

Understanding the Effect of Online Reviews on Consumer Decision-Making: Evidence from Alaya Resort Ubud

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Abstract

Purpose of the study: The study's primary aim is to understand how online customer reviews on Booking.com influence the decisions of potential guests to book rooms at Alaya Resort Ubud.

Methodology: This research utilized a quantitative descriptive approach, gathering data through questionnaires. The respondents were a random sample of 100 potential guests of Alaya Resort Ubud.

Main Findings: The ensuing analysis unveiled a statistically significant correlation between online reviews and booking decisions, as evidenced by a t-value (3.717) that surpasses the critical t-value (1.984).

Applications of the study: The implications of this study bear considerable relevance to hotel and resort management entities. It furnishes invaluable insights that can guide the development of efficacious marketing strategies and customer service paradigms to positively influence room booking decisions.

Novelty/Originality of the study: This study expands the existing body of knowledge by offering unique insights into the profound impact of online reviews on room booking decisions, specifically within the context of a resort setting. This novel understanding could catalyze other resorts and hotels to optimize their online review management strategies.

INTRODUCTION

Information technology has brought significant transformations in the hospitality industry. A primary example is the emergence of e-commerce platforms like Booking.com, which have become the go-to solution for travelers seeking online hotel reservations. Booking.com provides a broad spectrum of services, including car rentals, flight tickets, and hotel bookings. A standout feature of this platform is its customer review function, which allows users to critique and rate their experiences with the products or services they've used. These reviews provide invaluable information to prospective customers, shaping their hotel selection process and influencing their purchasing decisions.

Booking.com, in particular, stands as a comprehensive service provider, offering a wide array of services that cater to the diverse needs of travelers. From car rentals and flight tickets to hotel bookings, the platform provides a one-stop solution for travel-related needs. However, one of its standout features is the customer review function. This unique feature allows users to rate and critique the products or services they've availed, creating a pool of reviews that serve as a valuable source of firsthand information for potential customers. These reviews play a pivotal role in shaping the decision-making process of customers, influencing their choice of hotels, and guiding their purchasing decisions on the e-commerce platform (Pitana & Pitanatri, 2016).

Within this context, Alaya Resort Ubud, a prestigious five-star hotel in Bali, relies on Booking.com as its online travel agent. Alaya Resort Ubud offers 106 luxury rooms, designed with a serene yet sophisticated concept. The hotel provides a unique experience that reflects the artistry of Ubud and Bali, complemented by stunning views of rice fields and a variety of independent local cafes and restaurants. The critical role of online reviews in influencing customers' purchasing decisions is not exclusive to Alaya Resort Ubud. It is a widespread phenomenon that permeates the entire hospitality industry. Customers often turn to online reviews as a trustworthy source of information, which informs their preferences and helps shape their decision-making process (Kharisma et al., 2020; Komang et al., 2021). By perusing online reviews, they can take into account the experiences and opinions of others before finalizing their own purchasing decisions. Consequently, online reviews play an integral role in guiding customers in their purchasing decisions.

In academic literature, online reviews on hotel accommodation decisions is a well-documented. A study conducted by Sari (2020) revealed that general information, reviews, photos, location, and facilities present in online reviews significantly influence the decision to stay. Similarly, research by Zhang et al., (2017), and Adnyani & Pitanatri (2017) found that Electronic Word of Mouth (eWOM) from Online Travel Agents (OTA) significantly affects the decision to stay. (Laurance et al., 2019) also pointed to the significant influence of certain aspects of online reviews on customers' decisions to book hotel rooms. This prior research has consistently highlighted the positive and significant impact of online reviews on decisions related to hotel accommodations.

Given this background, this study will delve into the influence of online reviews on Booking.com on room booking decisions at Alaya Resort Ubud. Therefore, this research seeks to gain a more profound understanding of this phenomenon and assess the extent to which online reviews influence hotel room booking decisions. A key issue that has been identified is the fluctuation in room product sales at Alaya Resort Ubud, which can be attributed to low guest ratings on Booking.com. Consequently, the research question for this study is: "How do online reviews impact hotel room booking decisions made through the Booking.com application at Alaya Resort Ubud?" This question will serve as the cornerstone for the ensuing research and analysis.

