



The effects of cash on delivery, online customer review, and rating on Tiktok shop application towards customer loyalty

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ABSTRACT

This study aims to analyze the effects of Cash on Delivery, Online Customer Review and Rating on TikTok Shop application towards customer loyalty (study on TikTok shop customers). This study used quantitative research with the number of respondents as many as 100 respondents. Sampling technique of purposive sampling data were collected through survey of 100 respondents/participants. The study used primary data obtained from the distribution of questionnaires online. The respondents were Indonesians who had purchased on the TikTok Shop application. Then, non-probability sampling was used for sampling. In this study, it was found that there is a positive influence between Cash on Delivery, Online Customer Reviews, and Rating on the customers. The results revealed that variables of Cash on Delivery (X_1) had positive effect or increased the customer loyalty variable (Y) by 27,9 %, variable of Online customer reviews (x_2) and Rating (X_3) had positive effect or increased to the customer loyalty variable (Y) by 31,6 %. The conclusion of this study is that there is a positive and significant effect of Cash on Delivery on customer loyalty. In addition, there is a positive and significant effect of online customer review and rating on customer loyalty.

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INTRODUCTION

The development of ios and android operating systems has brought the changes to all areas. In the current digital era, many emerging new businesses that take advantage of technological developments and led to many business-based of e-commerce. (Statista, 2021) This causes the development of the e-commerce industry to become very competitive (Alsaadi, 2020).

Businesses are increasingly creative in building and determining business strategies to stay competitive. The e-commerce company is currently competing to offer its customers the best deals, such as free shipping, discounts, quick sales, coupons and many more. (Ulusu et al., 2021) This method has been widely applied by many e-commerce companies, such as Shopee, TikTok, Tokopedia, Bukalapak, and Lazada. One of the most popular mobile applications in Indonesia is the TikTok application. For social media customers, of course, they are familiar with this application. It

is an application that comes from China. The TikTok application launched a feature, namely the TikTok Shop application feature (Tusanputri & Amron, 2021).

It is one of the latest feature innovations of the TikTok application. In accordance with the name of its feature, TikTok Shop is an e-commerce service contained in the TikTok application. Through this feature, customers can make buying and selling transactions on this application. Only by using a cellphone, customers can immediately choose what they want to buy, including daily necessities. However, during the launch, this application has received many complaints from its customers because the features provided are still not optimal, such as payment features, cart, Live Streaming, and some other features (Erizal, 2021).

Concerning the shopping era of online today, there is a platform called social media. In Indonesia, TikTok is a social media whose users are currently rising rapidly. Tiktok platform has launched an e-commerce service called TikTok Shop. This innovative service is claimed to reach sellers and buyers in a creative and fun way. With the rapid rise of TikTok users and the limitations of shopping directly due to covid-19, TikTok Shop is an alternative place to shop online. This is still relatively new. However, TikTok Shop provides the same features as other e-commerce applications, such payment systems of Cash On Delivery, Online Customer Review and Rating (Godi et al., 2022).

Cash on Delivery (COD) service is a payment method that affects consumer purchasing behavior because it creates a sense of security, privacy assurance, and trust. So, this service goes into the psychological factor part of beliefs and attitudes. (Alhabsyi et al., 2014) As for issues related to ease and security when transacting, consumers complain that other payment methods make it difficult for consumers because they have to go out of the house to make payments, for example in a store (Indomaret). It is very difficult since it takes time and costs, as well as long distances. In addition, the other case is consumers complaint of insecurity when transacting, for example by paying through some e-money application Dana, etc. This makes consumers feel insecure because there is personal data that must be entered when transacting. Through the Cash on Delivery service, it can facilitate and provide a sense of security to consumers because the product will be paid for when it reaches the address according to the destination. (Lestari & Pratomo, 2021) Service quality of Cash on Delivery (COD) can attract purchases to consumers so that they think that the store is trustworthy if the payment method on this shop provides COD, because not all TikTok shops provide payment methods (COD) (Priansa, 2017).

An online customer review (OCR) is a review given by consumers related to information on the evaluation of a product in some aspects (Hariguna & Ruangkanjanases, 2020). Through this information, consumers can get the product quality that they are looking for from reviews and experiences written by other consumers who have purchased products from online sellers before. Problems related to product reviews on Tiktok Shop are often not trustworthy because the review given by each consumer is different. (Rahma, 2021) Therefore, in the presence of online customer review, it is expected that consumers who have made a purchase can provide writing ranging from positive to negative about the shopping online experience honestly. So, potential customers can see the review of these products before making a purchase. It is necessary to conduct more research on Online Customer Rating, payment systems Cash on Delivery, and Online Customer Review to customer loyalty at Tiktok Shop (Priansa, 2017).

The importance of customer review products/services on TikTok Shop because it can increase the purchase rating on this application if the store profile opens a comment column for consumers to be able to review products/services (Agus et al., 2021).

