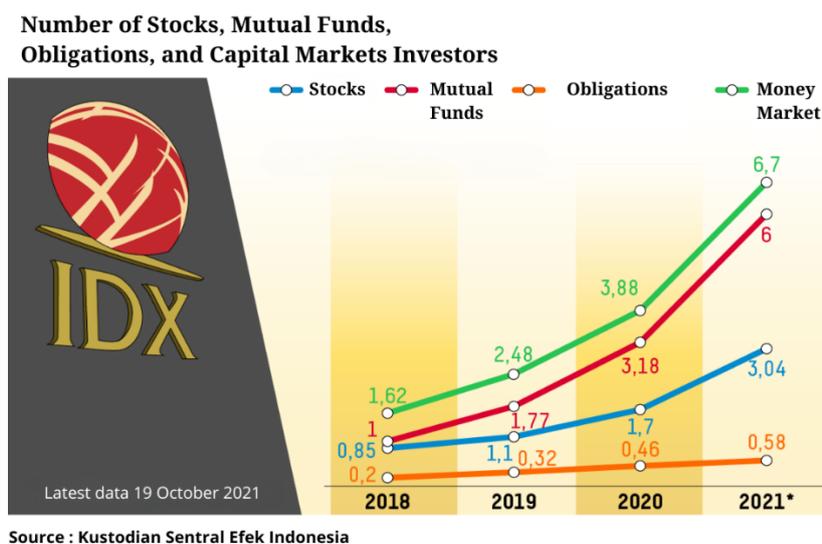


# CHAPTER I

## INTRODUCTION

### 1.1 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.



**Figure 1.1** Number of Investors in Stocks, Mutual Funds, Bonds, and Money Markets  
Source : Kustodian Sentral Efek Indonesia (KSEI)

In the table processed by the author 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. Overall, it will be explained in table form below to show the increase in transactions every year from 2018 to 2023 :

**Table 1.1** Number of Investors in Stocks, Mutual Funds, Bonds, and Money Market (Stated in million)

<b>Investment Instruments</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total Proportion</b>
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
<b>Total Investment</b>	<b>3,67</b>	<b>5,67</b>	<b>9,02</b>	<b>16,32</b>	<b>25,1</b>	<b>29,7</b>	

Source : Kustodian Sentral Efek Indonesia (Processed Data)

Among the four investment instruments, mutual funds occupy the first position with the number of investors continuing to increase by up to 1040% or 10 times, from 1 million investors to 11,4 million investors from 2018 to 2023. The following statement is also supported by data reported on the page [www.ksei.co.id](http://www.ksei.co.id), that until January, 2024 KSEI stated that mutual funds are experiencing a growth trend. Indonesian Central Securities Depository (KSEI) noted that the gain of assets or managed funds of investment managers in a mutual fund product has exceeded the highest gain managed funds that were recorded in 2023.

Mutual funds are one of the most popular types of investment in Indonesia. In (Wijaya, 2014) mutual funds are defined as a container and pattern of fund / capital management from a group of investors to invest in investment instruments available in the market by buying mutual fund participation units, so that the

collection of funds will be managed by investment managers into an investment portfolio such as stocks, bonds, money markets and other securities. Mutual funds managed by investment managers have much less risk than stocks on the stock exchange. Stocks traded on the stock exchange have a high level of risk because their value can fluctuate in a very short time, so it takes more knowledge, observation and time to invest in the stock market. Unlike stocks, these investment products are managed by fund managers who understand the stock market better, so mutual funds investors do not need to spend a lot of time deciding which stocks to trade, because the funds will be managed by fund managers. Therefore, mutual funds are the right choice for young investors who are just starting out and still learning to invest.

**Table 1.2 Millennial Generation Reason to Invest**

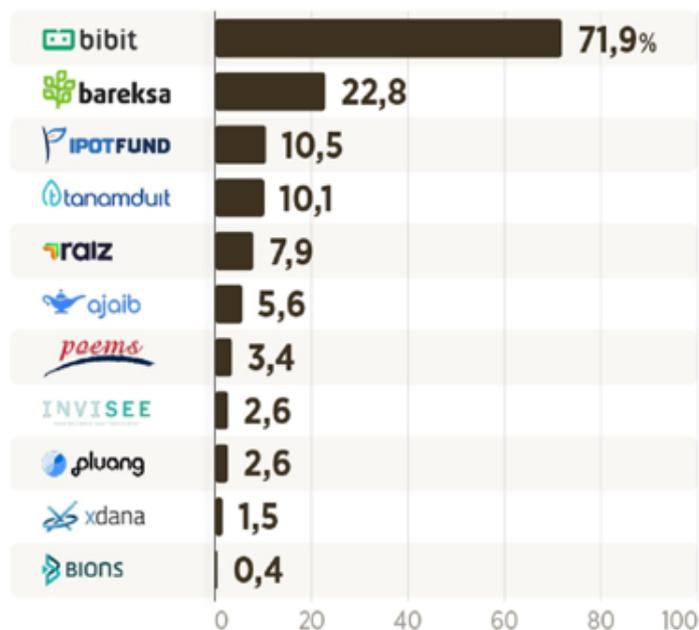
Number	Reason	Percentage
1	Ease of purchase	51,2%
2	Feeling safe	47,9%
3	Big profit	47,3%
4	Fast value growth	45%
5	Protected by OJK	43,1%

Source : Katadata Insight Center

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. The exponential development of new technology has brought a stream of changes to investment transactions that were originally only possible at securities banks and exchanges have now developed with web-based and online digital applications. 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.



**Figure 1.2 Platform Used For Mutual Fund Purchases**

Source : Katadata Insight Center

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%. This figure is so far compared to other percentages, thus indicating that Bibit is the most preferred application for Indonesians to buy mutual funds.

Bibit app is one of the fintech investing apps that came to Indonesia in 2013 as part of investment startup Stockbit to help beginner investors start investing easily and safely. As a rich tech e-commerce platform, Bibit has features to make it easier for users to plan, select, and transact mutual funds in investing. In 2018, Bibit received a license from OJK so that this application has been officially declared as a safe mutual fund selling agent because it is directly supervised by the authorized institution. Bibit offers 3 features as its service excellence. Robo Advisor, Goal Setting, and Auto Debit.