LITERATURE REVIEW

Purchasing Decision

According to [Kotler & Keller \(2016\)](#), the act of purchasing is a critical thinking process. It encompasses understanding needs and desires, seeking information, evaluating potential purchase sources, making purchase choices, and undertaking post-purchase actions. [Albayrak et al., \(2016\)](#) further elaborate that a shopper's decision to buy or consume certain goods is preceded by various steps. These steps include recognizing needs, identifying timing and changing circumstances, considering ownership and use of goods, acknowledging individual differences, assessing the impact of promotions, and searching for information both internally and externally. [Kotler & Keller \(2016\)](#) elaborates that a purchase decision also involves the selection of product distribution, purchase timing, quantity of purchase, and payment method.

The purchase decision process unfolds in several stages. Initially, there's the problem recognition stage, where consumers become aware of a need triggered by internal and external factors. This recognition is followed by an information search, which is typically limited and sourced from various outlets. Consumers then evaluate product alternatives, taking into consideration the attributes and capabilities of each option. The subsequent stage involves the actual purchase decision, where consumers select the brand, store, quantity, timing, and payment method. Following the purchase, consumers experience post-purchase behavior, which encompasses levels of satisfaction or dissatisfaction, post-purchase actions, and product usage or disposal. The level of consumer satisfaction or dissatisfaction significantly influences future consumer behavior, including the likelihood of repeat purchases or switching to another brand ([Pitanatri et al., 2019](#)).

The post-purchase stage is critical as it determines a consumer's future relationship with the product, brand, or company. It includes how consumers use or dispose of the product and how satisfied they are with their purchase. A high level of satisfaction tends to lead to brand loyalty, which can result in repeat purchases and positive word-of-mouth recommendations (Adnyani & Pitanatri, 2017). Conversely, a dissatisfied customer may choose to switch to a different brand in the future and could potentially discourage others from purchasing the product based on their negative experience.

Consumer satisfaction is largely determined by the extent to which the product or service meets or exceeds expectations. If the product performs below expectations, the consumer will likely be dissatisfied. If the product meets expectations, the consumer will be satisfied, and if the product surpasses expectations, the consumer will be delighted. In the context of the hospitality industry, especially for hotels like Alaya Resort Ubud, the post-purchase stage often involves reviewing the experience on platforms like Booking.com. These reviews become part of the information search process for other potential customers and can significantly influence their purchase decisions.

It's important to note that while the buying process is often linear, it can also be cyclical, particularly in situations involving repeat purchases or long-term customer relationships. Once the post-purchase evaluation is complete, a new buying process may begin. This could be triggered by a variety of factors such as the depletion of the purchased product, the need for product replacement, the launch of a new product, or a change in the consumer's needs or wants. Therefore, the process of making a purchase decision is complex and multifaceted, involving a series of stages and a variety of influencing factors. Businesses need to understand this process to effectively meet their customers' needs, provide satisfactory products and services, and build long-term customer relationships.

Online Consumer Review

[Chan et al., \(2017\)](#) define an online consumer review as a medium enabling consumers to access other consumers' evaluations of a product, service, or a company's performance. Online consumer reviews serve as an avenue for consumers to seek and acquire information that could influence their purchasing decisions (Adnyani & Pitanatri, 2017; [Pitanatri et al., 2020](#)). These reviews not only function as decision-making tools but also provide a mechanism for consumers to give feedback and serve as a recommendation system on online shopping platforms. [Ek Styvén & Foster \(2018\)](#) further describe online consumer reviews as a form of electronic word-of-mouth that can be viewed as a new form of marketing communication, capable of influencing and playing a role in the purchasing decision process.

In terms of purchasing decisions based on online consumer reviews, [Zhao & Hu, \(2019\)](#) outline the following criteria. By meeting these criteria, online consumer reviews can effectively influence consumer purchasing decisions

1. The usefulness of Online Consumer Reviews: In the vast landscape of available information, only valuable comments and opinions will significantly influence a consumer's purchasing decision.
2. Reviewer Expertise: Given that online consumer reviews are often produced by anonymous individuals, the expertise of the reviewer becomes crucial in assessing the reliability and trustworthiness of the reviews.

3. Timeliness of Online Consumer Reviews: When seeking information, consumers require data that is relevant to a specific time frame, as outdated information may no longer be applicable or useful.
4. The number of Online Consumer Reviews: A substantial number of comments or testimonials from specific reviewers about a product or service can instill trust and provide a broader perspective.
5. Valence of Online Consumer Reviews: The messages conveyed in online consumer reviews can be bifurcated into two categories: messages focusing on positive aspects (benefits gained) and messages focusing on negative aspects (losses experienced).

