

# The Influence of Online Customer Reviews and Online Customer Ratings on Purchase Decisions on Tokopedia: A Case Study of Benua Melayu Darat District

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#### ABSTRACT

This study aims to analyze the influence of online customer reviews and online customer ratings on product purchase decisions on the e-commerce platform Tokopedia. This research is a quantitative study using non-probability sampling techniques with a purposive sampling approach. The sample size in this study was determined using Cochran's formula, resulting in 96 respondents who are residents of Benua Melayu Darat District, users of Tokopedia. Data was collected by distributing questionnaires to respondents via Google Forms. The data analysis techniques used in this study include instrument testing, classical assumption tests, multiple linear regression analysis, and hypothesis testing, all conducted using SPSS 26. The results of this study indicate that, simultaneously, online customer reviews and online customer ratings significantly influence purchase decisions. Partial results show that both online customer reviews and online customer ratings have a significant effect on purchase decisions. Overall, the findings demonstrate that online customer reviews and online customer ratings positively and significantly affect product purchase decisions on the Tokopedia e-commerce platform.

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#### 1. INTRODUCTION

The increasing availability of faster internet access and the presence of increasingly sophisticated technology have a reciprocal effect on consumer behavior patterns in Indonesia. With the surge in the number of internet users in Indonesia and the increased use of the internet for online shopping, this certainly has a significant impact on the growth of online commercial companies (e-commerce) in the country. Recently, the e-commerce sector has experienced rapid growth in Indonesia.

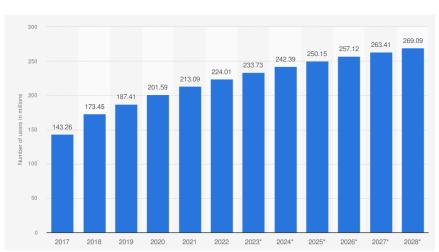


Table 1.1 Number of Internet Users in Indonesia

Source: www.statista.com

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Based on the data provided, it can be concluded that the number of internet users in Indonesia has experienced significant growth year after year. This growth is influenced by the rapid transformation of consumer behavior, particularly the shift from traditional offline shopping ("face to face") to online transactions, driven in part by the Covid-19 pandemic (Kominfo.go.id, 2020). This shift has had a profound impact on the development of e-commerce in Indonesia, especially in the realm of online buying and selling. The increasing number of internet users and the competitive landscape among e-commerce platforms highlight the growing preference for online shopping in Indonesia. E-commerce platforms enable buyers to select goods or services through websites or applications, proceed with transactions by clicking the "buy" button, and make payments either through e-money or e-wallet features, or by paying upon delivery (Cash On Delivery).

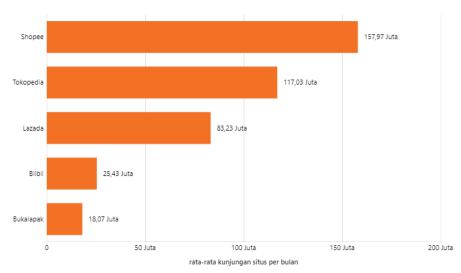


Figure 1.1: Visitors Data of E-commerce in Indonesia Quarter one year 2023 Source: Databoks

Based on SimilarWeb data, Shopee is the e-commerce platform with the highest number of site visits in Indonesia in the first quarter of 2023. During the period from January to March this year, the Shopee site achieved an average of 157.9 million visits per month, far surpassing its competitors. In the same period, Tokopedia recorded an average of 117 million visits, Lazada 83.2 million visits, BliBli 25.4 million visits, and Bukalapak 18.1 million visits per month. Online customer ratings and reviews play a crucial role in the modern e-commerce ecosystem. According to Ichsan et al. (2018), online customer reviews are feedback provided by consumers after purchasing products from an e-commerce platform. These reviews not only offer detailed insights into consumers' experiences with specific products but also provide valuable information for prospective buyers to make informed purchasing decisions. They can significantly influence brand reputation and consumer trust in the products or services offered. Meanwhile, according to their research, customer ratings are quantitative assessments given by consumers using a specific scale, often using a star-rating system. These ratings reflect overall consumer satisfaction levels with the purchased product or service. Higher star ratings are generally seen as indicators of good quality and can enhance product appeal in the online marketplace.

