

Original Research Article

The Effect of Online Service Quality and Perceived Risk on Purchasing decisions in Shopee through Customer Trust

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Abstract: This research sought to examine four variables in terms of service quality, perceived risk, purchasing decision, and customer trust. It aims to examine the effect of service quality and perceived risk on purchasing decisions in Shopee through customer trust. The design of the research was quantitative, the research respondents were postgraduate students at Universitas Merdeka Malang class of 2018 and 2019 intakes which involved 156 active students. To take samples, the probability sampling technique and the Slovid formula tolerable error rate of 5% was obtained for 113 sample respondents. Primary data collection used a questionnaire that was supported by the Google Form application. For data analysis using the path analysis technique. Research Findings showed that the quality of service has a significant effect on customer trust, perceived risk has a significant influence on customer trust. Service quality affects purchasing decisions; customer decisions significantly affect purchasing decisions. In a brief, the four service qualities and perceived risk influence purchasing decisions through customer trust are accepted.

Keywords: The online service quality, perceived risk, trust, purchasing decision.

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I. INTRODUCTION

The internet is the result of technological developments that make life easier in various aspects, such as in the economy, sales which currently use online media that can be accessed with smartphones so that customers no longer need to come to the store. There is a major shift in marketing management that companies are making in the twenty-first century. One is from attracting customers through stores and salespeople to providing products online. Customers can access images about products, read specifications, shop among online vendors for the best prices and terms, and click to order and pay. Sales personnel are increasingly being conducted electronically with buyers and sellers to see each other on their computer screens directly (Kotler 2007:34).

There are various kinds of businesses that currently have the potential to get big profits, namely doing business online. Online entrepreneurs can have the same principle as conventional ones to get the attention and interest of customers by competing in the market. Therefore, innovative thinking is needed and trying to find product differentiation to be able to win

the market. One of the mediums that can be used to sell online is to join e-commerce such as Shopee (Ririn, 2015).

According to Sinaga (2016), service quality has a positive and significant effect on customers' trust. It improves that online transaction services can influence the level of consumer confidence and service quality on decisions to buy online using the Shopee application. The result is service quality as consideration for customers in making purchases in Shopee since there are features that make it easier to interact and process buying transactions.

Firdayanti (2012) states that perceived risk with trust has a negative relationship. It shows that perceived risk and customer trust influence each other where if the high perceived risk will cause low customer trust, vice versa. Istiqomah *et al.* (2019) imply that the perceived risk on purchasing decisions has a significant influence. Purchase decisions in Shopee are not supposed to be risky because the buyer can complain to the seller when there is an improper

transaction. The offer information provided encourages the customer faster to make a purchase decision.

Istiqomah Research (2019), trust has a significant and positive effect on shopee online shopping decisions because sellers at registered shopee will mostly be honest about the criteria for the products they sell, if the product ordered and received by the buyer does not match then the seller can provide compensation or refund money. This study was conducted to determine the influence of service quality and perceived risk on purchasing decisions at Shopee. Whether customer trust is going well or not and by market demand or not.

II. LITERATURE REVIEW

1. Customer Decision

According to Scifman & Kanuk (2014), deciding on choosing from several choices or alternatives presented means one decides on the options that are already available. Purchasing decisions are related to how a customer chooses to purchase a product. It is based on one's needs, desires, and expectations can be influenced by factors in terms of family aspect, price, experience, and product quality, (Mustafid & Gunawan, 2008).

2. Customer Trust

Trust can be defined as the expectation that comes from consumers to trust buyers regarding the reliability and fulfillment of promises to a product (Siagian & Cahyono, 2014). Trust is one of the passions in which to express a preference for a brand or product (Gunawan, 2013).

3. Online Service Quality

Kotler (2017) states that service quality is an activity provided by the buyer and is invisible or invisible to the buyer. Good service quality will give a sense of comfort to consumers as their experience in buying transactions can positively impact consumer loyalty.

4. Perceived Risk

Firdayanti (2012) states that perceived risk is the impact obtained by consumers. It is a negative impact on the consequences of making purchasing decisions. The researcher summarizes the perceived risk, namely the consumer's perception of the loss obtained in his decision to buy products at Shopee.

5. The framework of Conceptual Research

The conceptual framework explains a picture of the reality that can be visualized and can form a theory or idea about the relationship between the variables being studied.

