

The Influence of Seller Reputation, Online Customer Ratings, and Free Shipping Programs on Purchase Decisions on Lazada E-Commerce in Surabaya

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ABSTRACT

This study analyzes the influence of seller reputation, online customer ratings, and free shipping programs on purchase decisions in Lazada e-commerce in Surabaya. Using a quantitative survey of 120 respondents analyzed with Partial Least Square (PLS) through SmartPLS 3.0, the results show that all three variables positively and significantly affect purchase decisions. The R^2 value of 0.668 indicates they explain 66.8% of consumer decision variation. Seller reputation builds trust, customer ratings signal quality, and free shipping serves as a financial incentive. Strengthening these factors enhances digital trust and encourages online spending, contributing to the growth of Indonesia's digital economy and regional development through increased e-commerce activity.

INTRODUCTION

The rapid development of digital technology has become the cornerstone of transformation in the modern trading system. Innovations such as the internet, mobile applications, and electronic payment systems have fundamentally altered the interaction between businesses and consumers, making transactions faster, more efficient, and increasingly borderless (Laksono & Wijayani, 2024). The digital economy has emerged as a major contributor to national economic growth, as technology not only enhances operational efficiency but also expands market reach and strengthens business competitiveness (Arestrias & Wijanarko, 2021).

In Indonesia, the e-commerce sector continues to experience exponential growth. The number of internet users increased from 106 million in 2018 to 185.3 million in 2024, accompanied by a surge in online shoppers from 93.4 million to over 208 million in the same period (Statista Market Insight, 2025). This rapid digitalization indicates that online commerce has become an integral part of consumer lifestyles, supported by the convenience, speed, and accessibility that e-commerce platforms offer. However, this growth also triggers intense competition among platforms such as Shopee, Tokopedia, Lazada, and Bukalapak.

Lazada, one of Indonesia's leading e-commerce platforms, faces challenges in maintaining its brand position amid fluctuating market performance. Data from the Top Brand Index between 2020 and 2024 shows a significant decline in Lazada's brand strength, falling from 31.9% in 2020 to around 15% in subsequent years (Momentum Asia, 2025). Lazada's annual revenue also demonstrated volatility, decreasing from USD 21 million in 2021 to USD 18.8 million in 2023. This performance decline is linked to shifting consumer preferences, rising expectations for service quality, and the aggressive promotional strategies of competitors such as Shopee.

Consumer purchasing behavior in e-commerce platforms is influenced by multiple determinants, among which seller reputation, online customer ratings, and free shipping programs are the most dominant. Seller reputation plays a crucial role in shaping consumer trust, as it represents perceived reliability and credibility in online transactions where physical interaction is absent (Aryska & Kasmirudin, 2017; Sugiharto et al., 2021). Meanwhile, online customer ratings, expressed through star-based systems and reviews, act as informational cues that reduce uncertainty and serve as indicators of product quality (Ovaliana & Mahfudz, 2022). Furthermore, free shipping programs have proven to be one of the most effective promotional strategies for encouraging purchases, as they directly reduce consumers' financial burden and enhance perceived value (Istikomah & Hartono, 2022; Rachmawati & Santoso, 2020).

However, existing studies have mostly examined these determinants in isolation rather than in an integrated framework, making it unclear how trust-based and incentive-based factors interact to shape actual purchasing decisions. Research by Ramadhani et al. (2025) revealed that convenience features such as cash-on-delivery methods, customer reviews, and free shipping incentives significantly influence online purchase decisions. Similarly, Mburu and

Situmorang (2024) emphasized that seller reputation strengthens trust and reduces perceived risk, while Zhang et al. (2021) demonstrated that poor customer ratings can damage consumer confidence and purchasing intention. Despite these insights, prior research still lacks a comprehensive understanding of the combined influence of these factors within the same behavioral model, particularly in emerging e-commerce markets. This gap highlights the need to investigate how trust (via seller reputation and customer ratings) and perceived value (via free shipping programs) simultaneously drive consumer purchasing behavior.

Despite the extensive research on e-commerce consumer behavior, few studies have integrated these three variables—seller reputation, online customer rating, and free shipping programs—within a single analytical framework, especially in the context of Lazada. Moreover, there is limited empirical evidence focusing on Surabaya, a city with a rapidly expanding digital economy and a strategic role in Indonesia's urban consumer market.

Therefore, this study aims to examine the influence of seller reputation, online customer ratings, and free shipping programs on purchase decisions among Lazada consumers in Surabaya. The findings are expected to provide theoretical contributions to the understanding of digital consumer behavior and practical implications for e-commerce marketing strategies that foster competitiveness and stimulate local and national economic growth through the digital marketplace..

