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Building Customer Trust: An Empirical Study in Marketplace

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Abstract

This study aims to analyze how online customer trust is affected by online customer ratings and online customer reviews on the Tokopedia marketplace. This study used quantitative data and was analyzed with the help of SEM-Partial Least Squares (PLS). Data in this study as many as 96 respondents were obtained through online questionnaires with purposive sampling techniques. Results show that online customer reviews have an influence and significance on customer trust, this shows that others have had experience with the product or service. When potential customers see positive reviews from fellow customers, it validates the credibility and quality of the offer, thus building trust. Honest reviews from real customers carry more weight than promotional content from brands. Customers tend to trust their colleagues' opinions more than marketing messages because they perceive them as untendentious and reliable. When individuals feel associated with positive experiences shared by others, they feel more emotionally connected to the brand, which reinforces trust and drives purchase decisions. Then online customer rating has a significant effect on customer trust, it shows that when a product or service gets a high rating from a large number of customers, it signals to potential customers that the item is considered good by those who have used it before. People tend to believe in the majority. If most customers give a high rating to a product or service, potential buyers will tend to go with the flow and also have high trust in the item Customer ratings give a perception of the credibility of a brand or company. When a brand has consistently high rankings, it shows that the brand is considered reliable by customers, which in turn builds trust.

Keywords: Online Customer Review, Online Customer Rating, Customer Trust, Marketplace, Credibility.

1. Introduction

Rapid technological advances give rise to various innovations, one of which is innovation in economic activities with the transition of economic activities digitally [1]. This transition occurred because of the internet which is used in economic activities, which encourages the birth of various e-commerce-based startups [2]. E-commerce belongs to the realm of online banking and shopping, involving transactions where consumers actually buy and shop [3]. The increase in e-commerce is very influential on the concept of online sales, where many merchants are starting to sell online, as well as the emergence of various marketplaces that become a place for sellers to sell online [4]. E-marketplace is defined as an information system between organizations that gathers buyers and suppliers to adapt and exchange information about products and prices [5].

The purpose of this study was to analyze the effect of online customer reviews and online customer ratings on customer trust in the Tokopedia marketplace [6]. Online customer reviews and online customer ratings on the Marketplace can make it easier for marketplaces and potential customers to create evaluation materials because in these features consumers can freely express compliments or complaints felt when shopping on the marketplace [7]. Online Customer Reviews are a form of Word of Mouth Communication in online sales [8]. Customer reviews posted online represent a segment of word-of-mouth communication that significantly impacts consumer buying decisions [9].

Customer Trust is a feeling of trust that consumers have about a store, product quality, service quality and so on. Consumer trust is the knowledge that consumers have and inferences made by consumers about attributes, objects, and benefits [10]. Trust and risk are factors that can influence purchasing decisions and also affects repurchases in online transactions [11]. Online Customer Review is a promotional tool for marketing communication in the form of information sources made by consumers and also used as a source of information by potential customers [12]. With the review, consumers can get a brief overview of previous consumer experiences about the condition and quality of the product so that potential customers can minimize the risk of online purchases [13]. Online Customer Rating refers to feedback provided by consumers regarding products or services they have utilized [14]. Typically presented in the form of star ratings, a higher number of stars indicates greater satisfaction with the product or service, while a lower rating suggests less satisfaction [15]. This form of evaluation represents collective opinions from buyers, serving as an

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assessment of products and services offered by sellers [16].

There are five risks that will be faced by online buyers, namely, First: product discrepancy, Second: product damage at the time of receipt, Third: there is an error in the packing process, Four: product not delivery due to loss or delay. Fifth: there is fraud [17]. Based on this, there can be considerations for potential consumers including students who often use the Tokopedia marketplace to shop online with features that can help potential customers [18]. Namely Reviews and Ratings, but there are problems that occur in these features, which are related to the truth and still questionable honesty in the Online review feature and ratings of information provided by previous consumers on the product Tokopedia marketplace that can be trusted by students of the Faculty of Economics and Business, Nusa Cendana University who are potential consumers on the Tokopedia Marketplace [19].

