the consumer buying cycle (Yunus et al., 2022). After consumers feel interested, the desire to own the product arises. This desire becomes the basis for consumers to take concrete steps in making purchase transactions.

Summary

1. Perceived E-Service Quality has a positive and significant effect on mutual fund Purchase Intention in the Bibit application. It can be concluded that customers' perceptions of E-Service Quality in the Bibit application have a real impact in motivating them to generate mutual fund purchase intentions through the application.
2. Online Reviews Customer has a positive and significant effect on Purchase Intention. These results prove that customer views or experiences expressed online can provide information to potential customers about the quality, privacy security, benefits and satisfaction of other customers when buying mutual fund products on the Bibit application.
3. Perceived E-Service Quality and Online Customer Reviews have a positive and significant effect on Purchase Intention. These results show that Perceived E-Service Quality can shape positive customer perceptions, which are then reflected in positive online reviews, and ultimately motivate purchase intentions. So it is important for the Bibit app to pay attention to this strategy, in order to increase interest and form positive purchase intentions for potential new customers who want to buy mutual funds through the Bibit app.

Recommendation

Several suggestions are formulated that hopefully can be input for the Bibit application to increase the company's trust and exposure. In the future, the Bibit application can innovate their User Interface and User Experience in order to increase the ease of use of the application, especially for potential new investors. In addition, as one of the leading investment platforms, Bibit app must be able to complement all services and products offered with a high level of security. When potential new investors feel that the app can properly protect their personal and financial information, it can certainly increase their trust in the service. Moreover, the ability of the Bibit app to make quick transactions without a hitch can increase their satisfaction with the service. It is important for the Bibit app to pay close attention to the quality of e-services that can be provided to users as it will greatly affect the willingness to provide positive reviews on the available pages. Understanding purchase intentions is very important, by paying attention to this, Seedlings can use strategies aimed at increasing consumer interest and forming positive purchase intentions. Examples can be marketing strategies that emphasize product excellence, attractive promotions, or quality customer service to create a positive experience for consumers, thus encouraging them to carry out purchase intentions into real action.

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