Research by Haryanto (2020) emphasizes that the presence of online customer reviews and ratings enables sellers not only to monitor their business performance more effectively but also to identify strengths and weaknesses in the products they market. This facilitates improvement strategies and product development, as well as the establishment of long-term customer relationships. The presence of online customer reviews and ratings is crucial as it provides consumers with valuable insights into the products they intend to purchase, thus influencing their purchasing decisions positively. According to Schiffman and Kanuk (2017), purchasing decisions are a fundamental component of consumer behavior, encompassing the study of how individuals or groups assess, acquire, consume, and experience products, ideas, or services to fulfill their needs.

Online customer reviews allow prospective buyers to access firsthand experiences and opinions from other consumers, helping them gauge product quality, reliability, and suitability before making a purchase. Similarly, customer ratings, often displayed as star ratings or numerical scores, provide a quick and intuitive measure of overall satisfaction with a product or service. Higher ratings typically indicate better perceived quality and can significantly influence consumer trust and purchase intent in the competitive e-commerce landscape. By empowering consumers with these tools, e-commerce platforms facilitate informed decision-making and foster trust between buyers and sellers. This transparency not only enhances consumer satisfaction but also supports businesses in refining their offerings based on customer feedback, ultimately contributing to a more dynamic and responsive market environment.

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#### 2. LITERATURE REVIEW

#### 2.1 Purchase Decisions

Purchase decisions are influenced by various factors. According to Akhtar et al. (2021), consumer attitudes and perceptions significantly impact purchase intentions. Additionally, emotional responses to marketing stimuli play a crucial role in shaping buying choices, as highlighted by Laroche et al. (2022). Social influences, such as peer recommendations and online reviews, also significantly bolster consumer confidence in making purchase decisions (Kim et al., 2021). Cultural norms further shape these behaviors, emphasizing the need for culturally tailored marketing strategies (Zhang & Zhou, 2021). Moreover, economic factors like price sensitivity and broader economic conditions influence spending patterns (Liu et al., 2020; Wang et al., 2021). Technological advancements, particularly in e-commerce and digital payment systems, have transformed purchase behavior, enhancing purchase intentions through convenience and security (Chen et al., 2022; Gupta & Arora, 2021). Lastly, marketing strategies such as promotions and personalized marketing are effective in driving purchase decisions by creating a sense of urgency and meeting individual needs (Huang & Tsai, 2020; Kumar & Mukherjee, 2021).

#### 2.2 Online Customer Ratings

Online customer ratings have become a critical tool in influencing consumer purchase decisions. In the current digital landscape, consumers often rely on reviews and ratings provided by previous buyers to evaluate products and services. Various aspects of online customer ratings have been examined in recent research. Consumer trust is significantly influenced by online reviews. As found by Kim et al. (2021), positive reviews can enhance consumer trust and increase the likelihood of purchase, while negative reviews can deter potential buyers. Furthermore, Chen et al. (2022) revealed that customer ratings can alter consumers perceptions of product quality, with higher-rated products often perceived as superior, even when other information is limited. Social influence also plays a crucial role. Zhang and Zhou (2021) discovered that online reviews significantly impact purchase decisions, especially in collectivist cultures where individuals are more likely to follow recommendations from peers. Economic factors, such as price perception, are also affected by customer ratings. Liu et al. (2020) found that highly rated products are often perceived as offering better value, justifying higher prices. Additionally, online reviews can trigger impulsive buying decisions. Gupta and Arora (2021) highlighted that detailed and convincing positive reviews can swiftly convert purchase intentions into actual purchases, particularly on e-commerce platforms offering one-click purchases. Huang and Tsai (2020) emphasized that cumulative customer ratings contribute to brand reputation, with consistently high ratings fostering stronger brand loyalty. Effective management of online customer ratings is essential for businesses. Responding to reviews, both positive and negative, can enhance consumer trust and loyalty, as noted by Laroche et al. (2022). Ensuring the authenticity of reviews through verification systems increases their credibility (Kumar & Mukherjee, 2021). The use of AI and data analytics helps in managing and analyzing customer reviews, making the most relevant and useful reviews more accessible to consumers (Wang et al., 2021). In conclusion, online customer ratings significantly impact various aspects of consumer behavior, from trust and quality perception to impulsive buying and brand reputation. Properly managing these ratings can enhance customer satisfaction and loyalty, ultimately driving successful business outcomes.