In addition to the previously discussed five risks, one pressing concern highlighted in this study is the prevalence of ambiguous reviews and ratings [20]. For instance, instances where consumers purchase clothing items but submit photo and video reviews featuring unrelated products, or provide negative feedback without accompanying visual evidence, can undermine trust in the Tokopedia marketplace [21]. Given the large user base of online marketplaces, conducting research on Online Customer Reviews and Ratings becomes crucial [22]. This research can enhance consumers' online shopping experiences on Tokopedia by providing clarity and reliability [23]. As e-commerce continues to thrive in Indonesia, it becomes increasingly important to comprehend Online Customer Reviews and Ratings to fully leverage the benefits of these features [24].

2. Research Method

In this study, an online questionnaire was employed, and the sample size was determined using the Slovin formula. Following the application of the Slovin formula, samples were chosen through purposive sampling techniques. Purposive sampling ensures that each element (member) of the population has an equal chance of being selected as a sample member. Rumus sebagai berikut $n = \left[\frac{N}{1+N(e)^2}\right]$. Description N= number of elements / population members, n= number of elements / sample members, e= error level (error limit) generally used 1% or 0.01; 5% or 0.05; and 10% or 0.1. In this study using the error level of 10%, here is a sample calculation using the Slovin formula

$$n = \frac{2.536}{1 + 2.536\,(0{,}1)^2} \qquad n = \frac{2.536}{1 + 2.536\,(0{,}01)}$$

$$n = \frac{2.536}{1 +\ 25{,}36} \qquad n = \frac{2.536}{26{,}36}$$

$$n = 96{,}2063733 \ or\ 96 \text{ (Rounded corners right)}$$

3. Result and Discussion

Table 1 of respondents' characteristics shows that the majority of respondents are female as much as 65%, the most respondents in the Management study program as much as 41% with an average allowance in the range of Rp. 50,000 – Rp. 100,000 as much as 37%. Next Characteristics of Respondents on Table 1.

Table 1. Characteristics of Respondents

Respondent Identities	Freq.	Percent
Gender		
Male	31	31%
Female	65	65%
Courses		
Accountancy	29	29%
Development Economics	26	26%
Management	41	41%
Allowance		
< Rp 50.000	23	23%
Rp. 50.000 – Rp. 100.000	37	37%
Rp. 100.000 – Rp. 200.000	24	24%
> Rp. 200.000	12	12%

Table 2. Online Customer Review, Online Customer Rating, Customer Trust

Code	Mean	Code	Mean	Code	Mean
OCR1	3,97	OCRT1	3,87	CT1	4,18
OCR2	3,81	OCRT2	3,82	CT2	3,85
OCR3	4,02	OCRT3	3,86	CT3	3,7
OCR4	3,99	OCRT4	3,8	CT4	3,84
OCR5	3,9	OCRT5	4,03	CT5	4,01
OCR6	3,82	OCRT6	3,8	CT6	3,89
OCR7	4,14	OCRT7	3,87	CT7	3,78
OCR8	3,91	OCRT8	4,13	CT8	3,9
OCR9	3,79			CT9	3,76
OCR10	3,97			CT10	3,79
OCR11	4,17				
OCR12	3,87				
Code	Mean	Code	Mean	Code	Mean
OCR1	3,97	OCRT1	3,87	CT1	4,18
OCR2	3,81	OCRT2	3,82	CT2	3,85

Table 2 Online Customer Review, Online Customer Rating, Customer Trust. The respondent's assessment is based on the following criteria The lowest assessment score is: 1. The highest assessment score is: 5. Interval = (5-1)/5 =0.80. *So that the research limitations on each variable are as follows: 1.00-1.79 = Very Low; 2.60-3.39 = Sufficient; 3.40-4.19 = High; 4.20-5.00 = Very High.*

Table 3. Convergent Validity

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
CT	0.927	0.930	0.939	0.607
OCR	0.950	0.953	0.956	0.645
OCRT	0.905	0.908	0.924	0.603

Table 3 The display variables will be considered highly reliable if the composite reliability value exceeds 0.7 and the Average Variance Extracted (AVE) is above 0.5. According to Table 5, it can be concluded that all variables meet the criteria for composite reliability since their values exceed the recommended threshold of 0.7, indicating reliability. Next Outer Model Test Results Figure 1.