THEORETICAL REVIEW

Seller Reputation and Purchase Decision

Seller reputation refers to consumers' perception of a seller's credibility, reliability, and integrity based on prior experiences and public evaluations in online marketplaces. In e-commerce environments, where transactions occur without direct physical interaction, seller reputation serves as a trust signal that reduces perceived risk and uncertainty (Qalati et al., 2021). A positive reputation strengthens consumer confidence in the seller's product quality and service performance, which in turn increases the likelihood of purchase (Sugiharto et al., 2021). Previous research has shown that a well-established seller reputation significantly affects consumers' purchase intentions because it reflects credibility and long-term reliability (Aziz & Tiarawati, 2021).

H1: Seller reputation has a significant positive effect on purchase decisions on Lazada e-commerce in Surabaya.

Online Customer Rating and Purchase Decision

Online customer rating is a quantitative assessment provided by consumers after purchasing a product, typically in the form of star ratings or numerical scores (Hariyanto & Trisunarno, 2020). These ratings act as social proof and serve as key informational cues that influence consumer decision-making. High ratings increase perceived product quality and trust, while low ratings often discourage purchases (Ovaliana & Mahfudz, 2022). Empirical studies indicate that consistent high ratings and positive reviews enhance purchase intentions by signaling

satisfaction and reducing uncertainty about product performance (Priangga & Munawar, 2021).

H2: Online customer rating has a significant positive effect on purchase

Free Shipping Program and Purchase Decision

Free shipping programs are promotional strategies designed to eliminate or reduce delivery costs for consumers, thereby enhancing the perceived value of online purchases. This incentive effectively lowers the total purchase cost and encourages consumers to complete transactions (Rachmawati & Santoso, 2020). Moreover, the availability and simplicity of free shipping offers increase convenience and stimulate impulsive buying behavior, especially among price-sensitive consumers (Istikomah & Hartono, 2022). Previous studies have found that free shipping not only increases customer satisfaction but also boosts sales frequency and purchase intentions in e-commerce (Anggraini et al., 2025).

H3: Free shipping programs have a significant positive effect on purchase decisions on Lazada e-commerce in Surabaya.

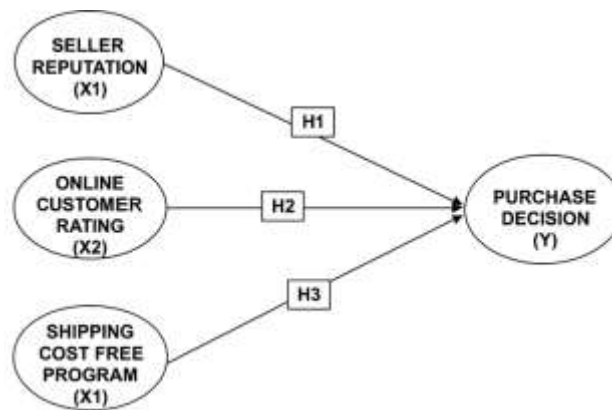


Figure 1. Conceptual Framework

METHODOLOGY

This study employed a quantitative explanatory research design to examine the influence of seller reputation, online customer rating, and free shipping programs on purchase decisions among Lazada consumers in Surabaya. The population consisted of individuals who had made online purchases through Lazada, and samples were selected using a non-probability purposive sampling technique based on three criteria: respondents must have purchased through Lazada, observed product ratings or seller reviews before buying, and used a free shipping promotion. Based on 15 research indicators multiplied by a factor of eight, a total of 120 respondents were obtained. Primary data were collected through an online questionnaire distributed via Google Form, using a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree), while secondary data were obtained from relevant literature and reports. The operational variables consisted of seller reputation (X1), measured through indicators of popularity, good reputation, and trustworthiness (Aisyah & Engriani, 2019); online customer rating (X2), measured through rating scores, number of raters, rating consistency, and customer reviews (Hariyanto &

Trisunarno, 2020); free shipping program (X3), measured by availability, conditions, ease of use, and customer satisfaction (Nugroho, 2019); and purchase decision (Y), represented by interest, brand selection, purchase decision, and purchase timing (Kotler & Keller, 2009). Data were analyzed using the Partial Least Squares-Structural Equation Modeling (PLS-SEM) method through SmartPLS 3.0, as it is suitable for predictive and complex models with relatively small samples. The analytical process consisted of testing the outer model to assess validity and reliability through factor loading, Average Variance Extracted (AVE), and Composite Reliability, and testing the inner model to evaluate structural relationships through path coefficients and R-square values, followed by hyp.