# 2.3 Online Customer Reviews

Online customer reviews have become a crucial element in shaping consumer purchasing decisions. In today's digital era, consumers frequently rely on feedback and assessments from previous buyers to evaluate products and services. Numerous aspects of online customer reviews have been explored in recent studies. Consumer trust is greatly influenced by these reviews. As observed by Cheung, Lee, and Thadani (2021), positive reviews can boost consumer trust and increase the likelihood of purchase, while negative reviews can dissuade potential buyers. Moreover, Xie et al. (2021) demonstrated that reviews can shape consumers' perceptions of product quality, with highly detailed and favorable reviews often enhancing the perceived value of a product, even in the absence of other information. Social influence is also significant. Park and Nicolau (2020) found that online reviews notably impact purchase decisions, especially in collectivist cultures where individuals tend to follow peer recommendations more closely. Economic factors, such as price perception, are influenced by customer reviews as well. Chen, Fay, and Wang (2021) noted that products with positive reviews are often seen as offering better value, justifying higher prices. Additionally, online reviews can prompt impulsive buying behaviours. Filieri, Alguezaui, and McLeay (2020) highlighted that detailed and persuasive positive reviews can quickly convert purchase intentions into actual sales, particularly on e-commerce platforms with streamlined purchasing processes. Li, Liu, and Bandyopadhyay (2021) emphasized that a large number of positive reviews can enhance brand reputation, leading to stronger brand loyalty. Effective management of online customer reviews is essential for businesses. Engaging with reviews, both positive and negative, can enhance consumer trust and loyalty, as noted by Hu, Pavlou, and Zhang (2021). Ensuring the authenticity of reviews through verification systems increases their credibility (Zhu & Zhang, 2020). The use of AI and data analytics aids in managing and analyzing customer reviews, making the most relevant and helpful reviews more accessible to consumers (Wang et al., 2021). In conclusion, online customer reviews significantly influence various aspects of consumer behavior, from trust and quality perception to impulsive buying and brand reputation. Proper management of these reviews can enhance customer satisfaction and loyalty, ultimately driving successful business outcomes.

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# 2.4 Hypotheses Development

Sugiyono's framework (2019) serves as a conceptual model illustrating how theories relate to various factors identified as significant issues. This study examines the impact of online customer reviews and ratings on purchasing decisions within the e-commerce platform Tokopedia. The framework theoretically connects independent variables, such as online customer reviews and ratings, with the dependent variable of purchasing decisions. Online customer reviews and ratings encompass forms like comments, images, videos, and star ratings related to marketed products. These features facilitate potential consumers in gathering necessary information for online shopping, thereby influencing their purchasing decisions. Cheung, Lee, and Thadani (2021) emphasize the role of positive online customer reviews in enhancing consumer trust and encouraging purchase decisions. Smith and Anderson (2022) argue that these reviews act as social proof, reducing perceived risk for new buyers and increasing purchase likelihood. Johnson et al. (2020) found that detailed positive reviews, particularly those highlighting specific features and benefits, can significantly sway undecided consumers, leading to higher purchase rates. Martinez and Gupta (2021) suggest that positive reviews not only boost consumer confidence but also enhance the perceived value of the product, encouraging purchases. Thompson (2023) discovered that products with numerous positive reviews are more likely to be shared on social media, further amplifying their visibility and attractiveness to potential buyers.

# H1: Positive Online Customer Reviews Significantly Influence Purchase Decisions.

Chen et al. (2021) found that higher-rated products are generally perceived as having better quality, influencing consumers' purchase decisions. Williams and Zhao (2021) demonstrated that higher customer ratings often correlate with perceptions of reliability and durability, making high-rated products more appealing. Chen and Tan (2022) argue that products with high ratings are perceived as more popular and trustworthy, leading to a higher likelihood of being chosen over lower-rated alternatives. Kumar and Lee (2023) suggest that high ratings create a positive initial impression, biasing consumers towards interpreting other product information more favorably. Garcia and Patel (2020) found that aggregate ratings serve as a heuristic for quality, simplifying the decision-making process for consumers who may not have the time to read individual reviews.

#### H2: High Online Customer Ratings Influence Perceived Product Quality and Purchase Decisions.

Li, Liu, and Bandyopadhyay (2021) indicated that reviews supporting high ratings can further increase consumer trust. Wang and Hsu (2021) found that detailed positive reviews alongside high ratings help mitigate consumer doubts about the authenticity of the ratings. Nguyen et al. (2022) argue that when high ratings are supported by positive reviews, it creates a convincing narrative of product excellence, significantly boosting consumer trust. Brown and Taylor (2023) discovered that the combination of high ratings and positive reviews leads to higher customer satisfaction post-purchase, generating more positive word-of-mouth and repeat purchases. Lopez and Singh (2020) suggest that the synergy between high ratings and positive reviews creates a compounding effect, where each element reinforces the credibility and attractiveness of the other, leading to a stronger impact on purchase decisions.