In the context of today's hospitality industry, the role of online consumer reviews has become increasingly prominent. For potential buyers, these reviews serve as a vital source of information, helping them form an impression about a product or service before making a purchase decision. The influence of online consumer reviews extends beyond individual purchase decisions. At the organizational level, businesses can leverage these reviews to gain insights into their customers' needs and preferences. By analyzing the content of the reviews, companies can identify areas of strength and weakness in their products or services and make necessary improvements. Furthermore, positive reviews can enhance a company's reputation and contribute to brand building, while negative reviews can serve as an early warning sign of potential issues.

However, the impact of online consumer reviews is not solely determined by their content. Factors such as the credibility of the reviewer, the recency of the review, the number of reviews, and the overall sentiment (positive or negative) also play a crucial role. Therefore, businesses should not only focus on encouraging customers to write reviews but also strive to ensure that the reviews are credible, current, numerous, and predominantly positive. Moreover, online consumer reviews have revolutionized the traditional concept of word-of-mouth marketing. They serve as a form of electronic word-of-mouth, allowing consumers to share their experiences and opinions with a vast online audience. This has significantly amplified the reach and impact of word-of-mouth, making online consumer reviews a powerful marketing tool that can influence consumer behavior and shape market trends.

Online Travel Agent

Online Travel Agent (OTA) fundamentally shares the same business scope as conventional travel agents. The distinguishing factor is that OTAs provide digital-based services, where all transactions—ranging from information retrieval and booking to payments—are conducted within the digital realm (Pitana & Pitanatri, 2016). An OTA is a specific type of travel agent that conducts all its activities online, offering online reservation services to fulfill individuals' travel needs.

In the hospitality context, OTA serves as a trusted intermediary and consultant for accommodation providers and airlines in conducting online promotions and boosting customer visits. Through the services of OTAs, consumers have access to a broad selection of hotels that cater to their specific preferences and needs. Consumers can directly reserve hotel rooms via these travel agents or event organizers, facilitating a more streamlined and convenient booking process.

Kharisma et al., (2020) argued that a travel agent is a business entity that markets tourism and travel services provided by other firms. In this context, a travel agent is perceived as a ticket agent or ticket seller, bridging the gap between the service providers and the consumers. Thus, OTAs represent a digital evolution of traditional travel agents, adapting to the shift towards online transactions in the travel and hospitality industry.

OTAs not only provide convenience for consumers but also present significant advantages for service providers. For instance, OTAs can provide a global reach for hotels and airlines that they might not achieve independently, especially smaller or newer establishments that lack the resources for extensive marketing campaigns (Zhu et al., 2019). OTAs can efficiently showcase these businesses to a wide audience, increasing visibility and potentially boosting bookings. Furthermore, OTAs often offer a variety of services bundled together, such as flight and hotel booking, car rental, and travel insurance. This ability to provide a one-stop shop for travel needs adds to the convenience for consumers, making OTAs an attractive choice for planning and booking trips.

METHODOLOGY

The research design refers to the comprehensive plan for the study, starting from hypothesis formulation to data analysis and conclusion. This study employs a descriptive quantitative research design, gathering data through observation, interviews, or questionnaires to depict the current state of the research subject.

The population in this study comprises potential consumers interested in staying at Alaya Resort Ubud. The study's sample was drawn using non-probability sampling techniques, particularly purposive sampling. The criteria for sample selection included respondents who were familiar with Alaya Resort Ubud, had viewed online reviews about the resort, and expressed interest in staying there. The sample size was 100 respondents.

The study involved two variables: an independent variable and a dependent variable. The independent variable was the online reviews on Booking.com, while the dependent variable was the decision to purchase a room. These variables were measured using a questionnaire consisting of 13 statements rated on a five-point Likert scale. The validity and reliability of the research instrument were evaluated to ensure that the instrument accurately measured what it intended to. The

instrument's validity was checked by comparing the calculated r-value with the table r-value, while the instrument's reliability was tested using Cronbach's Alpha statistical test.

The data collection technique employed in this study was a questionnaire. A closed-ended questionnaire with Likert scale questions was used. In addition to the questionnaire, interview, and observation techniques can also be employed in data collection, but this study only used a questionnaire.