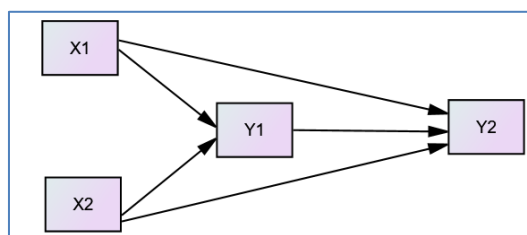


Fig-1: The model structure of the conceptual framework

Table-1: Variables and indicators

No.	Variables	Indicators
1	Service Quality (X1)	Reliability
		Responsiveness
		Assurance
		Empathy
		Tangibles
2	Perceived Risk	Product Risk
		Time Risk
		Security Risk
3	Customer Trust	Benevolence
		Ability
		Integrity
		Willingness to depend
4	Purchase Decision	Product Choice
		Brand Choice
		Purchase Timing
		Repeat Purchase

The conclusion of the hypotheses from the conceptual framework above is that all of the effects of service quality and perceived risk on customer trust and purchasing decisions are significant.

III. RESEARCH METHOD

1. Research Design

This research used a quantitative method which in the process had the aim of getting answers

from the respondents in the form of numbers. This study used a survey method employing questionnaires in data collection. This research was conducted to determine the effect of service quality and perceived risk on purchasing decisions at Shopee through customer trust. The analysis used was descriptive analysis to make frequency distributions of variables, indicators, and questionnaire items, equation model analysis, and classical assumption analysis which are divided into 3 types. Those were multicollinearity, heteroscedasticity, and normality. Likert scale was used as the scale in the questionnaires, with five options, namely strongly disagree 1, disagree 2, agree 3, neutral 4, and strongly agree 5.

2. Population and Sample

This research used a quantitative method which in the process has the aim of getting a Population and sample. The research respondents were postgraduate students at the Universitas Merdeka class

of 2018 and 2019 with the total population of this study including 156 who were still active. Slovin's formula was used to determine the sample with an error rate of 5% so that the number of samples is 113 respondents from a population of 156 students. The sampling technique was probability sampling because the total population was known.

IV. RESEARCH RESULTS

1. Respondent Profile

The population in this study was online shopping customers at Shopee with a total of 113 people. The description of the respondent is a brief description of the characteristics of the respondent with the scope of gender, age, profession, and frequency of transactions. The following is a description of the characteristics of the respondents. The description in table 4 follows:

Table-2: The Characteristics of Respondents

1.	Age range	amount	%
	21 – 25	45	39,8
	26 – 30	47	41,6
	>30	21	18,6
Total		113	100
2	Characteristic	Total	%
	Gender		
	Male	50	44,2
	Female	63	55,8
Total		113	100
3.	Profession		
	Students	31	27,4
	Employee	46	40,7
	Entrepreneur	30	26,5
	Civil Servant	5	4,4
	House Wife	1	0,9
Total		113	100
4	Frequency of transaction		
	2 times	12	10,6
	More than 2 times	101	89,4
Total		113	100

Based on the table above showed that the age of respondents was 26-30 years old with a total of 47.6%. It means that the respondents are in adulthood. On gender characteristics, the respondents were the vast majority of females with a total percentage of 55.8%. It means the majority of Shopee customers are women. On the other hand, the characteristics of the profession were 40.7% of employees. It means that employees have a high preference for shopping at Shopee. On

customer loyalty obtained as many as 89.4% of respondents have made purchases more than twice.

2. Analysis Result Description

Primer data was collected by questionnaire instrument. There were 113 respondents who filled out questionnaires. The researcher conducted tabulation by SPSS Program and finished the description analysis, validity, and reliability test. The result of the statistical analysis can be presented in Table 3.

Table-3: The result of statistical analysis of variables and indicators

Variables	Indicators	Mean	r.validity	Chronbach's Alpha
Service Quality (X1)	Reliability	4,32	0,00	0,651
	Responsiveness	4,03	0,00	
	Assurance	4,16	0,00	
	Emphaty	4,11	0,00	
	Tangibles	4,04	0,00	
Perceived Risk	Product Risk	4,24	0,00	0,727
	Time Risk	4,23	0,00	
	Security Risk	4,14	0,00	
Customer Trust	Benevolence	4,27	0,00	0,662
	Ability	4,07	0,00	
	Integrity	4,10	0,00	
	Willingness to depend	4,03	0,00	
Purchase Decision	Product Choice	4,29	0,00	0,752
	Brand Choice	4,17	0,00	
	Purchase Timing	4,01	0,00	
	Repeat Purchase	4,11	0,00	