Online Customer rating is a collection of buyer ratings on a particular product after an order has been completed. Online rating products are used to measure buyers' satisfaction with their purchases and shopping experiences on TikTok Shop. Review of online rating of the product provides an important reference for potential buyers, it serves as a benchmark for those who want to know if the product meets their expectations. Rating usually applied by the store online that is in

the form of stars of which if the more stars, then it shows a better value (Alvi Herzegovino Sianipar & Yoestini, 2021).

Loyalty, defined as customer loyalty, is a kind of the strength of the relationship between the individual's relative attitude and patronage repetition. That is, individual loyalty is determined by the strength of the relationship between relative attitudes and repeated patronage that represent individual loyalty to a particular brand. Customer loyalty is the mover of business success. (Manajemen, 2019) E--customer loyalty is the willingness of consumers to buy from the website in question, and consumers will not move to another website. But retaining consumers, which is an important part of creating customer loyalty, is not a simple matter, because companies must integrate all business dimensions and determine how they should create value for their consumers. By creating value for its consumers, it will build consumer loyalty and maintain it (Utami & Saputri, 2020).

RESEARCH METHOD

This research used quantitative research. (Sugiyono, 2019) In this study, data were obtained by distributing questionnaires to 100 respondents as the customers in Tiktok shop to obtain related research data of Online Customer Review and Rating, Cash on Delivery, and Customer Loyalty because the sample size that must be fulfilled by SEM modeling is a minimum of 100 and further used a comparison of four observations in each parameter estimate. Sampling technique of purposive sampling data were collected for the questionnaire, it has been tested for validity and reliability. Based on the validity test, it showed that there are 40 indicators of the observed variables that have passed due to the 40 indicators of all variable values loading factors $\geq 0,50$. While the variable reliability test results on Online Customer Review (X_2) produced a good reliability value where the results of Construct Reliability value (CR) = $0,871 > 0,7$, and the Variance Extracted (VE) value of $0,550 > 0,50$. Variable reliability test results of Online Customer Rating (X_3) produced a good reliability value where the results of Construct reliability value (CR) = $0,972 > 0,7$, and the Variance Extracted (VE) value $0,811 > 0,50$. Variable reliability test results of Cash on Delivery (X_1) produced a good reliability value where the results of Construct Reliability value (CR) = $0,859 > 0,7$, and the Variance Extracted (VE) value of $0,533 > 0,50$. Meanwhile, the reliability test results of customer loyalty variable (Y) produced a good reliability value where the results of Construct reliability value (CR) = $0,837 > 0,7$, and Variance Extracted value (VE) of $0,504 > 0,50$. Thus exogenous latent variables have met the validity and reliability test requirements. The collected data is then analyzed descriptively and quantitatively. Descriptive analysis was carried out with the help of Microsoft excel program, while quantitative analysis was done with the Structural Equation Modeling (SEM) method and using IBM SPSS tools Amos version 26 (Irfani, 2020).

RESULTS AND DISCUSSIONS

The following authors provide a more thorough description of the overview of respondents consisting of gender, last education, profession, and length of work. Based on the questionnaire answers received, it can be known descriptive identity of respondents, as in Table 1.

Table 1. Distribution of respondents

No.	Description	Frequency (Person)	Percentage (%)
1	Gender		
	- Men	23	23.00
	- Women	77	77.00
2	Age		
	- Less than 17 years	30	30.00
	- Between 18 - 25 Years	68	68.00
	- Between 25 - 40 Years	0	0.00

- More than 40 years	2	2.00
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Source: Primary Data Results, 2022

Based on Table 1, it can be seen that the status of respondents is more composed in women, 23 men (23 %) compared to 77 women (77 %). Characteristics of respondents based on age, 30 respondents (30 %) are less than 17 years old, 68 respondents (68,00%) are between 18-25 years old, and 2 respondents (2 %) are over 40 years old.

Testing using SEM model was done in stages. Analysis of data processing results at the full stage of SEM model was done by doing conformity and statistical tests. Test results of goodness-of-fit model is described in Table 2 as follows:

Table 2. Test results of goodness of fit model

GOF Index	Cut-Off Value	Output	Description
Probability	$p > 0,05$	0.000	Not Fit
RMSEA	$RMSEA \leq 0,08$	0.130	Not Fit
RMR	$RMR < 0,05$	0.062	Not Fit
GFI	$GFI \geq 0,9$	0.535	Not Fit
AGFI	$AGFI \geq 0,8$	0.480	Not Fit
CMIN/DF	$CMIN/DF \leq 2$	2.662	Not Fit
TLI	$TLI \geq 0,95$	0.706	Not Fit
CFI	$CFI \geq 0,95$	0.723	Not Fit
IFI	$IFI \geq 0,90$	0.726	Not Fit

Source: Output IBM SPSS Amos 26 Researcher's Processed Results (2022)

By looking at the output result from *Goodness of Fit Test* in Table 2 above, there are 8 of the 9 criteria that states not fit. It can be concluded the structural model in this study can be declared not good (not fit). Therefore it is necessary to do modification indices to produce the output model which fit, so producing output can be seen as follows:

Table 3. Test results of goodness of fit model

GOF Index	Cut-Off Value	Output	Description
Probability	$p > 0,05$	0.000	Not Fit
RMSEA	$RMSEA \leq 0,08$	0.048	Fit
RMR	$RMR < 0,08$	0.048	Fit
GFI	$GFI \geq 0,9$	0.757	Marginal Fit
AGFI	$AGFI \geq 0,8$	0.690	Marginal Fit
CMIN/DF	$CMIN/DF \leq 2$	1.230	Fit
TLI	$TLI \geq 0,95$	0.959	Fit
CFI	$CFI \geq 0,95$	0.966	Fit
IFI	$IFI \geq 0,90$	0.967	Fit

Source: Output IBM SPSS Amos 26 Researcher's Processed Results (2022)

By looking at the output results from *Goodness of Fit Test*, 6 of 9 model criteria indicate the model fit. It can be concluded that structural model in this study can be stated as **good (good fit)**. To analyze the effect of Online Customer Review and Rating (X_2), and Cash on Delivery on Customer Trust, and also Customer Loyalty can be seen in Table 4, as follows:

Table 4. Values of regression weights

Hypothesis	Relationship Between Constructs			Estimate	S.E.	C.R.	P	Description
H1	Y	<---	X1	0.302	0.116	2.598	0.009	Significant Positive Effect
H2	Y	<---	X2	0.272	0.105	2.601	0.009	Significant Positive Effect
H3	Y	<---	X3	0.079	0.034	2.315	0.021	Significant Positive Effect

Source: Analysis Results using IBM SPSS Amos 26

Evaluation of structural model was carried out by looking at the Determination Coefficient. It aims to measure how far the ability of the model in explaining the variance of the dependent variable. The value of the determination coefficient is between 0 and 1. The coefficient of determination (R^2) is close to 1. The R^2 value describes how much the independent variable hypothesized in the equation is able to explain the dependent variable. Sugiyono (2016) describes the criteria for limiting the R^2 value in three classifications, namely the value of $R^2 = 0.67, 0.33,$ and 0.19 as substantial, moderate, and weak.

Table 5. R Square value (R^2) of the research model

Squared Multiple Correlations: (Group number 1-Default model)	
Variable	Estimate
Loyalty of Use	0.915

Source: Analysis Results using IBM SPSS Amos 26

Based on Table 4: 13 structural relationships based on the Estimate value can be explained that the variable customer of loyalty (Y) is **0,915**. This shows that 91,5% Customer Loyalty variable (Y) can be influenced by Online Customer Review variables (X_2), Online Customer Rating variable (X_3), Cash on Delivery (X_1) variable, while the remaining 8,5% was influenced by other variables outside the studied.

There is a Positive and Significant Effects of Cash on Delivery (X_1) on Customer Loyalty (Y)

Based on the table, it is known that the P-Values = $0.009 < \alpha = 0,05$ means that it has a significant positive effect. Estimate value is positive that is 0,302 means the Cash on Delivery variable (X_1) has positive effect or increase in the customer loyalty variable (Y) by 30,2 % that using the payment method through Cash on Delivery (X_1) could facilitate and provide a sense of security to consumers, because the product makes payment after arriving at the destination. The hypothesis H1 in this study which states that "Cash on Delivery (X_1) have a positive and significant effect on customer loyalty" Y) " was accepted.

There is a Positive and Significant Influence of Online Customer Review (X_2) on Customer Loyalty (Y)

Based on the table, it is known that the P-Values = $0.009 < \alpha = 0,05$ means that it has a significant positive effect. Estimate value showed positive of 0,272. It means the Online Customer (X_2) variable has positive effect or increase the Customer Loyalty variable (Y) by 27,2 %. Then, the Online Customer Review (X_2 consumers can see the review so they get information on the evaluation of a product on various aspects. Therefore, the consumers already know before making a purchase of these products. The hypothesis H2 in this study which states that "Online Customer Review (X_2) has positive and significant effects on customer loyalty" Y)" is accepted.

There is A Positive and Significant Effects of Online Customer Rating (X_3) on Customer Loyalty (Y)

Based on the table, it is known that the P-Values = $0,021 < \alpha = 0,05$ means that it has a significant positive effect. Estimate value showed a positive of 0,079. It means that the Online Customer Rating (X_3) variable has a positive effect or increases the Customer Loyalty variable (Y) by 7,9 %. Online Customer Rating (X_3) consumers can see the assessment of online rating products so as to provide an important reference for potential consumers. This aims so that consumers know whether the product meets their expectations. Thus, hypothesis H_3 in this study which states that "Online Customer Rating (X_3) has a positive and significant effect on Customer Loyalty (Y)" is accepted.

CONCLUSION

Based on the results of research and discussion related to the effect of Cash on Delivery, Online Customer Review and Rating, the results obtained that Cash on Delivery, Online Customer Review and Rating have significant positive effect on Customer Loyalty on TikTok Shop. These results indicate that the better Online Customer Review AND rating obtained by prospective customers from other consumers, as well as the payment method of Cash on Delivery, also can consumers trust, then it will affect Customer Loyalty. Customer loyalty could be influenced by variables of Online Customer Review, Online Customer Rating, and Cash on Delivery of 91,5%, while the remaining 8,5% were influenced by other variables outside the studied.

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