The data analysis method used was simple linear regression analysis. Before this, classical assumption tests, such as heteroscedasticity and normality tests, were performed. Additionally, quantitative analysis and hypothesis testing were also conducted. Data sources in this study were divided into primary and secondary data. Primary data was obtained by distributing questionnaires to respondents, while secondary data was obtained from Alaya Resort Ubud and the online travel agent. The types of data used in this study included quantitative data, which consisted of numbers or measurable data, and qualitative data, which consisted of words or images.

FINDINGS / RESULTS

Respondent's characteristic

The distribution of the questionnaire took place from April 5, 2023, to May 5, 2023. The questionnaire was distributed to 100 respondents, resulting in 100 valid questionnaires for research. This section presents the results of the questionnaire distribution in terms of respondent characteristics. Respondent characteristics were collected based on gender, age, and country of origin.

a. Respondent Characteristics Based on Gender

The respondent characteristics based on gender can be seen in Table 1 below.

Table 1: Respondent Characteristics Based on Gender

| No. | Gender | Respondents | |
|-----|--------|-------------|-----|
| | | Number | % |
| 1 | Male | 48 | 48 |
| 2 | Female | 52 | 52 |
| | Total | 100 | 100 |

Source: Primary Data, 2023 (processed)

Table 1 above shows that the respondents consist of males and females. The number of females is slightly higher than that of males, with 52 individuals (52%). Meanwhile, there were 48 males (48%). Based on this presentation, it can be concluded that the study's respondents were predominantly female.

b. Respondent Characteristics Based on Country of Origin

The respondent characteristics based on their country of origin can be seen in Table 2 below.

Table 2: Country of Origin

| No. | Country of Origin | Respondent | |
|-----|-------------------|------------|----------------|
| | | Numbers | Percentage (%) |
| 1 | Australia | 18 | 18 |
| 2 | France | 20 | 20 |
| 3 | Germany | 10 | 10 |
| 4 | Indonesia | 34 | 34 |
| 5 | Japan | 6 | 6 |
| 6 | Other | 12 | 12 |
| | Total | 100 | 100 |

Source: Primary Data, 2023 (processed)

Table 2 above shows that the respondents came from four countries. Respondents from Australia totaled 18 (18%), from France 20 (20%), from Germany 10 (10%), from Indonesia 34 (34%), Japan 6 (6%), and from other countries 12 (12%). Based on this presentation, it can be concluded that the respondents in this study were predominantly from Indonesia.

c. Respondent Characteristics Based on Booking Time

The respondent characteristics based on the booking time are described in Table 3. Table 3 below shows that based on the booking time, respondents are divided into three categories. Respondents were dominated by those booking 1-3 months in advance, totaling 42 individuals (42%). This was followed by respondents booking less than 1 month in advance, totaling 31 individuals (31%), and those booking more than 3 months in advance, totaling 27 individuals (27%). Based on this presentation, it can be concluded that the study's respondents were predominantly booking 1-3 months in advance.

Table 3: Respondent Characteristics Based on Booking Time

| No. | Booking Time | Respondent | |
|-----|--------------|------------|----------------|
| | | Numbers | Percentage (%) |
| 1 | < 1 Month | 31 | 31 |
| 2 | 1-3 Months | 42 | 42 |
| 3 | >3 Months | 27 | 27 |
| | Total | 100 | 100 |

Source: Primary Data, 2023 (processed)

Validity and Reliability Test

Validity Test

Validity tests serve to establish the validity or appropriateness of the questionnaire used. The validity test is conducted by comparing the calculated 'r' value with the 'r' table value. The questionnaire can be considered valid if the calculated 'r'-value is greater than or equal to the 'r' table value (Sugiyono, 2018). The initial step involves determining the 'r' table value. The significance level for the one-sided test used in this test is 0.05 with degrees of freedom $df = n - 2$. Given $n = 100$, it follows that $df = 100 - 2 = 98$. The magnitude of the 'r' table is calculated as $r(\alpha; df)$, so the value sought is $r(0.05; 98)$. Based on the 'r' distribution table in Appendix 5, the 'r' table value equals 0.197 (Zhu, G.et al., (2019)).

A summary of the item test results and variable statements for Online Reviews and Purchase Decisions can be depicted in Table 4 below.