Robo Advisor is a feature in the Bibit app that recommends the percentage of a mutual fund portfolio consisting of stocks, bonds and money market depending on the risk characteristics chosen by the user. If the user has an aggressive character, the Robo Advisor will make the percentage of equity mutual funds more dominant than bonds and money market. Goal Setting is a feature in the Bibit application that can be used by users to set a nominal goal for their portfolio, with Goal Setting users know how long the nominal will be achieved and how much nominal must be spent in the form of mutual funds so that the nominal goal can be achieved within the specified time. Autodebit is a new feature from Bibit after working with Gopay and Bank Jago. This feature will automatically deduct the user's Gopay or Bank

Jago balance if the user wants the Autodebit feature to be activated. Bibit also offers sharia mutual fund options for investors who are interested in sharia mutual fund investment products.

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.



**Figure 1.3 Fundraising Journeys of Indonesian Investment Firms**

Source : Tech in Asia

Based on the following data reported by Tech in Asia, it shows that there was an anti-climax or decrease in transactions that occurred in Bibit in 2022 after previously continuing to increase. 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. This happened to Bibit but not to its competitor Ajaib, which actually recorded a significant increase in transactions of 243 million USD in 2021.

**Table 1.3 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

Source : Tech In Asia

Sales Growth of the Bibit application in 2022 have decreasing after several years of always showing an increase in sales. Showed by data from Tech In Asia, that the Bibit application was experiencing a decrease in sales transactions of 15 Million USD. This table is obtained from the number of sales transactions which previously in 2021 amounted to 95 Million USD drop 80 USD in 2022. This is certainly a challenge for the Bibit app to survive in an increasingly competitive fintech market. Especially with competitors whose sales growth shows a significant increase. For example, the Ajaib platform in the table was able to outperform several competitors and beat it last year. The Ajaib app has also recently gained notoriety as the first investment fintech to break into the unicorn valuation in Indonesia and Southeast Asia. This decline number of transaction became a business phenomenon which author takes to be the reasons for this research.

The phenomenon of declining transactions in the Bibit application is also accompanied by various negative reviews that appear on the Google Playstore 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. This is because online customer reviews are one of the important things that new consumers look for to get information before making a purchase intention. Especially in terms of investing, this is very important to help potential mutual fund investors and new investors to be wiser in investing. The Bibit application gets a rating score of 4.8 on the Google Playstore platform. Dissatisfaction based on Bibit user reviews can be seen in the following table:

**Table 1.4 User Reviews of Bibit App on Google Playstore**

Number	Bibit Customer Reviews	Rating
1.	Not easy to use. It's very difficult to add another bank account when we want to deposit in mutual funds.	★☆☆☆☆
2.	Bibit actively promotes the Stockbit Jago Mutual Fund which turned out to be a poor service. Bibit did not protect it customers from incompetent service providers like Stockbit. Too bad	★☆☆☆☆
3.	Not recommended. Mutual fund disbursement can take weeks. I'd rather use another platform that can disburse in minutes.	★☆☆☆☆
4.	Untrustworthy! I'm a beginner and just bought a mutual fund according to the robo in the pension fund portfolio. But until now, it's still work in process. It take a long time.	★☆☆☆☆
5.	The system security is messed up. Payment for purchasing of shares and mutual funds does not use a security pin at all.	★☆☆☆☆
6.	It's not user friendly. Mutual fund product listing options also lack updates.	★★☆☆☆
	System availability is very poor. It's been a week that the application cannot be opened. Even though	★★☆☆☆

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	it has been updated. It makes me worried because I invested a lot	
7.	Buying mutual funds here does not provide benefits, instead it is a loss.	★☆☆☆☆

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Based on this description, it can be seen that Bibit users, both those who have not and have made transactions, are showing various complaints. Starting from systems that often error, applications that are not user friendly, difficulties in use, etc. That's way, there is a close relationship between the perceived value based on usage by previous users and the intention of the next prospective customer. The higher the value given by previous users on the available review page will also increase the desire of potential customers to make mutual fund purchase transactions through the application. This is because before the emergence of purchase intentions, prospective consumers will usually assess first based on the perceived service experience and strengthen the intention by seeking information through previous online customer reviews. Because of the background of the problems and business phenomena that occur above, the authors are interested in conducting further research with the title "**Effect of Perceived E-Service Quality and Online Customer Reviews on Purchase Intention on Bibit Applications in Semarang**".

## 1.2 Problem Formulation

The phenomenon of investment management using rich-tech by investing in Mutual Fund instruments is of course utilized by Bibit as a momentum to present solutions for the ease of buying mutual funds through various attractive features provided in the application. But in fact, there are still users who complain about the lack of optimization of the application so that it makes comfort during transactions

not optimal. Based on the background above, the researcher formulates the research problem as follows:

1. Is there an effect of Perceived E-Service Quality on Purchase Intention on the Bibit Application?
2. Is there an effect of Online Customer Reviews on Purchase Intention on the Bibit Application?
3. Is there an effect of Perceived E-Service Quality and Online Customer Reviews on Purchase Intention on the Bibit App?

### **1.3 Research Purposes**

In this study, the authors have limitations so that the research can run as expected, so the research objectives must be known as a foundation so that the research does not lose direction. Based on the problem formulation above, the research objectives in this study are as follows:

1. Knowing the effect of E-Service Quality on Purchase Intention on the Bibit Application?
2. Knowing the effect of Online Customer Reviews on Purchase Intention on the Bibit Application?
3. Knowing the effect of E-Service Quality and Online Customer Reviews on Purchase Intention on the Bibit Application?

### **1.4 Research Function**

#### **1. For Academics**

The results of this study are intended as a reference for conducting further research, increasing knowledge, insight, and understanding of Perceived

E-Service Quality and Online Customer Reviews in relation to Consumer Purchase Intention

## **2. For the Company**

The results of this study can be used to help Bibit problems in presenting a better and user-friendly application. In addition, it is also hoped that it can be used as input and additional information for the Bibit application so that it can be used as material for consideration and evaluation in order to improve the service capabilities provided and marketing efforts made in order to maintain their position as market leaders.