RESULTS

Demographic of Respondents

The respondents of this study consisted of 120 Lazada consumers residing in Surabaya who had made online purchases through the platform. The demographic characteristics are summarized as follows. Based on gender, the majority of respondents were female (67.5%), while male respondents accounted for 32.5%.

In terms of age, the distribution was adjusted to include younger respondents to reflect the actual Lazada user demographic. The results show that 17–20 years accounted for 10 respondents (8.3%), 21–25 years for 52 respondents (43.4%), 26–30 years for 30 respondents (25.0%), 31–35 years for 18 respondents (15.0%), and those above 35 years were 10 respondents (8.3%). The total number remains 120 respondents (100%).

Regarding educational background, the majority held a Bachelor's degree (S1), totaling 61.7%, followed by Diploma (D3) graduates at 20.8%, and Senior High School graduates at 17.5%. For occupation, most respondents were students (43.3%), followed by private employees (35.0%), entrepreneurs (11.7%), and civil servants (10.0%).

In terms of monthly income, most respondents earned between Rp2,500,000 – Rp5,000,000 (45.8%), while 30.0% earned less than Rp2,500,000, and 24.2% earned more than Rp5,000,000.

Overall, the demographic data show that Lazada users in Surabaya are dominated by young, educated, and digitally active consumers, particularly those aged 17–30 years, who are highly familiar with online shopping platforms and responsive to e-commerce promotions and digital trust factors..

Outer Model Evaluation

The outer model was used to assess the validity and reliability of the constructs. Convergent validity is achieved when the factor loading value exceeds 0.7, and discriminant validity is met when the Average Variance Extracted (AVE) is greater than 0.5. Reliability is confirmed when Composite Reliability (CR) values exceed 0.7.

Table 1. Outer Loading Results

	Original Sample (O)	T Statistics (O/STDEV)	Remark
X1.1 <- Good reputation	0,838	24,709	Valid
X1.2 <- Good reputation	0,876	40,164	Valid
X1.3 <- Good reputation	0,867	26,274	Valid
X2.1 <- Online Customer Rating	0,925	41,528	Valid
X2.2 <- Online Customer Rating	0,853	28,768	Valid
X2.3 <- Online Customer Rating	0,934	45,332	Valid
X2.4 <- Online Customer Rating	0,862	24,790	Valid
X3.1 <- Free Shipping Program	0,868	22,760	Valid
X3.2 <- Free Shipping Program	0,826	16,753	Valid
X3.3 <- Free Shipping Program	0,865	26,365	Valid
X3.4 <- Free Shipping Program	0,873	28,351	Valid
Y1 <- Purchase Decision	0,759	12,742	Valid
Y2 <- Purchase Decision	0,857	33,069	Valid
Y3 <- Purchase Decision	0,810	19,291	Valid
Y4 <- Purchase Decision	0,799	14,822	Valid

All indicators have factor loadings > 0.70 and T-sttistics > 1.96, confirming that all indicators meet the criteria for convergent validity.

Average Variance Extracted (AVE) and Composite Reliability

Table 2. AVE and Composite Reliability

	Average (AVE)	Variance Extracted	Composite Reliability
Seller Reputation (X1)	0,740		0,895
Online Customer Rating (X2)	0,800		0,941
Free Shipping Program (X3)	0,737		0,918
Purchase Decision (Y)	0,652		0,882

All AVE values exceed 0.50 and all composite reliability values exceed 0.70, confirming that the constructs are valid and reliable

Inner Model

The R-square value measures the explanatory power of the independent variables toward the dependent variable.

Table 3. R-square Result

	R Square
Purchase Decision	0,668

The R² value of 0.668 means that 66.8% of the variation in purchase decisions can be explained by seller reputation, online customer rating, and free shipping program, while the remaining 33.2% is influenced by other factors.

Path Coefficients and Hypothesis Testing

Table 4. Path Coefficients

	Original Sample (O)	T Statistics (O/STDEV)	P Values	Result
Seller Reputation → Purchase Decision	0,380	6,156	0,000	Significant
Online Customer Rating → Purchase Decision	0,278	3,724	0,000	Significant
Free Shipping Program → Purchase Decision	0,354	4,890	0,000	Significant

All three independent variables significantly and positively affect purchase decisions ($p < 0.05$), confirming H1, H2, and H3.