# H3: The Interaction Between Online Customer Reviews and Online Customer Ratings Has a Significant Impact on Purchase Decisions

Based on the framework described above, the research paradigm is depicted as follows:

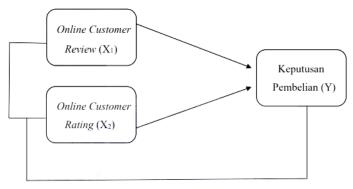


Figure 2.1: Research Model

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#### 3. METODOLOGY

# 3.1 Research Design

In this research, the researcher employs an associative research type aimed at determining the relationship or influence between two or more variables (Rehman et al., 2020). The data analysis technique used is quantitative analysis, as the research data consists of numerical values and is analyzed using statistical methods.

#### 3.2 Population

According to Sugiyono (2022), a population is a generalization area consisting of objects or subjects that have certain quantities and characteristics determined by researchers to be studied and from which conclusions are drawn. The population in this study comprises users of the e-commerce platform Tokopedia in the Benua Melayu Darat District, West Kalimantan, whose exact number is not yet known.

#### 3.3 Sample

According to Sugiyono (2022), a sample is a portion of the population that has certain quantities and characteristics. The sample represents the entire phenomenon observed in the study. The purpose of sample selection is to enable the researcher to obtain various needed information from a specific target group that can provide information meeting the criteria previously established by the researcher. The criteria for potential respondents in this study are as follows:

- 1. Residents of Benua Melayu Darat District aged 17 to 35 years.
- 2. Consumers who have made purchases on the e-commerce platform Tokopedia at least twice.

If the researcher does not know the exact size of the population, the sample size can be calculated using Cochran's formula (Sugiyono, 2022). Cochran's formula is as follows:

$$n = \frac{Z^2 \alpha/_2 p.q}{e^2}$$

$$n = \frac{(1.96)^2 \, 0.05 /_2 \, 0.5.0.5}{0.1^2}$$

$$n = \frac{(1,96)^2 - 0,5.0,5}{(0,1)^2}$$

$$n = \frac{0.9604}{0.01} = 96,04$$

Based on the calculation results above, the minimum number of samples that should be used in this study is 96 respondents.

#### 3.4 Research Instrument

The research instrument consists of statements arranged in a questionnaire. These statements are based on the independent variables, namely Online customer review (X1) and Online customer rating (X2), and the dependent variable, which is Purchase decision (Y). Data were collected through an online survey and direct distribution of the questionnaire to Tokopedia application users, with a response scale ranging from 1 (strongly disagree) to 5 (strongly agree). The collected data were processed using SPSS Version 26 software.

#### 4. PATH COEFFICIENTS

# 4.1 Demographic Characteristics

Based on the table, the demographics of the respondents are described as follows: The majority of respondents were male, comprising 57.3%, while female respondents accounted for 42.7%. In terms of age distribution, the largest group of respondents was aged between 23-28 years, making up 55.2%, followed by the 17-22 age group at 26.0%, and the 29-35 age group at 18.8%. Regarding occupation, the most common category among respondents was students, constituting 20.8%. Employees of government/private sectors comprised 16.7% of the respondents, while entrepreneurs accounted for 22.9%. 39.6% of respondents fell into the "Others" category for occupation. In terms of salary, the most frequent income range was less than Rp. 500,000, reported by 36.5% of respondents. Additionally, 17.7% of respondents reported salaries within the ranges of Rp. 500,001 - Rp. 1,500,000, Rp. 2,500,001 - Rp. 5,000,000, and more than Rp. 5,000,001 each, while 10.4% reported earning between Rp. 1,500,001 and Rp. 2,500,000.