## **3. For Researchers**

By conducting this research, it is hoped that the research results obtained can increase the knowledge and insight of researchers in the field of consumer behavior regarding Purchase Intention. It can also make researchers better understand the importance of the role of Perceived E-Service Quality and Online Customer Reviews for a business.

### **1.5 Theoretical Framework**

This study aims to understand Purchase Intentions that lead to consumer behavior. The theory used in this research is Theory of Planned Behavior. In research (Li & Zhang, 2021) explains the Theory of Planned Behavior theory focuses on the view of beliefs that influence a person to act. This theory has a foundation in the perspective of beliefs 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 form consumer intentions in behavior (Yuliana & Febriyani, 2018).

In relation to the research to be conducted, this theory refers to one of the sub-theories in the Theory of Planned Behavior, namely the Cognitive Component which is the first component of the Tricomponent Attitude Model. Where there are several factors that influence the formation of this component, namely knowledge and perceptions obtained from a combination of direct experience with the object and information obtained from other sources about the object (Schifmann & Kanuk, 2010). This statement is stated to be in line with the research to be carried out to see how the experience felt by users of the e-service quality provided by the Bibit application can influence the information obtained from online customer reviews to further influence the Purchase Intention of prospective mutual fund buyers on the Bibit application.

### **1.5.1 Factors that Affect Purchase Intention**

Purchase intention is one part of customer behavior. Therefore, consumer purchase intentions are very important to understand to predict future consumer behavior in making purchases. According to research (Karinka & Firdausy, 2019) consumer purchase intentions can be influenced by several factors such as information search, familiarity, social presence and trust.

#### **a. Information Search**

Searching for information collected by consumers can increase their knowledge about the products/services to be purchased. According to (Hajli et

al., 2016) in his research shows that information search has a positive and significant influence on purchase intention.

b. Familiarity

Familiarity with a product / service increases consumer understanding of the buying process so that it can reduce complexity in determining purchase intentions. Consumers will tend to choose products/brands that are familiar or known to them so that at least they already know how the level of service quality provided. This can arise when consumers are looking for suitable products through advertisements, reviews and comments from other consumers (Gefen et al., 2003).

c. Social Presence

Social presence is a concept of interaction between a person and other people around him through a certain media or platform. This social presence can be felt by someone through the comments column of users, where they give each other responses, likes and emoticons which can later encourage someone to make a purchase intention (Weisberg et al., 2011).

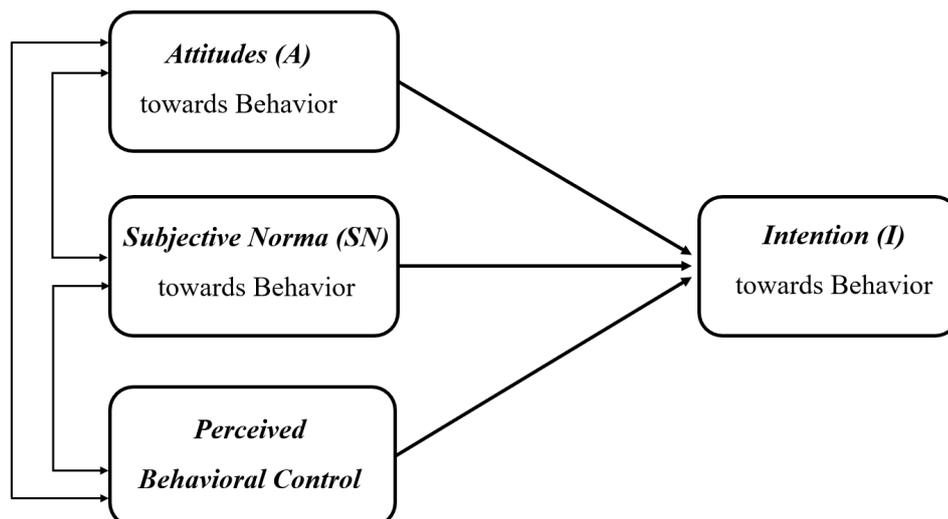
c. Trust

The amount of information obtained can increase consumer confidence in a product/service, thereby enabling the emergence of consumer purchase intentions. Consumers who believe in a product are more likely to make a purchase (Gefen et al., 2003).

By knowing the factors that can affect to purchase intention, researcher will refers to the Theory of Planned Behavior as a basis for thinking. From the Theory of Planned Behavior, researchers will then be able to propose variables that can be used to examine their influence on Purchase Intention in prospective mutual fund investors in the Bibit application.

### 1.5.1.1 Theory of Planned Behavior

Theory Of Planned Behavior (TPB) was coined by Icek Ajzen in 1985 through his article "From intentions to actions: A Theory of planned behavior". In psychology, the theory of planned behavior is a theory about the relationship between beliefs and behavior. 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. So that in this study Theory Of Planned Behavior (TPB) is very compatible in examining consumer Purchase Intentions.



**Figure 1.4** Theory Of Planned Behavior

Source : Ajzen, 1991

Theory Of Planned Behavior is a theory that explains intention, namely how hard individuals try and how much effort is sacrificed in doing something. In Theory Of Planned Behavior, behavioral intention is determined by three main determinants, namely attitudes, subjective norms, and perceived behavioral control :

**a. Attitudes towards the Behavior**

Theory of Planned Behavior states that individual attitudes towards behavior are obtained from beliefs about the consequences of this behavior, or also called behavior beliefs. Behavior beliefs connect a behavior with several other things such as costs or losses that will be faced if the behavior is raised. Individuals who believe that a behavior can produce a positive outcome, then the individual will also have a positive attitude.

**b. Subjective Norms towards the Behavior**

Subjective norms are social pressures that are felt in carrying out or not carrying out a behavior. In other words, subjective norms are the opinions of close people, important people who influence behavioral decisions. This norm shows that social influence is believed to influence a person's thoughts, feelings and behavior. Through interaction, observation and information received, individuals form opinions and beliefs about what they should do.

