

DETERMINANTS OF ONLINE PURCHASE DECISIONS AT SHOPEE MARKETPLACE

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ABSTRACT

This study aims to analyze the marketing mix on online purchasing decisions on the Shopee Marketplace at the student Universitas Pembangunan Panca Budi. The method used is collecting data through questionnaires with the criteria of consumers who have transacted on the Shopee online shopping site totaling 96 respondents. This research is a quantitative research using structural equation modeling (SEM). The results of this study conclude that: product, price, promotion, and distribution have a positive and significant effect on online purchasing decisions.

Keywords: Marketing Mix, Online Purchasing Decisions

INTRODUCTION

Before producing a product, the essential thing to think about is its marketing. Because no matter how good the product is made without any marketing, the products that have been produced will be useless. Good marketing is marketing that reaches the purchase stage and is even better with repurchase. Here it is clear that marketing is essential in a product, let alone a new product.

One form of marketing that many people and companies have often done is to combine several variables consisting of products, prices, promotions, and distribution. The combination of several variables is known as the marketing mix. This marketing mix applies not only to offline sales but also to online.

More practical online sales are also low-cost, so consumers are more likely to use them. Consumers can simply order it through the application, and the desired goods will be delivered according to the desired address. Moreover, in terms of time, consumers no longer need to go to the market, which of course takes time, and costs and must also be smart to bargain. Shopping online is helpful for people who are busy and don't have much time to buy the desired items. Online shopping offers goods, and consumers just select the desired item at a price already listed and order it, and the item will be delivered to the desired address.

The practicality of online shopping has been loved by people in Indonesia. Various existing applications offer this online shopping. One of them is "Shopee." Shopee provides various needs and is ready to deliver to the intended address. Shopee is indeed better known by consumers in Indonesia because Shopee offers daily needs various discounts as well as various promotions carried out both through print and electoral media.

Shopee does not hesitate to spend so much to pay artists in promoting on TV media and by paying several TV stations at once in the main hour, which of course, is a very expensive airtime fee. Shopee is very aware that the costs incurred in promoting are not much compared to the benefits that will be obtained if their goods sell well because consumers know a lot of the goods they need are all on Shopee, in addition to the pretty low prices there are also other conveniences such as free shipping, discounts if they buy more than one type of goods or other forms of promotion.

Online shopping is not only done by people busy at work and who do not have time to go to the market but has also been done by various walks of life, such as students. One of the students who also made online purchases was a student at Panca Budi Development University. So in this study, researchers want to see how the decision to shop online in students of Universitas Pembangunan Panca Budi, especially on the Shopee application.

LITERATURE REVIEW

Marketing Management

Management is the process of planning, organizing, actuating, directing, and controlling. So that marketing management is an effort to plan, and implement, which consists of organizing, directing, coordinating, and supervising or controlling marketing activities in an organization to achieve organizational goals efficiently and effectively.

According to Kotler, et al. (2012), marketing is the process by which the company creates a product, and the product gets into the hands of consumers so that the relationship between the two is mutually beneficial. The company achieves the goal of profit while consumers are satisfied with consuming the products produced by the company.

Marketing Mix

The marketing mix is an element of the company's organization that can control communication with consumers and satisfy consumers (Zeithaml & Bitner, 2013). So it is biased to conclude that the marketing mix is a set of marketing tools that companies use as a profit-making tool consisting of product elements, prices, promotions, and distribution.

Product

Products in the form of goods/services are produced to be used by consumers in meeting needs and providing satisfaction. So a product is everything that can be offered to the market for attention, owned, operated, or consumed (Assauri, 2018).

Price

Price is the only element of the marketing mix that generates sales receipts, while the other element is only the cost element. Since it generates sales receipts, the price affects the level of sales, the level of profit, and the market the company can achieve. The role of pricing will be significant, especially in the state of increasingly intense competition and the development of limited demand.

Promotion

Promotion is a business activity that has the aim that consumers can get to know and be more interested in the business products offered. In this activity, the company must be able to change consumer perceptions to be optimistic about the business it owns.

Distribution

Distribution is a line or route determined by the company so that the goods/services reach consumers. Some factors to consider in selecting distribution channels are the type and nature of the product, the nature of potential consumers, the heart of the existing competition, and the medium itself (Assauri, 2018).

Purchasing Decision

Sawlani (2021), Purchasing decision is the consumer's understanding of the wants and needs of a product by judging from existing sources setting purchase goals, and identifying alternatives so that the decision to buy is accompanied by behavior after making a purchase. Moreover, Kotler, Philips & Keller (2012) define a purchasing decision as a stage

in the purchase process where the consumer buys. Decision-making is an activity of individuals directly involved in using and obtaining the goods offered.