The explanation from table 3 is as follows

The Highest indicator of the quality service is the reliability of 4.32, the validity of 0.00, and Cronbach's alpha of 0.651. The results are a significant influence indicating the tendency of respondents to agree regarding performance by expectations and the promised service accurately. The highest indicator of shopping risk is product risk of 4.24, the validity of 0.00, and Cronbach's alpha of 0.727. The results are significant influences indicating the tendency of respondents to agree regarding the quality of raw materials and product quality displayed .27, the validity of 0.00, and Chronbach's alpha of 0.662. It means a significant influence indicating the tendency of respondents to agree regarding satisfaction with sellers and attitudes toward customers. The purchasing decisions of the highest indicators are product choice of 4.29, the validity of 0.00, and Chronbach's alpha is 0.651. The results are significant influences indicating the tendency of respondents to agree regarding products that have good quality and have many variants. Showing Cronbach's Alpha number is more than 0.6. It means that the variable is statistically reliable. Each item is smaller than the number 0.05, so all items compiled in the questionnaire are declared valid.

SPSS (Statistical Package for Social Science) was used for data processing and data analysis. There are four research variables, 16 indicators, and a total of

instruments 32 items. After measuring each variable to determine the validity and reliability for 32 items proved valid, as evidenced by the value of $\text{sig} \leq 0.05$, the statement means valid, the respondent understood the meaning of the measurements in the questionnaire. The results of the instrument reliability test showed a good level of reliability as evidenced by the selected variables showing Cronbach's Alpha number of more than 0.6, which means that the variable is statistically reliable. The results of the analysis of the description of each research variable, indicator, and 16 research instruments are presented as valid.

The analysis of respondents was from the average value generated by the indicators and instrument items. Purchase decisions are made based on preferences in terms of brand, time to purchase, and repurchase. The main thing that drives a purchasing decision is the preference of a product of a good quality product. Customer trust is made based on sincerity, ability, integrity, and willingness to depend. The main thing that drives customer trust is sincerity which drives satisfaction to the seller. Quality service is made of reliability, responsiveness, assurance, empathy, and tangibles. However, the service quality is driven by the reliability of performance as expected. Risk perceived is due to product risk, time risk, and security risk. Then, perceived risk depends on the product risk from the quality of the products displayed.

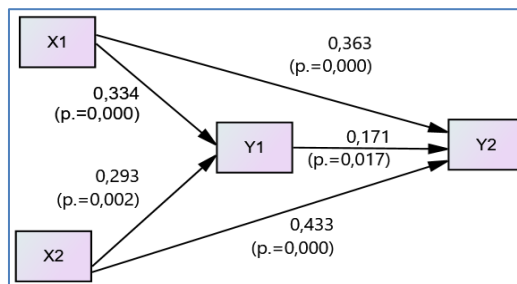


Fig-2: The Result of Linear Regression Analysis

Table-3: Path of Model Structural

Independent Variables.	Standardized Coefficients		Significant	Description.
	β_i	Std. Error		
Online Service Quality(X1).	0,344	0,099	0,060	Signifikan.
Perceived Risk(X2).	0,293	0,078	0,002	Signifikan.
Online Service Quality(X1).	0,363	0,082	0,000	Signifikan.
Perceived Risk(X2).	0,433	0,064	0,000	Signifikan.
Customer Trust (Y1).	0,171	0,074	0,017	Signifikan.

According Table 3. Above can be expressed equation as the following:

$$Y_2 = \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_1 + \beta_4 X_2 + \beta_5 Y_1 + \varepsilon_2$$

$$Y_2 = 0,344X_1 + 0,293X_2 + 0,363X_1 + 0,433X_2 + 0,171Y_1 + e$$

To be able to assess the significance of each variable, it can be seen based on the existing significant values which include:

Service quality (X1) has a regression coefficient of 0.344 with a sig of 0.000 and perceived risk (X2) has a regression coefficient of 0.293 with a sig of 0.002 so these two variables have a significant effect on customer trust. The service quality (X1) regression coefficient is 0.363 with sig 0.000 and the perceived risk regression coefficient is 0.433 with sig 0.000. Therefore, the two variables have a significant effect on purchasing decisions. The customer trust regression coefficient value is 0.171 with sig 0.017, customer trust has a significant effect on purchasing decisions. In a brief, perceived risk has the highest regression coefficient of 0.433 and the results are positive. Since customers completely trust Shopee especially, security and services provided. Therefore, four variables affect all.