**c. Perceived Behavioral Control**

Perceived behavioral control is a person's belief about how much control is needed to induce a behavior to occur. Perceived behavioral control can influence a person's intention to perform certain behaviors. This can generate a person's

intention or interest to act. Perceived behavior control is also determined by an individual's past experience with a behavior which is also influenced by information obtained from others, such as from the experience of someone known, for example family, friends relatives and others.

Referring to the factors that influence consumer purchase intentions and based on the dimensions that make up Theory Planned Behavior, researchers will use the variables Perceived E-Service Quality and Online Customer Reviews. Both variables are considered to be in line with the dimensions that influence someone to have a purchase intention.

### **1.5.2 Purchase Intention**

By using the Theory Planned Behavior approach, this research will use the Purchase Intention variable to understand how these cognitive and social factors interact with each other and influence behavioral choices on mutual fund purchase intentions in the Bibit application. According to Kotler and Keller (2016) purchase intention is a form of behavior from a consumer who wants to buy or choose a product based on his experience, use and desire for a product. In other words, purchase intention determines the strength of consumers' willingness to buy (Lee et al., 2017).

Purchase Intention arises after receiving stimulation from something that is seen and accompanied by a feeling of pleasure towards a product/ service, then creates a convincing desire that the goods/ services will be useful and provide benefits (Pramesti & Rahanatha, 2019). A consumer does not immediately have a decision to purchase goods or services, but first consumers seek information from

various sources that are believed to help them in growing buying interest and making decisions. That way, analyzing how the buying interest process from within consumers is very important.

In this study, purchase intention will be measured through dimensions that refer to (Lucas, 2012) and (Rizky NST, 2014), which include:

1. Attention

Namely the attention of potential customers to the products / services offered

2. Interest

Which is the interest of potential customers in the product / service offered

3. Desire

Namely the desire of potential customers to have the product / service offered

4. Conviction

Which is an individual's belief and trust in the quality, usefulness, and profitability of the product/service he/she wants to buy.

### **1.5.3 Perceived E-Service Quality**

Referring to one of the dimensions of the Theory Planned of Behavior, namely Attitudes towards Behavior, the researcher decided to adopt the variable Perceived E-Service Quality. In this case, it means that values have an impact on Attitude, which in turn affects consumer purchase intentions. Before having the intention to buy mutual funds through the Bibit application, consumers tend to want to try the application first to find out how the performance and quality of the services provided. This includes an attitude that is taken before the consumer's

purchase intention later appears. After personally experiencing the services provided, consumer perceptions will emerge regarding the assessment of the quality of the services provided.

E - Service Quality is defined as the ability of an application/website to create an effective and efficient experience in transactions (Othman et al., 2004). According to (Zeithaml et al., 1993) defines service quality as the difference between perceived performance and customer expectations. When associated with the research to be carried out, perceived e service quality is a comparison between expectations and perceptions of prospective customers of the performance provided by a platform. When performance exceeds prospective customers' expectations, then the service is considered excellent and customers get a pleasant surprise, but if the opposite happens, then the quality becomes unacceptable (Grönroos, 1990).

Some previous literature has identified many indicators that make up this e-service quality, where there are studies that form elements by focusing on web usage (Zeithaml et al., 2002) besides that there are dimensions that are considered more general and have been widely used, such as the E-S-QUAL dimension (Parasuraman et al., 2005) and many other dimensions tailored to their respective research needs. This study uses four dimensions including:

1. Ease of use

Which in this study is taken to see the company's role in understanding users by making it easy to use all the features provided (Tandon et al., 2017a; Vos et al., 2014)

## 2. Privacy

Which is used to measure the level of the application's ability to maintain customer data security (Jaiyeoba et al., 2018)

## 3. Efficiency

Which in this study is used to measure the level of accuracy of website features in providing information and helping customers choose the products they need more easily and efficiently (Elsharnouby & Mahrous, 2015)

## 4. System availability

To measure the commitment of service providers to always be ready to maintain the system so that it can always be used by users (Tsao et al., 2016)

### **1.5.4 Online Customer Reviews**

Online Customer Review is a variable that is adopted by referring to the factors that influence consumer purchase intention. As previously explained, the importance of social presence as a concept of interaction between a person and other people around him through certain media or platforms. This social presence can be felt by someone through online customer reviews. This concept is also in line with second dimensions of the Theory of Planned Behavior namely Subjective Norms, which in this case can be related to consumer perceptions of doing something based on social encouragement, such as conducting reviews in the comments column to find out about previous consumer experiences.

Online Customer Reviews are opinions and experiences provided by consumers on a service provided by consumers regarding products that have been

purchased and used before (Amelia et al, 2021). Meanwhile, according to (Syakira & Moeliono, 2019) online consumer reviews are defined as feedback provided by consumers based on their experience in using a service / product and can influence potential new consumers to develop buying intentions for similar products.

Online customer reviews can reflect customers' subjective perceptions of the product and the quality of the online purchasing experience. The more reviews that online consumers write about a product or service description, the easier it will be for other potential buyers to get additional information about the product or service, create an opinion about the product and generate buying interest. This study will measure online customer reviews referring to the dimensions referring to (Latifa et al, 2020) including :

1. Perceived Usefulness

Perceived Usefulness is a condition where consumers get perceived benefits from online customer reviews on a site, for example in this study, the Google Playstore platform.

2. Source Credibility

Which in research is defined as a review from an expert and a communicator who can be trusted, so that it is considered that the information provided is of high quality and reliable.

3. Argument Quality which refers to the quality of an argument, namely the persuasive power of the argument attached to the information message.