Table 4: Validity Test

| Variable | Item | rvalue | Results |
|--------------------------|------|--------|---------|
| Online Review (X) | X1 | 0,574 | Valid |
| | X2 | 0,725 | Valid |
| | X3 | 0,321 | Valid |
| | X4 | 0,744 | Valid |
| | X5 | 0,512 | Valid |
| | X6 | 0,723 | Valid |
| | X7 | 0,748 | Valid |
| Purchase Decision (Y) | Y1 | 0,448 | Valid |
| | Y2 | 0,516 | Valid |
| | Y3 | 0,690 | Valid |
| | Y4 | 0,642 | Valid |
| | Y5 | 0,624 | Valid |
| | Y6 | 0,670 | Valid |

Source: Primary Data, 2023 (processed)

According to Table 4, the validity test results show that the smallest coefficient value obtained from an indicator variable is 0.321, while the highest coefficient value is 0.748. The overall values of the 13 statement items, which serve as indicators of the independent and dependent variables in this study, are all valid because they have coefficient values above 0.197 (Pratiwi, 2017). This validity indicates that the questionnaire measurement tool used in this study is valid in performing its measurement function, and the statements measured are indeed appropriate indicators for the research.

Reliability Test Results

Reliability refers to the ability of an instrument to demonstrate stability and consistency in measuring a concept, on the condition that the value of Cronbach's alpha is greater than 0.6, in which case the instrument can be considered reliable (Sugiyono, 2018:102). The results of the reliability test related to the statements from the research variables are presented in Table 5 below.

Table 5: Recapitulation of Reliability Test Results

| Statement Items | Total Statement Items | Cronbach's Alpha | Results |
|------------------------|-----------------------|------------------|----------|
| Online Reviews (X) | 7 | 0,756 | Reliable |
| Purchase Decisions (Y) | 6 | 0,741 | Reliable |

Source: Primary Data, 2023 (processed)

Based on Table 4.7, all statement items of the Online Reviews and Purchase Decisions variables have an average Cronbach's alpha value. The average Cronbach's alpha value for the Online Reviews variable (X) is 0.756 and for Purchase Decisions, it is 0.741. All these average values are greater than 0.60, which can be interpreted as all statement items from all research variables satisfying the data reliability assumption. Data reliability indicates that the test results

are accurate and consistent in measuring online reviews and purchase decisions, using the same measuring tool when performed at different times and opportunities repeatedly.

Classical Assumption Test

a. Normality Test

The purpose of the normality test is to determine whether, in a regression model, the disturbance or residual variables follow a normal distribution. It should be noted that the t-test assumes that the residual values follow a normal distribution. The results of the Normality Test can be seen in Table 6 below.

Table 6: One-Sample Kolmogorov-Smirnov Test

| | | Unstandardized Residual |
|--|----------------|-------------------------|
| N | | 100 |
| Normal Parameters ^{a,b} | Mean | .0000000 |
| | Std. Deviation | 3.19079839 |
| Most Extreme Differences | Absolute | .074 |
| | Positive | .038 |
| | Negative | -.074 |
| Test Statistic | | .074 |
| Asymp. Sig. (2-tailed) | | .192 ^c |
| a. Test distribution is Normal. | | |
| b. Calculated from data. | | |
| c. Lilliefors Significance Correction. | | |

Source: Research Result, 2023

Based on Table 4.9, the significance value of Asymp. Sig (2-tailed) is 0.192, which is greater than 0.05. According to the decision-making basis in the Kolmogorov-Smirnov normality test, it can be concluded that the data follows a normal distribution. A normal data distribution means that the data used in this study is normally distributed, with the spread of data for each variable not showing significant differences in value. Therefore, this study meets the normality assumption and can proceed to the subsequent test.

b. Heteroscedasticity Test

This test is conducted to determine whether there is a variance inequality of residuals from one observation to another in the regression model. If the variance of residuals remains the same from one observation to another, it is referred to as homoscedasticity; if it varies, it is referred to as heteroscedasticity. The heteroscedasticity test uses the Glejser test, with the stipulation that if the significance value (Sig.) is greater than 0.05, the conclusion is that there is no heteroscedasticity symptom in the regression model, and vice versa. The results of the heteroscedasticity test can be seen in Table 7 below.

Table 7: Coefficients^a

| Model | Unstandardized Coefficients | | Standardized Coefficients | | t | Sig. |
|--------------|-----------------------------|------------|---------------------------|--|-------|------|
| | B | Std. Error | Beta | | | |
| 1 (Constant) | 2.313 | 1.455 | | | 1.590 | .115 |
| TOTAL X | .009 | .057 | .017 | | .165 | .870 |

a. Dependent Variable: AB_RES

Source: Research Result, 2023

Based on the results shown in Table 4.10 above, the significance value (Sig.) indicates that all data have a significant value above 0.05, specifically 0.870 for online reviews. This is following the conditions of the heteroscedasticity test, indicating that this study is free from the symptoms of heteroscedasticity.