DISCUSSION

The findings reveal that seller reputation has a significant and positive effect on purchase decisions ($\beta = 0.380$, $p = 0.000$). This suggests that trusted and well-known sellers increase consumer confidence and reduce perceived risks during online transactions. These results are consistent with Aziz & Tiarawati (2021) and Sugiharto et al. (2021), who found that seller credibility strongly drives purchase behavior in online marketplaces.

Similarly, online customer rating positively influences purchase decisions ($\beta = 0.278$, $p = 0.000$). Consumers rely on product ratings and reviews as quality indicators before making decisions. High and consistent ratings build trust and serve as social proof that a product meets consumer expectations (Priangga & Munawar, 2021; Ovaliana & Mahfudz, 2022).

Lastly, the free shipping program exerts a significant impact on purchase decisions ($\beta = 0.354$, $p = 0.000$). Free shipping serves as a financial incentive that

enhances perceived value and encourages purchases, particularly among price-sensitive consumers (Anggraini et al., 2025). This supports Rachmawati & Santoso (2020), who found that free delivery promotions effectively boost transaction frequency and customer loyalty.

Overall, both trust-based and incentive-based factors play crucial roles in shaping consumer purchase behavior. For Lazada, enhancing seller credibility, ensuring transparency in customer ratings, and maintaining attractive free shipping offers are key strategies to increase customer trust, satisfaction, and retention, thereby strengthening its competitive position in Indonesia's e-commerce market.

CONCLUSIONS AND RECOMMENDATIONS

This study concludes that seller reputation, online customer rating, and free shipping programs each have a positive and significant influence on purchase decisions among Lazada consumers in Surabaya. Seller reputation has the strongest effect, showing that consumer trust and credibility are key factors in online purchasing behavior. Online customer ratings act as social proof that reinforces consumer confidence, while free shipping serves as a financial incentive that increases purchase intention. These findings highlight that both trust-based and incentive-based factors are essential in shaping e-commerce consumer decisions. For Lazada and similar platforms, strengthening seller credibility, maintaining transparent rating systems, and offering attractive free shipping promotions are vital strategies to enhance customer trust and loyalty while supporting sustainable growth in the digital economy.

Recommendations

Based on the findings of this research, several recommendations can be proposed for practical and academic purposes:

1. **Strengthening Seller Reputation through Service Consistency**
Sellers operating on e-commerce platforms, particularly Lazada, should maintain and enhance their reputation by ensuring consistent product quality, accurate product descriptions, and punctual delivery. A strong seller reputation serves as a credibility signal that enhances consumer trust, which ultimately encourages repeated purchase decisions.
2. **Optimizing the Consumer Rating System**
Both platform administrators and sellers are advised to develop mechanisms that encourage consumers to actively provide post-purchase ratings and reviews. Increasing the number of positive ratings can strengthen prospective buyers' perceptions of product reliability and reduce uncertainty during the decision-making process. This can be achieved through follow-up notifications, loyalty programs, or non-monetary incentives.
3. **Sustaining Free Shipping Programs**
Since free shipping has proven to be the most influential factor in purchasing decisions, Lazada should ensure the continued availability and accessibility of such promotions. A consistent free-shipping policy can enhance platform attractiveness, expand market reach, and build long-term customer loyalty.
4. **Enhancing Communication Transparency with Consumers**

Sellers are encouraged to proactively provide accurate product information and to be responsive to consumer inquiries or complaints. Transparent and open communication can reinforce brand trust, reduce perceived risks, and strengthen the seller's image in a highly competitive e-commerce environment.

5. Implications for Future Research

Future studies are recommended to integrate additional variables such as brand image, digital experience, or platform trust to gain a more comprehensive understanding of the determinants influencing online purchasing decisions. Incorporating these factors could enrich theoretical development and contribute strategically to the advancement of digital marketing practices in Indonesia

FUTHER STUDY

Every research is subject to certain limitations, and this study is no exception. The analysis was limited to respondents in Surabaya, which may not fully represent consumer behavior across other regions in Indonesia with different socioeconomic and digital literacy characteristics. Additionally, this study focused on three variables – seller reputation, online customer ratings, and free shipping programs – while other potential determinants such as brand image, digital experience, platform trust, and product category preferences were not examined. Future research is therefore encouraged to expand the sample size to include diverse geographic and demographic contexts, and to incorporate additional variables that may moderate or mediate purchase decisions in e-commerce platforms. Furthermore, adopting longitudinal or experimental designs could provide deeper insights into the causal relationships and behavioral dynamics underlying online purchasing behavior over time.

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