4. Valance is an indicator that leads to the positive or negative nature of a statement in the message. Either categorized positively or negative

## **1.6 Corelation Between Research Variables**

### **1.6.1 The Effect of Perceived E – Service Quality on Purchase Intention**

Perceived E-Service Quality refers to consumers' judgment and perception of the quality of electronic services provided in a virtual environment (Santos, 2003). Since the expansion of the Internet, many companies have adopted multichannel policies for their business operations and marketing. In this regard, it should be noted that service quality plays an important role as it is defined as the customer's long-term evaluation of the service provider's performance (Wu & Li, 2018). Perceptions of service quality are obtained by comparing customer expectations with existing service performance and further by assessing the quality of service outcomes and service delivery processes. Based on the new definition, e-service quality depends on consumer perceptions of the quality of service provided, the quality of service in the face of difficulties, and the level of satisfaction of previous consumers, thereby increasing purchase intentions for potential new consumers (Zarei et al., 2014). The better the prospective consumers' perception of the quality of electronic services, the higher their purchase intention level will be. This statement has been proven in research by (Ahmad & Zhang, 2020) which shows that Perceived E-Service Quality has a positive effect on Purchase Intention. So, based on the above statement, the research hypothesis is compiled as follows:

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

### **1.6.2 The Effect of Online Customer Reviews on Purchase Intention**

Online customer review is the second factor that influences purchase intention. Making online product purchase transactions makes prospective customers have to ensure the quality of the product / service offered before the purchase intention arises. Online customer review is a tool or means for consumers to browse various review comments from other customers who have purchased products, services, or services from a business is an online customer review (Ardianti & Widiartanto, 2019). This feature was developed to allow customers who have shopped or purchased products to provide an assessment of product quality. So that the existence of online customer reviews helps potential customers in providing information related to the experiences of other consumers who have bought and used the same product. Various kinds of information submitted by consumers in the form of reviews can influence purchasing intentions for potential customers. A person can make positive or negative reviews about a product and there is no standard to measure it so that this will greatly affect consumer buying interest. Research conducted by (Chang et al., 2017) and (Ramadhani et al, 2021) shows that the online customer review component has a positive and significant effect on purchase intention. Based on the explanation above, it can be concluded that the research hypothesis is formulated as follows:

H2: It is expected that there will be a positive and significant effect of Online Customer Reviews on Purchase Intention

### **1.6.3 The Effect of Perceived E-Service Quality and Online Customer**

#### **Reviews on Purchase Intention**

Perceived E-Service Quality is a perception as a form of assessment by potential consumers related to the quality of the product / service. Perceived E-Service Quality plays an important role in determining interest in buying. In its application, it can also be supported by the existence of online customer reviews which are defined as opinions or points of view of previous consumers. Online customer reviews can provide details about the suggested product from the user's point of view. Making choices about what to buy can be facilitated by online customer reviews. Online customer reviews make it easy for consumers to compare various product reviews on offer. So that online customer reviews operate as trusted intermediaries have a significant influence on purchase intention. The results of research (Latifa, 2023) and (Damayanti, 2019) state that E-Service Quality and Online Customer Reviews have a positive and significant effect on Purchase Intention. Based on the results of previous researchers and the theory that has been presented, the third hypothesis is compiled, namely:

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

### **1.7 Previous Study**

Previous research was used as a reference for researchers in conducting this research. There are several studies conducted by previous researchers :

**Table 1.5 Previous Studies**

No	Researcher/ Title/ Year	Variable	Object	Result
1	Hanum/ The Effect of E-Service Quality, Online Customer Reviews, and Ratings on Purchase Intention/ 2023	1. E-Service Quality 2. Online Customer Review 3. Online Customer Rating 4. Purchase Intention	Shopee	1. E-Service Quality has a significant positive effect on Purchase Intention. 2. Online Customer Review <b>has no effect</b> on purchase intention 3. Online Customer Rating has a significant positive effect on purchase intention
2	Damayanti/ The Effect of Online Customer Review and Rating, E-Service Quality and Price on Purchase Intention /2019	1. Online Customer Review 2. Online Customer Rating 3. E-Service Quality 4. Purchase Intention	Shopee	1. Online customer reviews have a positive and significant effect on Purchase Intention. 2. Rating has a positive and significant impact on Purchase Intention 3. E-service quality has a positive and significant effect on Purchase Intention
3	Omas et al/ The Effect of E-Service Quality on Purchase Intention on the E-Commerce Site /2022	1. E-Service Quality 2. Purchase Intention	Shopee, Tokopedia, and Bukalapak	1. E - Service Quality <b>don't have a positive and significant effect</b> on Purchase Intention

No	Researcher/ Title/ Year	Variable	Object	Result
4	Rohmatullah/ The Effect of Online Customer Reviews on Purchase Intention with Trust as an Intervening Variable/ 2019	1. Online Customer Review 2. Online Customer Rating 3. E-Service Quality 4. Purchase Intention	Shopee	1. Online Customer Reviews directly have a significant effect on purchase intention. 2. Online customer ratings have a significant effect on purchase intention, mediated by trust 3. E - Service Quality has a positive and significant effect on Purchase Intention
5	Ramadhani/ The Effect of Rating and Online Consumer Reviews on Purchase Intention / 2021	1. Rating 2. Online Customer 3. Reviews Purchase Intention	Shopee	1. Ratings have a positive and significant on purchase intentions 2. Online Customer Reviews have a positive and significant on purchase intentions.
6	Mulyati & Gesitera/ The Effect of Online Customer Review on Purchase Intention with Trust as Intervening/2020	1. Online Customer Reviews 2. Trust 3. Purchase Intention	Shopee	1. Online Customer Review has a positive and significant effect on Purchase Intention, mediatet by Trust

From previous research, there is a gap in results related to the variables of E-Perceived Quality, Online Customer Review, and Purchase Intention. Therefore, this research was conducted with the aim of perfecting previous research. The difference between this research and previous research is the object and population studied. Most of the previous studies examined this topic on the object of online markets such as Shopee, Tokopedia, and Bukalapak. There has not been found any previous research with a similar topic that examines the field of financial investment technology. That way researchers want to further examine whether similar topics will produce the same results when applied to different fields.