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4.1 Demographic characteristics

Table

4.1 Demographic characteristics					
Profile	n	%			
Gender					
Male	55	57.3			
Female	41	42.7			
Total	96	100			
Age					
17-22 years old	25	26			
23-28 years old	53	55.2			
29-35 years old	18	18.8			
Total	96	100			
Job					
Student	20	20.8			
Employee	16	16.7			
Entrepreneur	22	22.9			
Other	38	39.6			
Total	96	100			
Salary					
< Rp. 500.000	35	36.5			
Rp 500.001 - Rp 1.500.000	17	17.7			
RP. 1.500.001 - Rp 2.500.000	10	10.4			
Rp. 2.500.001 - Rp. 5.000.000	17	17.7			
>Rp 5.000.001	17	17.7			
Total	96	100			

Source: Author(s) own compilation

# 4.2 Validity and Reliability

**Table 4.2 Validity Test** 

	Variable	Correlation with Total_X1	Significant
X1.1		0.906	0
X1.2		0.948	0
X1.3		0.860	0
X1.4		0.912	0
X1.5		0.830	0

Variable	Correlation with Total_X2	Significant
X2.1	0.912	0
X2.2	0.842	0
X2.3	0.923	0
X2.4	0.905	0
X2.5	0.860	0

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	Variable	Correlation with Total_Y	Significant
Y.1		0.932	0
Y.2		0.905	0
Y.3		0.889	0
Y.4		0.905	0

From the table above, we can see that all individual variables have significant correlations with their respective total variables at the 0.01 significance level, indicating good validity of the measurement instrument.

**Tabel 4.2 Realiability Test** 

	<u> </u>		
_ Variable	Cronbach's Alpha	Information	
Online Customer Review (X1)	0.933	Reliability	
Online Customer Rating (X2)	0.931	Reliability	
Purchase Decision (Y)	0.926	Reliability	

To know the reliability of the questionnaire, the writer analyzed the statements by using cronbach's alpha. The questionnaire is reliable. The result of the value was more than >0.9 as it can be seen in figure I, II, & III Cronbach Alpha Reliability Level. The Reliability Statistics table shows Cronbach's alpha coefficient is 0.933 **Online Customer Review (X1)**, 0.931 **Online Customer Rating (X2)**, 0.926 **Purchase Decision (Y)**.

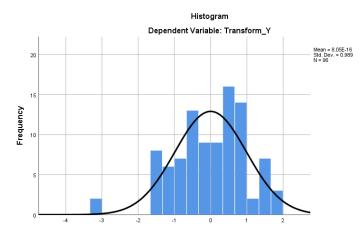
# 4.3 One-Sample Kolmogorov-Smirnov Test

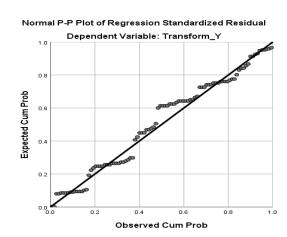
One-Sample Kolmogorov-Smirnov Test

		Unstandardiz ed Residual
Ν		96
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	.59654559
Most Extreme Differences	Absolute	.125
	Positive	.079
	Negative	125
Test Statistic		.125
Asymp. Sig. (2-tailed)		.200°

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.

Based on the SPSS output table, the asymptotic significance (2-tailed) value is 0.200, which exceeds 0.05. Therefore, according to the decision criteria in the Kolmogorov-Smirnov normality test mentioned earlier, we can conclude that the data follows a normal distribution. Hence, the assumption of normality for the regression model is satisfied.





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# 4.4 Detecting Multicollinearity

# Coefficients<sup>a</sup>

	Unstandardized Coefficients		Standardized Coefficients			Collinearity	Statistics		
Ü	Model		В	Std. Error	Beta	t	Sig.	Tolerance	VIF
	1	(Constant)	1.939	.304		6.387	.000		
		X1	.000	.099	.000	002	.998	.985	1.015
		X2	065	.102	066	635	.527	.985	1.015

a. Dependent Variable: Y

The decision-making basis for the multicollinearity test can be determined by examining the tolerance and VIF values. According to the SPSS output table, the tolerance values for the variables online customer review (x1) and online customer rating (x2) are 0.985, which are greater than 0.10. Meanwhile, the VIF values for the variables online customer review (x1) and online customer rating (x2) are 1.015, which are less than 10.00. Therefore, based on the decision-making criteria for the multicollinearity test, it can be concluded that there is no indication of multicollinearity in the regression model.

#### 4.5 Detecting Heteroskedasticity

		Unstandardize	d Coefficients	Standardized Coefficients		
Model		В	Std. Error	Beta	t	Sig.
1	(Constant)	.515	.171		3.005	.003
	X1	.041	.056	.075	.727	.469
	X2	053	.057	095	915	.363

a. Dependent Variable: ABS\_RES

To interpret the results of the heteroscedasticity test using the Glejser test, we need to look at the "Coefficients" output table with the variable Abs\_RES as the dependent variable. According to the output, the significance (Sig.) value for the variable Online Customer Review (X1) is 0.469, and the significance (Sig.) value for the variable Interest (X2) is 0.363. Since the significance values for both variables are greater than 0.05, based on the decision-making criteria for the Glejser test, it can be concluded that there is no indication of heteroscedasticity in the regression model.