Factors influencing the purchase decision

According to Kotler, P & Armstrong (2008), factors that can influence purchasing decisions made by consumers include:

a) Cultural Factors

This factor has a broad and profound influence on consumer behaviour. Marketing must understand the role played by buyers' culture, sub-cultures, and social classes.

b) Social Factors

Consumer behavior is also influenced by social factors, such as small groups, families, and consumers' roles and social status.

c) Psychological Factors

A person's purchase choice is influenced by four main psychological factors: motivation, perception, learning, and beliefs and attitudes.

d) Personal Factors

Purchasing decisions are also influenced by personal characteristics such as the age and stage of the buyer's life cycle, the work of the economic situation, lifestyle, personality, and self-concept.

METHODS

This research is of the quantitative research type. This research was conducted at the Panca Budi Development University. The population consists of students who have shopped online using the shopee application. The number of samples taken was 96 people using the Slovin formula. The sampling method uses accidental sampling. The data analysis method is descriptive statistical data analysis to see an overview of the data that has been collected and inferential data analysis using the structural equation model (SEM) equation with the Smart Partial Least Squares (PLS) Program tool.

RESULTS AND DISCUSSION

Research Results

Characteristics of Respondents

Table 1. Characteristics of Respondents

No.	Characteristics of Respondents	Sum	Percentage
1.	Gender:		
	a. Male	23	23.96%
	b. Female	73	76.04%
2.	Age:		
	a. Between 18 to 20 years	21	21.88%
	b. Between 21 to 23 years	58	60.42%
	c. Between 24 to 26 years	13	13.54%
	d. Between 27 to 29 years	4	4.17%
3.	School year:		
	a. 2017	2	2.1%
	b. 2018	29	30.2%
	c. 2019	52	54.2%
	d. 2020	5	5.2%
	e. 2021	8	8.3%

Source: Researchers, 2022

Respondents in this study were taken from active students, with the majority of respondents being female, as much as 76.04%. Respondents based on age, with the majority aged between 21 to 23 years, as many as 60.42%. The number of respondents with the majority of the class of 2019 was 54.2%.

Evaluation of Measurement Model (Outer Model)

Validity Test

The validity test can be done by looking at the validity indicator indicated by the value of the loading factor (λ). If the value of the loading factor (λ) ≥ 0.6 , then the indicator is said to be valid, but if $\lambda < 0.6$, then the indicator is said to be invalid and should be excluded from the analysis.

Table 2. The Value of each Variable's Loading Factor

No.	Variable	Indicator	Loading Factor	Information
1.	Product	X1.1	0.914	Valid
		X1.2	0.665	Valid
		X1.3	0.812	Valid
		X1.4	0.735	Valid
2.	Price	X2.1	0.840	Valid
		X2.2	0.866	Valid
		X2.3	0.796	Valid
3.	Promotion	X3.1	0.827	Valid
		X3.2	0.820	Valid
		X3.3	0.673	Valid
		X3.4	0.765	Valid
4.	Distribution	X4.1	0.829	Valid
		X4.2	0.816	Valid
		X4.3	0.882	Valid
		X4.4	0.844	Valid
		X4.5	0.913	Valid
5.	Online Purchasing Decisions	Y.1	0.761	Valid
		Y.2	0.833	Valid
		Y.3	0.796	Valid
		Y.4	0.853	Valid
		Y.5	0.895	Valid
		Y.6	0.795	Valid
		Y.7	0.839	Valid
		Y.8	0.798	Valid
		Y.9	0.790	Valid
		Y.10	0.845	Valid
		Y.11	0.722	Valid
		Y.12	0.788	Valid

Source: Output Smart PLS, 2022

The loading factor values in Table 2, all loading factor (λ) values > 0.6 for each indicator of the latent variable, so it can be said that all indicators used are valid in measuring latent variables. For more details on the loading factor value of the processed results of the Smart PLS Program, you can see the following figure.