V. DISCUSSION

The results of the test showed that service quality is a variable that affects the formation of trust and customer purchasing decisions. Hidayatullah (2019) states that service quality provide something more than competitors or rivals in the business world who will try to take the same market. The company understands customers about what customer needs and strengthens strong relationships with customers. The current phenomenon of Shopee provides a good online service and the superiority of the services provided such as inappropriate goods can be quickly responded to by the seller in Shopee. It is in line with existing research that service quality can shape the trust and purchase decisions in Shopee.

Perceived risk is one's assessment of purchasing activity and concern with the impact arising from that activity. The late findings of this issue are currently mostly negative, but the results of this study have a positive effect because Shopee guarantees high security to do the transaction. The perceived risk has a

big impact on the risk of good shopping and the appropriate quality of service which are the potential to give trust to customers. To make purchasing decisions in the current Era, customers put trust more in online purchasing instead of considering the negative risks themselves. This is to the results of this study is Istiqomah *et al*. (2019) which states that customers who have a basic understanding of knowledge and experience about perceived risks when they purchase online, will have a very positive influence on customer purchasing decisions.

The results of this study showed that service quality and risk on purchasing decisions at Shopee are very direct and very positive, supported by the largest indicator, namely reliability (reliability). The quality of service from Shopee provides information according to the features offered are very in line with the convenience for customers to purchase easily, an example of the advantages of Shopee gives a 100% original guarantee to convince customers so that when customers want to make purchasing decisions, they are more confident about the goods the customer buys.

In addition, by Prama *et al*. (2019) and Ahadiyan *et al*. (2019) said that the effect of service quality on online purchasing decisions in Shopee is significant because service quality is a consideration for customers to make online purchases supported by the features of Shopee.

In this study, Perceived risk has a direct and positive effect on customer decisions; it is affected by the most influential indicator, namely product risk. Since customers do not only buy a product, they also look for product quality and raw materials used to make the right purchasing decisions. Shopee now has guaranteed security, especially in this pandemic Era where customers most like to purchase online rather than offline. Usvita (2017) states that perceived risk has a significant effect on online purchasing decisions regarding it is known that some purchase through online shopping. It will not give a sense of anxiety because customers who are satisfied with a product will repurchase it.

The results of this study influence customer trust and purchasing decisions. The findings showed that the trust given is expected to have a major

influence on a purchase decision at Shopee. Good trust can be able to attract potential customers to buy products at Shopee. If customer trust could not be engaged, it will be a lack of incoming orders from customers. This case is in line with a researcher, Istiqomah (2019), customer trust has a significant and positive effect on online purchasing decisions at Shopee because the high trust affects customers to make purchases online.

The results of the study affect service quality and perceived risk on purchasing decisions through customer trust at Shopee. Customer trust mediates the effect of service quality on purchasing decisions. It can be interpreted that service quality can influence purchasing decisions with the help of customer trust from customer satisfaction. Customer trust also mediates perceived risk in purchasing decisions. This means that the risk of good shopping builds trust from online shopping which will ultimately have an impact on the purchase decision. Communication technology has become important for business activities (Wahyudi *et al.*, 2019). Efforts to accumulate wealth carried out with the help of technology are part of entrepreneurship (Respati, 2009).

VI. CONCLUSION AND RECOMMENDATION

The results of this study prove that good service quality can be accepted by the market and the perceived risk has more value to build customer trust in Shopee. Online service quality and good perceived risk could influence purchasing decisions. A positive perception of customer trust could affect potential customers to make a purchase decision in Shopee, an online marketplace. In addition, online service quality and perceived risk also affect the purchasing decisions that are trusted and accepted by customers. The results of this study could give a contribution to the management major, especially in marketing management, and test various theoretical truths. Then, the next researcher could be more concerned about online questionnaires to online Shopee customers at random, in terms of sending questions to customer accounts in Shopee. It is also necessary to select other respondents rather than the scope of student's at Universitas Merdeka. The next researcher can also develop other online shopping. However, for Shopee is the way to improve online services to overcome incoming complaints and problems experienced by customers to be more responsive and punctual in providing services that suit customers between sellers and customers at Shopee.

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