In a robust regression model, heteroscedasticity typically does not occur. The presence or absence of heteroscedasticity in a regression model can be visually inspected using a scatterplot. If there is a specific pattern in the plot, it may indicate the presence of heteroscedasticity. Figure 4.9 shows that the points are randomly dispersed and are distributed both above and below the number 0 on the Y-axis. Therefore, it can be concluded that heteroscedasticity is not present in the regression model of this study.

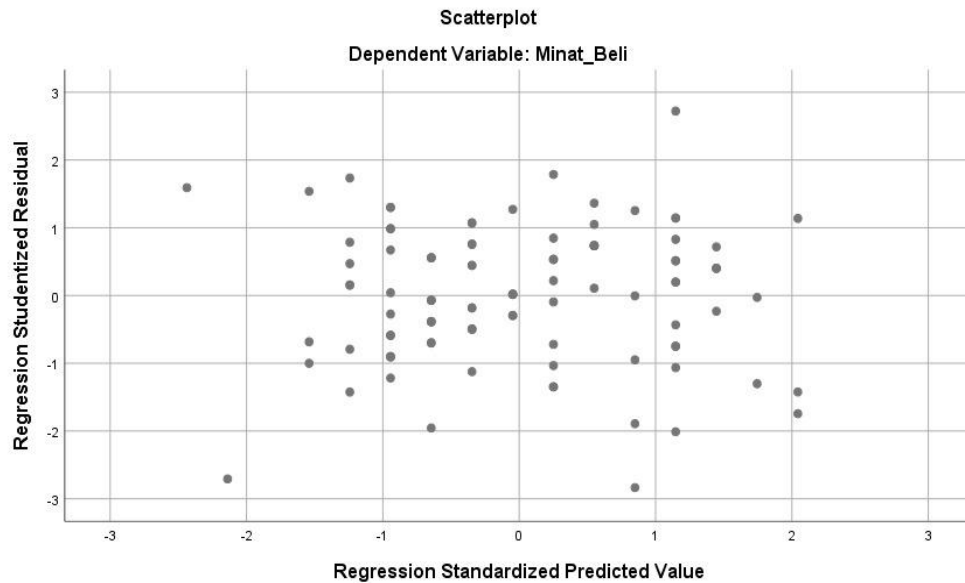


Figure 1: Heteroscedasticity Test Results, (Source: Research Result, 2023)

c. Linearity Test

The linearity test is conducted to determine whether there is a statistically significant linear relationship between two variables at a significance level of 0.05 on the F-table. If the F-calculated value is less than the F-table value and the significance value is above 0.05, a linear relationship exists between the independent variable (X) and the dependent variable (Y). The results of the linearity test can be seen in Table 8 below:

Table 8: ANOVA

| | | | Sum of Squares | df | Mean Square | F | Sig. |
|-----------|----------------|--------------------------|----------------|----|-------------|--------|------|
| TOTAL Y * | Between Groups | (Combined) | 365.111 | 14 | 26.079 | 2.824 | .002 |
| TOTAL X | | Linearity | 142.062 | 1 | 142.062 | 15.385 | .000 |
| | | Deviation from Linearity | 223.049 | 13 | 17.158 | 1.858 | .057 |
| | Within Groups | | 784.889 | 85 | 9.234 | | |
| | Total | | 1150.000 | 99 | | | |

Based on Table 8, the linearity test results indicate a "Deviation from Linearity" significance value of 0.057, which is greater than 0.05. This suggests a linear relationship between the Purchase Decision and Online Reviews.

Data Analysis

Data computations and analysis were performed using the SPSS version 23 for Windows. The results obtained through SPSS will be interpreted and explained, leading to a conclusion.

a. Simple Linear Regression Analysis

A simple linear regression analysis was used to determine changes in the dependent variable (Y) - Purchase Decision - influenced by the independent variable (X) - Online Reviews. The results of the simple linear regression analysis, performed with the aid of SPSS version 25 for Windows, can be seen in Table 9 below.