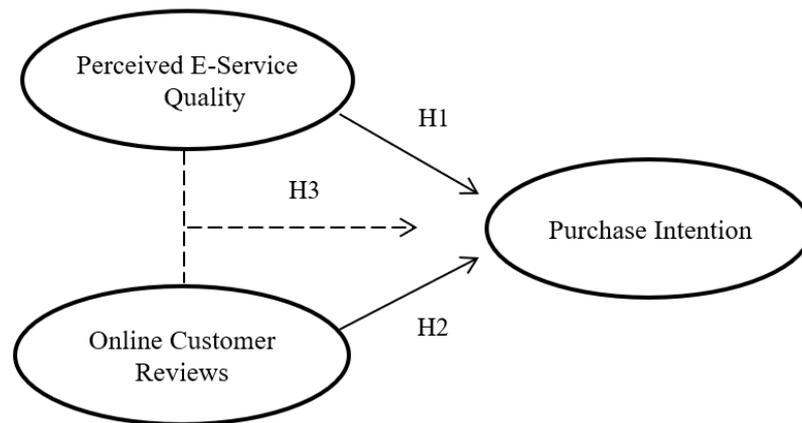
### **1.8 Hypothesis**

A hypothesis is a proposition or conjecture that has not been proven, or is still tentative or tentative to explain facts or phenomena, as well as possible answers to research questions (Zikmund, 1997). The hypotheses proposed in this study are:

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 1.5 Hypothesis**

**Description :**

X 1 : Perceived E-Service Quality

X 2 : Online Customer Reviews

Y : Purchase Intention

**1.9 Conceptual Definition**

A conceptual definition is a definition that is still a concept and its meaning is still very abstract, although it can still be understood intuitively.

**1.9.1 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.

### **1.9.2 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.

### **1.9.3 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.

## **1.10 Operational Definition**

An operational definition is giving or giving meaning to a variable by specifying the activities or operations needed to measure, categorize, or manipulate the variable.

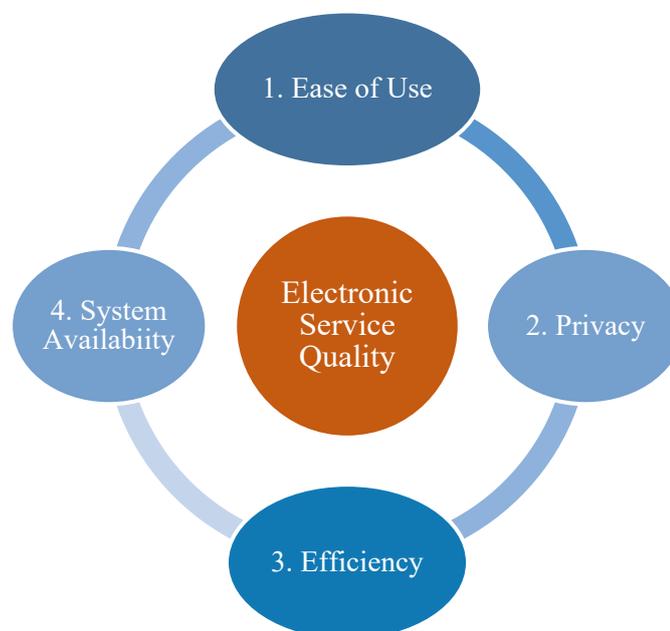
### **1.10.1 Perceived E-Service Quality**

E - Service Quality is defined as the ability of an application / website to create an effective and efficient experience in transactions (Othman et al., 2004). Some previous literature has identified many indicators that make up this e-service quality, where there are studies that form elements by focusing on web usage (Zeithaml et al., 2002) besides that there are dimensions that are considered more general and have been widely used, such as the E-S-QUAL dimension

(Parasuraman et al., 2005) and many other dimensions tailored to their respective research needs. This study uses four dimensions including:

1. Ease of use
2. Privacy
3. Efficiency
4. System availability

The four elements above were chosen to analyze the problems in this study for several reasons. First, the object to be studied, namely Bibit digital services, where the majority have and offer benefits to their users, and the Bibit application has several benefits and values offered in its services, such as safe, easy, fast, and efficient. The value in the offer can certainly be packaged in the indicators described above.



**Figure 1.6 Perceived E-Service Quality Indicator Elements**

Source: Author's summary of various references, 2023

### 1.10.2 Online Customer Reviews

According to (Amelia et al, 2021) Online Customer Review is an opinion and experience given by consumers about a service provided by a seller or related to a product that has been purchased and used before. In this study, online customer reviews are one of the variables to be studied in relation to customer information sources, including customer preferences and product evaluations. This study will measure online customer reviews referring to the dimensions referring to (Latifa et al, 2020) including :

1. Perceived Usefulness
2. Source Credibility
3. Argument Quality
4. Valance



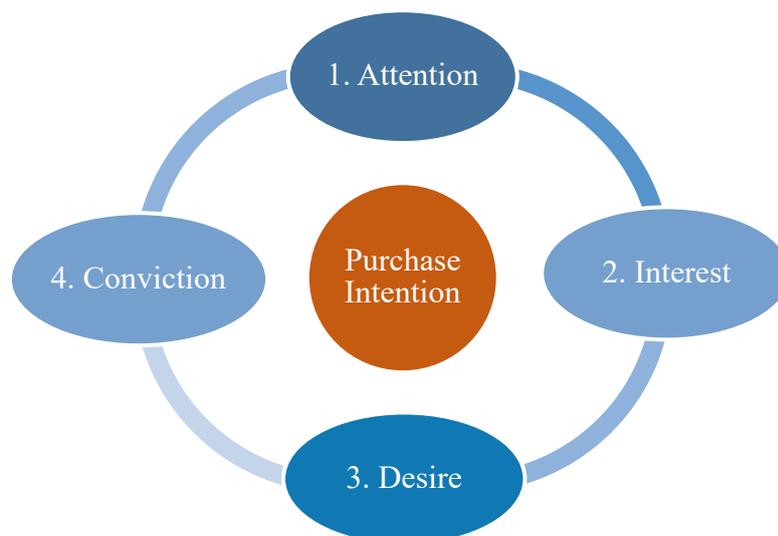
**Figure 1.7 Customer Online Reviews Indicator Elements**

Source: Author's summary of various references, 2023

### 1.10.3 Purchase Intention

According to (Kotler, 2012) purchase intention is a person's desire to buy and own a product after being interested in what is seen. If consumers are already interested in what the seller offers and their reaction, then interest in purchasing will definitely arise. In this study, purchase intention will be measured through dimensions that refer to (Lucas, 2012) and (Rizky NST, 2014), which include:

1. Attention
2. Interest
3. Desire
4. Conviction



**Figure 1.8 Purchase Intention Indicator Elements**

Source: Author's summary of various references, 2023

### 1.10.5 Table of Variables, Indicators, and Items

**Table 1.6 Variables Measurements**

Number	Variable	Dimension	Items
1.		Ease of Use	This application is easy to understand.