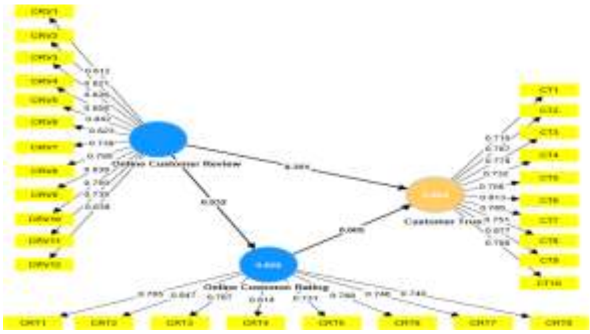

Fig 1. Outer Model Test Results

Table 7. R-Square

	R-square	R-square adjusted
CT	0.883	0.880

R-Square is greater by 0.67 (strong); 0.33 (moderate) and 0.19 (weak) for endogenous latent variables in structural models indicate strong, medium, and weak models. The Effect of Online Customer Reviews on Customer Trust. Based on the analysis conducted in this study, the results of the hypotheses are discussed alongside the formulation of the initial problem, which is H1: Online Customer Review influences Customer Trust. The analysis reveals a t-statistic result greater than 1.96, specifically 3.530, and a p-value less than 0.05, specifically 0.000. This indicates that the research model between Online Customer Reviews and Customer trust significantly influences, and thus H1 is accepted. It can be inferred that students from the Faculty of Economics and Business, Nusa Cendana University perceive Online Customer Reviews as influential prior to engaging in online shopping on the Tokopedia marketplace, leading to customer trust among students and encouraging online shopping.

Furthermore, the research findings are corroborated by previous studies. It was found that Online Customer Review significantly impacts consumer trust, with a t-value of 4.147 exceeding the critical t-value of 1.66071, and a significance level of 0.000, indicating significance below 0.05. Similar significant outcomes were also observed in other studies, such as the research. Based on the results of online hypothesis testing, it was found that Customer Review has a direct and significant impact on consumer confidence, with a P-value of 0.000. This indicates that Online Customer reviews play a positive role in making evaluations. As observed in the descriptive analysis presented in Table 4.2, the highest assessment is attributed to the indicator labelled X1.3, with a mean value of 4.00, indicating that Consumers are interested in purchasing products after reading reviews provided by previous consumers. This suggests that Online Customer Review serves a valuable function utilised by students of the Faculty of Economics and Business, Nusa Cendana University.

Positive customer reviews can make potential buyers more confident that the product is of high quality. On the contrary, negative reviews can be a warning to be careful or look for other products because this affects customer trust. Buyers often feel more confident when they see that many other people have bought and given good reviews of a product. This creates a kind of social validation that the product is worth buying. Online reviews reflect not only the quality of the product, but also the seller's service. Sellers with high ratings and good reviews are more trusted by buyers because they are considered to provide a satisfying shopping experience. With reviews, buyers can see real experiences from previous customers, whether it's regarding product quality, delivery, or after-sales service. This transparency increases trust. In the world of e-commerce, shoppers can't see the product directly before buying it. Therefore, customer reviews help reduce risk by providing a clearer picture of what they will get

The Effect of Online Customer Rating on Customer Trust. Based on the analysis results of this study concerning the hypothesis outcomes and the explanation of the second problem formulation, namely H2: Online Customer Rating on Customer Trust, it is evident that the analysed t-statistic value exceeds 1.96, standing at 2.130, while the p-value is less than 0.05, at 0.17. This signifies that the research model regarding Online Customer Rating on Customer Trust holds significant influence and can serve as a predictive model, thus H2 is accepted. These findings indicate that the evaluation provided through Online Customer Rating can impact the Customer Trust among students at the Faculty of Economics and Business, Nusa Cendana University.