Table 9: Results of Simple Linear Regression Analysis with SPSS Version 25

| Coefficients ^a | | | | | |
|---------------------------|------------|-----------------------------|------------|---------------------------|-------|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t |
| | | B | Std. Error | Beta | |
| 1 | (Constant) | 10.997 | 2.444 | | 4.500 |
| | TOTAL X | .358 | .096 | .351 | 3.717 |

a. Dependent Variable: TOTAL Y

Source: Research Result, 2023

From Table 9, it can be observed that the constant value is 10.997 and Online Reviews (X) is 0.358. Based on the constant value and the regression coefficient value of the independent variable, the following simple linear regression equation is obtained: $Y = 10.997 + 0.358 X$

According to the calculation with the formula $Y=a+b$, the following insights are provided by the simple linear regression line equation (Sugiyono, 2018):

1. Constant = 10.977

The constant value of 10.997 implies that if the variable of online reviews is removed, the purchase decision would still hold a value of 10.997. If the independent variable (online reviews) increases, the dependent variable (purchase decision) would also increase due to the positive independent variable value.

2. Online Reviews (X) = 0.358

The regression coefficient value for the online reviews variable concerning the purchase decision is 0.358. This means that if online reviews (x) increase by one unit, keeping other variables constant, then the purchase decision will increase by 0.358. The positive coefficient for online reviews (x) signifies a direct relationship between online reviews and purchase decisions. An increase in online reviews (x) would increase the purchase decision.

b. t-test

This test is conducted to determine the significance of the effect of the independent variable, Online Reviews, on the dependent variable, Purchase Decision. The basis for this t-test consists of two considerations: a comparison of the calculated t-value with the table t-value and based on the significance value. The t-test results can be seen in Table 10 below.

Table 10: t-test Results

| Variable | t-test | Sig | Remark |
|---------------------------------|--------|-------|-------------|
| Promotion Through Instagram (X) | 3,717 | 0,000 | Significant |
| Alpha (α) 0,05 | | | |

Source: Research Result, 2023

Based on Table 10, the t-test can be formulated as follows:

t-test for the variable Online Reviews (X) on Purchase Decision (Y)

a. Hypothesis Testing

H_a : Online Reviews significantly influence the Purchase Decision.

H_0 : Online Reviews do not significantly influence the Purchase Decision.

b. Determining the Calculated t-value

As seen in Table 4.13, the calculated t-value for Online Reviews (X) is 3.717, with a significance less than the alpha value ($0.000 < 0.05$).

c. Determining the Table t-value

The level of significance used in this test is 0.05 or alpha (confidence level) = 5%, with degrees of freedom (df) = $n - k$. Given $n = 100$ and $k = 1$, we get $df = 100 - 1 = 99$. The table t-value = $t(\alpha, df)$, so the value sought is $t(0.05;99)$. Based on the t-distribution table in Appendix 6, the table t-value = 1.984 (Pratiwi, 2017).

d. Comparing the Calculated t-value with the Table t-value

If the calculated t-value > table t-value or the significance value < alpha, then H_0 is rejected, and H_a is accepted.

If the calculated t-value \leq table t-value or the significance value > alpha, then H_0 is accepted and H_a is rejected.

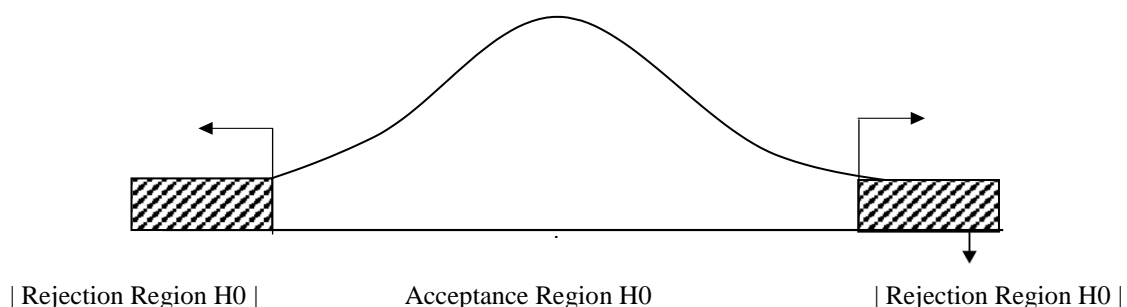


Figure 2: t-test Distribution Curve Testing the Coefficient of Online Reviews (X) on Purchase Decision (Y)

Source: Processed data (2023)

Figure 2 shows that the calculated t-value $>$ table t-value = $3.717 > 1.984$ and the significance value $<$ $\alpha = 0.000 < 0.05$, hence H_0 is rejected and H_a is accepted. This indicates that Online Reviews (X) significantly influence the purchase decision at Alaya Resort Ubud with an error rate of 5%, confidence level of 95%, and degrees of freedom of 99.