Number	Variable	Dimension	Items
	Perceived E-Service Quality	Privacy	Make it easy for users to use all the features provided.
			Safeguards and maintains the privacy of users' personal data
		Efficiency	The app is equipped with various satisfactory application security features
			Provides convenience in choosing products according to user preferences with fast and efficient transaction performance
2.	Online Customer Review	System Availability	The information provided by this application is accurate
			The service system is available at all times
		Perceived Usefulness	Online customer reviews provide insight into their transaction experience
			Online customer reviews provide important useful information.
Source Credibility	Provide information about facts because they are written based on honest customer reviews		
	Online customer reviews are highly accurate, qualified and reliable because they are provided by people with high credibility.		
3.	Purchase Intention	Argument Quality	The quality of arguments influences users to get their best product choice
		Valance	Positive online customer reviews add confidence to potential buyers
		Attention	My attention to the product/service increased after experiencing the e-service quality of the Bibit app. Information from online customer reviews is able to influence product purchase decisions that match user preferences and needs.

Number	Variable	Dimension	Items
		Interest	The variety of investment products offered by Bibit is intended to increase the interest of potential buyers.
		Desire	Encouragement from within the user to own the product/service offered
		Conviction	The level of user confidence in the quality, usefulness, and possible benefits of the products/services offered

## 1.11 Research Method

The research method according to (Sugiyono, 2019) is basically a scientific way to get data with specific purposes and functions.

### 1.11.1 Research Type

This research uses an explanatory type of research with a quantitative approach. Explanatory research is used when researchers want to know why a certain situation or condition occurs or what influences the occurrence of something. Researchers not only describe the phenomena that occur but have tried to explain why these phenomena occur and what the consequences are. Researchers are required to make hypotheses as initial assumptions to explain the relationship between the variables studied. This study focuses on the relationship between Perceived E-Service Quality (X1) and Online Customer Reviews (X2) on Purchase Intention (Y).

## **1.11.2 Population and Sample**

### **1.11.2.1 Population**

According to (Sugiyono, 2019) population is a generalization area consisting of objects / subjects that have certain quantities and characteristics set by researchers to study and then draw conclusions. The population in this study is active users of Bibit in Indonesia, which based on data from the Kustodian Sentral Efek Indonesia (KSEI) recorded 4,638,938 active user accounts of Bibit until July 2023. 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.

### **1.11.2.2 Sample**

According to (Sugiyono, 2019) says that the survey method is a method used to obtain data from a certain natural (not artificial) place, but researchers do treatment in data collection, for example by circulating questionnaires, tests, structured interviews and so on. According to (Cooper & Emory, 1998) the basic formula of a sample of 100 out of 5000 has the same accuracy of results as 100 samples from 200 million population. So in this study we will conduct research using a minimum of 100 respondents who have appropriate criteria to represent a population. The population in this study are people who decide to buy mutual fund products on the Bibit application.

### **1.11.3 Sampling Technique**

Sampling techniques according to (Sugiyono, 2019) are basically grouped into two, namely probability sampling and non-probability sampling. This research

will use non-probability sampling. According to (Sugiyono, 2019) non-probability is defined as a sampling technique that does not provide equal opportunities for each element or member of the population to be selected as a sample. In other words, sampling does not provide equal opportunities to members of the population, and the determination is not random. This research will refer to one type of non-probability sampling technique, namely purposive sampling. This one technique is a way of sampling with certain characteristics determined by the researcher. The following are some of the criteria determined in this study:

- a. Semarang residents have never transacted on the Bibit application and are above 18-35 years old.
- b. Semarang residents registered for an account on the Bibit App
- c. Semarang residents are willing and voluntary to fill out the questionnaire

#### **1.11.4 Type and Sources Data**

##### **1.11.4.1 Type of Data**

This research will be conducted using quantitative method. According to (Sugiyono, 2018) quantitative data is a research method based on positivistic (concrete data), so that research data in the form of numbers will be measured using statistics as a calculation test tool, related to the problem under study to produce a conclusion. Quantitative research can be interpreted as a research method based on the philosophy of positivism, used to examine certain populations or samples, sampling techniques are generally carried out randomly, data collection using research instruments, data analysis is quantitative with the aim of testing existing hypotheses that have been established. Furthermore, quantitative data will be

obtained from the results of distributing questionnaires to 100 active users of Bibit in Semarang City who meet the criteria.

#### **1.11.4.2 Source Data**

This research will be based on primary data sources and secondary data. In line with (Sugiyono, 2013) which states that data collection can use primary data sources and secondary data sources.

##### **1. Primary Data**

According to (Husein Umar, 2013) primary data is data obtained from the first source either from individuals or individuals such as the results of interviews or the results of filling out questionnaires. In other words, primary data is a source of research data obtained directly from the original source (not through intermediary media). In this study, primary data will be obtained from questionnaires distributed to 100 active Bibit user respondents. The questionnaire will be made based on the research indicators that have been previously determined.

##### **2. Secondary Data**

Secondary data is a source of research data obtained by researchers indirectly through intermediary media such as those obtained and recorded by other parties (Indrianto & Supomo, 2013). Secondary data in this study were obtained through outside sources such as various writings from books, journals, the internet, and websites related to this research.