# 4.6 Multiple Linear Regression Analysis

#### 4.6.1 Partial Test (T-Test) in Multiple Linear Regression

# Coefficients<sup>a</sup>

		Unstandardize	d Coefficients	Standardized Coefficients		
Model		В	Std. Error	Beta	t	Sig.
1	(Constant)	1.939	.304		6.387	.000
	X1	.000	.099	.000	002	.998
	X2	065	.102	066	635	.527

a. Dependent Variable: Y

Based on the "Coefficients" table output from SPSS above, it is known that the significance value (sig) of the online customer review variable (X1) is 0.998, and online customer ratings variable (X2) is 0.527. which is greater than the probability of 0.05. Therefore, it can be concluded that there is an influence of online customer review and rating nterest on the purchase decision (Y).

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# 4.6.2 Simultaneous Test (F-Test) in Multiple Linear Regression

# ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.296	2	1.148	.653	.000 <sup>b</sup>
	Residual	163.537	93	1.758		
	Total	165.833	95			

a. Dependent Variable: Y

b. Predictors: (Constant), X1, X2

Based on the SPSS output table, it is found that the sig. value is 0.000. Since the sig. value 0.000 < 0.05, according to the decision-making basis in the F-test, it can be concluded that the hypothesis is accepted. In other words, online customer reviews (X1) and online customer ratings (X2) simultaneously influence purchase decisions (Y).

#### 4.6.3 Coefficient of Determination (R-Squared) Test in Multiple Linear Regression

# Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.118 <sup>a</sup>	.014	.007	1.326

a. Predictors: (Constant), X1, X2

b. Dependent Variable: Y

# 5. DISCUSSION

#### 5.1 The Influence of Online Customer Reviews on Purchase Decisions

Online Customer Reviews (OCR) play a crucial role in the decision-making process of consumers. Based on data analysis, it was found that there is a significant influence between OCR and purchase decisions. This finding aligns with the research conducted by Ichsan et al. (2018), which shows that online customer reviews can enhance consumer trust and influence purchase intentions. Positive reviews tend to strengthen purchase decisions, while negative reviews can create doubts among consumers.

#### 5.2 The Influence of Online Customer Ratings on Purchase Decisions

Online Customer Ratings (OCRt) also have a significant impact on purchase decisions. This study shows that consumers tend to trust products with high ratings, which ultimately influences their decision to purchase the product. Haryanto (2020) asserts that high ratings enhance brand reputation and attract more potential buyers. Consumers view ratings as an indicator of product quality, so high ratings can facilitate purchase decisions.

# 5.3 The Influence of Online Customer Reviews and Online Customer Ratings on Purchase Decisions

When considering both variables together, both Online Customer Reviews and Online Customer Ratings collectively contribute to consumers' purchase decisions. The combination of positive reviews and ratings provides a more comprehensive view of the product, ultimately increasing consumer confidence to make a purchase. This study is consistent with the findings of Rahman (2022) and Sirait (2023), which show that the integration of OCR and OCRt has a stronger impact on shaping consumer perceptions and influencing purchase decisions.

# 6. CONCLUSION

The purpose of this study is to examine the effect of online customer reviews and online customer ratings on purchasing decisions of products on the Tokopedia e-commerce platform. This study found that online customer reviews and ratings have a significant and positive impact on consumer purchasing decisions. The findings highlight the importance of managing customer reviews and ratings by sellers to enhance consumer trust and purchasing decisions. However, future research studies are recommended to explore the impact of other potential factors such as service quality, price, and brand trust on consumer purchasing decisions. Additionally, it is recommended that similar studies be conducted on various e-commerce platforms and in different geographical locations to gain a more comprehensive

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understanding and achieve global generalizability of the effects of online customer reviews and ratings on purchasing decisions. In conclusion, this study underscores the significant influence of online customer reviews and ratings on purchasing decisions on Tokopedia. By managing these factors effectively, sellers can enhance consumer trust and drive sales. However, a more comprehensive understanding of other potential influencing factors and broader geographical and platform-specific research is necessary to fully grasp the dynamics of online consumer behavior.

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