The analysis of the coefficient of determination aims to determine the percentage of the variable under investigation, namely the independent variable of online reviews towards the dependent variable, which is the purchase decision (Y). The results of the coefficient of determination analysis are displayed in Table 11 below.

Table 11: Coefficient of Determination

| Model Summary ^b | | | | |
|-----------------------------------|-------------------|----------|-------------------|--------------------------------|
| Model | R | R Square | Adjusted R Square | Std. The error in the Estimate |
| 1 | .589 ^a | .347 | .339 | 2.162 |
| a. Predictors: (Constant), OTA | | | | |
| b. Dependent Variable: Minat_Beli | | | | |

Source: Research Result, 2023

Table 11 shows that the R square value obtained from the analysis signifies that the dependent variable can be explained by the independent variable by 34.7% ($0.347 \times 100\%$), while the remaining 65.3% ($100\% - 34.7\%$) is explained by other variables not included in this study.

DISCUSSION / ANALYSIS

This research presents the relationship between Online Reviews and Purchase Decisions at Alaya Resort Ubud has been substantively analyzed. The results demonstrate a significant relationship between these two variables. The t-test, a statistical analysis used to determine the significance of the relationship between variables, yielded a t-calculated value of 3.717, which surpasses the critical t-table value of 1.984. Furthermore, the statistical significance value (0.000) is less than the standard threshold ($\alpha=0.05$). These results indicate that the influence of Online Reviews on Purchase Decisions is statistically significant.

The β value of the Online Reviews, a measure of how much the dependent variable (Purchase Decisions) changes per unit increase in the independent variable (Online Reviews), was found to be 0.358. This suggests that for every unit increase in Online Reviews, assuming all other variables are held constant, the Purchase Decisions increase by a factor of 0.358. The results obtained from this study provide an answer to the research question and support the proposed hypothesis. There is indeed a positive and significant impact of Online Reviews on Purchase Decisions at Alaya Resort Ubud.

Given the strength and significance of this relationship, management needs to consider online reviews as a major factor influencing customer purchase decisions. An increase in positive online reviews could lead to an increase in purchase decisions. Therefore, it is suggested that management at Alaya Resort Ubud and similar establishments pay attention to and actively manage their online reviews. This could involve addressing negative reviews promptly and working to ensure a high standard of service to garner positive reviews. This approach will ultimately improve their online reputation and enhance customers' purchase decisions.

CONCLUSION

Online reviews significantly influence purchase decisions at Alaya Resort Ubud. The calculated t-value surpasses the critical t-value, indicating a significant relationship between online reviews and purchase decisions. With a beta value of 0.358, online reviews positively impact purchase decisions. The contribution of online reviews to purchase decisions is 34.7%. However, the remaining 65.3% is influenced by other factors not explored in this study. Other factors such as price, location, security, convenience, and lifestyle also play a role in purchase decisions.

It is suggested that Alaya Resort Ubud strives to maintain and enhance the quality of service offered to keep the review scores stable and improving. Considering the various sources of booking, Alaya Resort Ubud must pay attention to this aspect to boost the purchase decisions of potential guests.

For future research, it is recommended to explore other factors that can influence purchase decisions. This is important as the contribution of online reviews in this study is only 34.7%. This research has practical implications for Alaya Resort Ubud in optimizing purchase decisions through reviews provided on Booking.com. By enhancing product and service quality, Alaya Resort Ubud can improve positive reviews and enhance the guest experience.

LIMITATION AND STUDY FORWARD

No study covers all aspects of the research problem. The author should discuss the limitations or gaps of this study. And also present the future scope or plan of the study.

CONFLICT OF INTEREST AND ETHICAL STANDARDS

There exists no conflict of interest with the current organization and no unethical practices followed during the study.

AUTHOR'S CONTRIBUTION

First Author Contribution: The primary researcher made substantial contributions to the conception and design of the study. This author was responsible for executing the data collection process, conducting the initial data analysis, and interpreting the research findings.

Second Author Contribution: This author played a key role in refining the research design and methodology, offering critical feedback and valuable intellectual input. This author also participated in data collection efforts and conducted secondary data analyses.

Third Author Contribution: This author was instrumental in interpreting the results of the study. This author engaged actively in revising the draft manuscript, with a particular focus on enhancing its overall quality and coherence.

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