### 1.11.5 Measurement Data

The measurement scale is an activity in the form of giving value to each answer given by respondents to obtain quantitative data. According to (Sugiyono, 2019) revealed that by doing a measurement scale, the value of each variable can be expressed in numerical form, so that it can provide more accurate, efficient, and communicative results. Based on (Sugiyono, 2019) the use of the Likert Scale, the measurement variable will be translated into several variable indicators, which then from these indicators will be used as points to be used as questions on the questionnaire. From all the questions that are prepared, a weighted value will be given which is also called scoring. The weight of the assessment is as follows :

**Table 1.7 Likert Scale**

Number	Answer	Score
1	Strongly Good	5
2	Agree	4
3	Neutral	3
4	Disagree	2
5	Strongly Bad	1

### 1.11.6 Data Collection Technique

According to (Sugiyono, 2019) data collection techniques are the most strategic step in a study, because the main purpose of research is to obtain data. The following is a data collection technique in this study:

1. Questionnaire

The questionnaire is a data collection technique by providing a list of questions and or written statements to respondents for response. (Sugiyono, 2019) For this reason, the questionnaire will be asked by researchers to several Semarang people who are active users of Bibit. Respondents are given the convenience of other answer choices if the respondent has another view. Respondent identity data will also be asked so as to increase data validity.

## 2. Literature

Literature study is a data collection technique carried out by researchers by looking for various literature as reference material. Literacy sources are obtained from books, journals, the internet, and documents obtained from the Diponegoro University E-Journal related to this research which have relevance to the problems in this study.

### **1.11.7 Data Analysis Technique**

The analysis technique used in this research is quantitative analysis technique. Quantitative analysis is a method of analysis with numbers that can be calculated or measured. Quantitative analysis is intended to estimate the quantitative effect of changes in one or more other events using statistical analysis tools. Quantitative analysis is the analysis of data using a quantitative data approach where measurements are made that state the numbers that have been arranged in tables and calculations using statistical tests SmartPLS 4.0.

### **a. Evaluation of the Measurement Model (Outer Model)**

According to Husein (2005) outer model analysis (outer measurement) is carried out to ensure that the measurement used is suitable for measurement (valid and reliable). The measurement model test or outer model serves to show how latent variables and their indicators are interconnected. The analysis stage on the outer model is measured using validity and reliability testing. There are several tests carried out in the outer model analysis through SmartPLS software, which are as follows:

#### **a) Validity Test**

According to Ghozali (2015) the validity test is used to measure whether the questionnaire is valid or not. This validity test needs to be done in order to find out whether the measuring instrument that is compiled actually measures what needs to be measured. There are two criteria for assessing the validity test in the outer model, namely convergent validity and discriminant validity.

##### **(1) Convergent Validity**

Convergent validity of the measurement model with reflexive indicators is assessed based on the correlation between the indicator item score and the variable score calculated using PLS. Individual reflexive measures are declared high if the loading factor value is more than 0.7 (Ghozali, 2015). And the Average Variance Extracted (AVE) value must be greater than 0.5.

##### **(2) Discriminant Validity**

Discriminant validity test can be seen in the cross loading value. It can be said to be valid if the cross loading value of each variable statement item to the variable itself is greater than the correlation value of the statement item to other variables (Hair, 2014). In addition, discriminant validity can also be done by comparing the value (AVE) of the construct greater than the correlation with all other constructs. A construct can be said to be valid, it can also be seen by comparing the root value of the AVE or former larcker criterion to the correlation value between latent variables. The AVE value must be greater than 0.50 (Ghozali, 2015).

#### **b) Reliability Test**

Reliability test is a tool used to measure the consistency of a questionnaire which is an indicator of a variable or construct. A questionnaire is said to be reliable or reliable if someone's answer to a question is consistent or stable over time (Ghozali, 2006). In conducting a construct reliability test, 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 the two criteria must be more than 0.7 (Ghozali, 2015).

#### **b. Structural Model Evaluation (Inner Model)**

Evaluation of the structural model or inner model is carried out using R-square which aims to predict the relationship between latent variables. The tests carried out in this inner model analysis are:

**a. R-square Test ( $R^2$ )**

The R-Square value is a measure of the proportion of variation in the value of the dependent variable that can be explained by the independent variable. Referring to the criteria given (Ghozali & Latan, 2015), in measuring R-Square, the interpretation of the results can be grouped into several categories. If the R-Square value reaches 0.75, it can be concluded that the model has high strength. If the R-Square value is in the range of 0.50, the model can be said to be a medium model. Meanwhile, if the R-Square value reaches 0.25, the model is considered weak.

**b. F-test**

The F - Square test aims to measure how much influence the independent latent variable has on the dependent latent variable. Its function is to estimate whether the model is good / bad. Based on the opinion (Ghozali & Latan, 2015) in measuring F - Square, the test results can be interpreted in several categories, namely as follows: If the F - Square value reaches 0.35, it has a strong influence. If the value is in the range of 0.15, it is classified as having a moderate influence. Meanwhile, if the F-Square value reaches 0.02, the effect is considered weak.

**c. Path Coefficient (Hypothesis Test)**

This test is run using bootstrapping. This will be checked with the path coefficient by considering the significance level of T. The test is to divide the t-statistic score by the t table score at the significance level, the significance of the path coefficient is tested at 5% or 1.96. If the t-statistic score is higher

than the t table score of 1.96 then (Ghozali & Latan, 2015) the path coefficient will be affected. If the p-value is less than 0.05, the hypothesis is accepted.

#### **d. Goodness of Fit Test**

Goodness of Fit (GoF) is a method for evaluating the quality of measurement models and structural models, and provides a simple measure for predicting the overall model. The model fit test aims to determine how suitable the model used in this study is. In accordance with the criteria given (Ghozali & Latan, 2015) in measuring Goodness of Fit, and seen is the Normed Fit Index (NFI) NFI which measures the fit of the model comparatively against the base line or null model. The interpretation of the results can be divided into three categories. If the value is in the range of 0 - 25, it can be considered a weak category. If the value is above 0.25 to 0.36, it can be classified as moderate influence. Meanwhile, if the Goodness of Fit value exceeds 0.36, it is considered to have a strong influence in measuring the overall model fit.

#### **e. Model Fit**

The model fit test aims to determine how suitable the model used in this study is. The value seen is the Normed Fit Index (NFI) NFI which measures the fit of the model comparatively against the base line or null model.