Moreover, the research findings are reinforced by the outcomes of previous studies. The Online Customer Rating significantly influences consumer trust, as indicated by the calculated t-value exceeding 4.078 and a significant level of 0.000, which is below 0.05. This suggests that the Online Customer Rating variable positively contributes to enhancing Customer Trust. In the descriptive analysis conducted in this study, the results reveal that the assessment is highest for the indicator labelled X2.8, pertaining to Estimated delivery time by Tokopedia in accordance with the received rating. Following closely is the indicator with code X2.5, which relates to Online Rating providing information to consumers to streamline product or service considerations.

A high customer rating usually indicates that the product is of good quality and satisfies many customers. Potential buyers will be more likely to trust products with high ratings because they are considered proven to provide good value. Ratings provide a brief overview of how satisfied previous customers were with the product or service. Consistently high ratings indicate that the majority of customers are satisfied, which automatically increases potential buyers' confidence in the product. Customer rating also affects the seller's reputation. Sellers who have high ratings overall are more trusted because they are considered consistent in providing a good shopping experience, from product quality to customer service. Among the many product choices on Tokopedia, potential buyers often use customer ratings as a quick guide to evaluate products. High-rated products are easier to attract attention and build trust instantly than low-rated products. Customer ratings help reduce this uncertainty by providing a clear indication of other customers' experiences, so shoppers can feel more confident in making purchasing decisions.

The Effect of Online Customer Reviews and Online Customer Ratings on Customer Trust. Based on the analysis conducted in this study, the obtained results of the hypotheses can also elucidate the formulation of the third problem, denoted as H3: Online Customer Review and Online Customer Rating influence Customer Trust. The analysis reveals that the obtained t-statistic exceeds 1.96, amounting to 69.267, with a p-value less than 0.05, specifically 0.000. These findings lead to the conclusion that the research model of Online Customer Review and Online Customer Rating on Customer Trust holds significant influence and can serve as a predictive model, thus H3 is accepted.

Furthermore, the outcomes of this study find support in the consistent results of previous research, such as the study. Based on the calculation results in simultaneous tests with the help of SPSS 25, the results obtained for all variables X1, X2 and X3 have a calculated F value of 15.208>2.70, it can be concluded that the hypothesis is accepted or in other words online customer review (X1), rating (X2), and trust (X3) simultaneously or together affect purchase intention (Y).

Reviews provide in-depth and transparent insights into products and services, while ratings offer a brief assessment that makes it easier for potential buyers to make a decision. Together, the two form an indispensable foundation of trust in an online shopping environment full of uncertainty. With built trust, customers will be more confident in making purchasing decisions and more likely to become loyal customers

4. Conclusion

These findings enhance our comprehension of how customer reviews impact the perception and trustworthiness of a brand or product. In the dynamic landscape of digital commerce, recognising the significance of customer reviews in fostering trust is becoming increasingly pertinent. This underscores the inclination of customers to rely on the experiences and perspectives of fellow consumers in their purchasing decisions. Hence, it is imperative for companies and online vendors to meticulously manage customer reviews as part of their strategies to establish and fortify trust. The study also underscores the necessity for e-commerce entities to focus on enhancing customer service quality and effectively managing customer reviews. Consequently, understanding and further exploring the influence of Online Customer Reviews on Customer Trust becomes imperative for augmenting consumer satisfaction and loyalty in the advancing realm of electronic commerce. In the ever-evolving digital era, online customer ratings are assuming greater importance in consumer decision-making processes. Consumers tend to place trust in the evaluations and assessments of other customers when selecting products or services. Therefore, it is crucial for e-commerce entities to ensure the effective management and transparency of customer rating and review systems to cultivate and reinforce consumer trust. Recent studies have underscored the importance of enhancing customer service quality and responsiveness to customer feedback. This underscores the necessity for companies to actively engage in comprehending and addressing customer assessments to bolster consumer trust and foster enduring relationships. Thus, the latest insights into Online Customer Rating on Customer Trust highlight the increasingly pivotal role of ustomer tings in shaping consumer behaviour and influencing trust in a particular brand or product within the evolving e-commerce landscape.

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