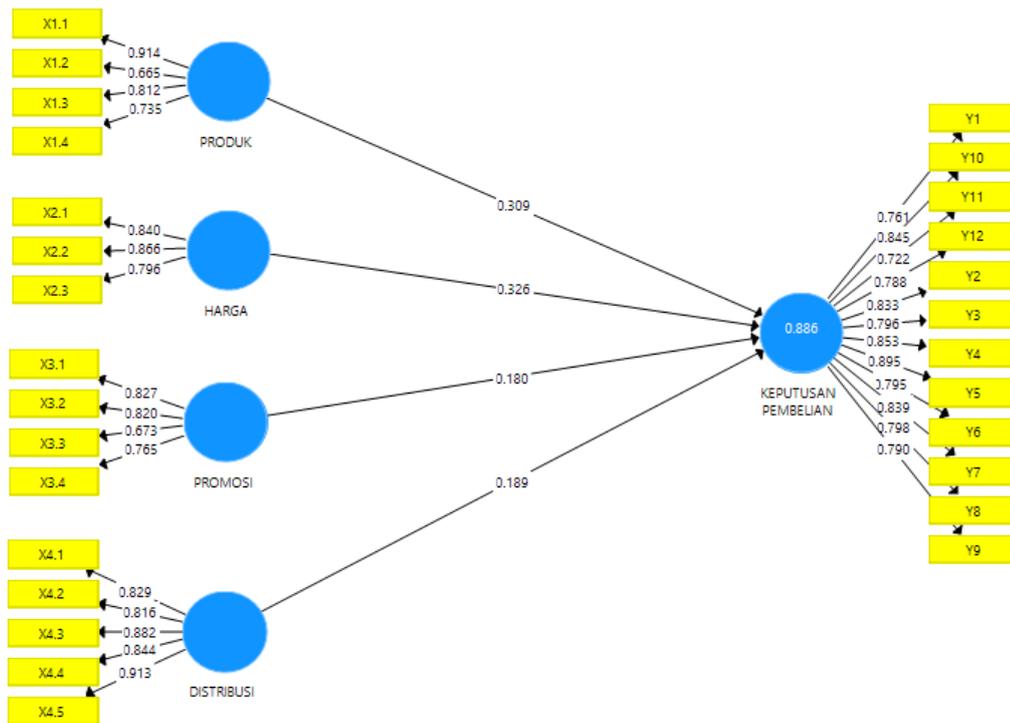


Figure 1. Diagram Output PLS Algorithm

Reliability Test

A reliability test is a coefficient value that indicates the level of data consistency. Reliability test values can be seen in Cronbach's Alpha, Rho-A, Composite Reliability, and Average Variance Extracted (AVE) values.

Table 3. Construct Reliability and Validity

	Cronbach's Alpha	Rho-A	Composite Reliability	Average Variance Extracted (AVE)
Distribution	0.910	0.915	0.933	0.735
Price	0.782	0.785	0.873	0.696
Purchase Decision	0.952	0.953	0.958	0.657
Product	0.789	0.803	0.865	0.619
Promotion	0.775	0.789	0.856	0.599

Source: Output Smart PLS, 2022

Table 3 above shows for all variables with Cronbach's Alpha values the entire construct variable above 0.7. Likewise with rho-A values, all variables above 0.7. The Composite Reliability value of all variables is also above 0.7. The Average Variance Extracted (AVE) value of all variables is above 0.5. This means that all construct reliability values have been met and can be continued at the next stage of data processing.

Hypothesis Testing Results

The analysis method is inferential statistics using structural equation model (SEM) causality analysis based on components or variances known as Partial Least Square (PLS). This study used Smart PLS software version 3.2.3 with a significance level of 5%.

Hypothesis testing can be seen in the test results of the coefficient of the t-statistical value path and the P value of the calculation results. Hypothesis testing using the Sig level. 5% (one-sided). If the P-Value of < 0.05 is obtained, then the hypothesis is accepted, both direct and indirect influences between variables. For more details, please see table 5.25 below.

Table 4. Direct Influence Between Variables

	<i>Original Sample</i>	<i>Standard Deviation</i>	<i>T Statistics</i>	<i>P Values</i>	<i>Information</i>
Distribution -> Online Purchasing Decisions	0.189	0.092	2.062	0.040	Significant
Price -> Online Purchasing Decisions	0.326	0.102	3.183	0.002	Significant
Product -> Online Purchasing Decisions	0.309	0.100	3.090	0.002	Significant
Promotion -> Online Purchasing Decisions	0.180	0.083	2.180	0.030	Significant

Source: Output Smart PLS, 2022

Table 4 shows the direct influence between variables totaling 4 (four) hypotheses. All hypotheses are accepted with a P-Value below 0.05. Product quality to online purchase decisions with a P-Value value of 0.002, price to online purchase decisions with a P-Value value of 0.002, promotion of online purchase decisions with a P-Value value of 0.030, and distribution of online purchase decisions with a P-Value value of 0.040.

DISCUSSION

The Effect of Products on Purchasing Decisions

The first hypothesis states that the product has a positive and significant effect on purchasing decisions. This is indicated by a statistical t-value of 3.090, which is greater than the table value (1.96), and a P-Value value of 0.002, which is smaller than 0.05. This means that the first hypothesis is proven and accepted. This means that the better the product on the Shopee Marketplace, the more it will increase the purchasing decision on the Shopee Marketplace.

Product quality is an essential element that must be present in every product. A quality product is a product that is of good value with performance, durability, suitability, reliability, features, aesthetics, quality impressions, and the ability to be improved according to consumer perception. In the food business, product quality is vital because it is related to several factors, including the taste, cleanliness, and durability of the food product itself. Many food sellers are empty of customers because the quality of their food products is not good, such as not tasty, not clean, and not durable, so consumers are reluctant to buy them. Therefore, in addition to service, product quality is essential to prioritize.

According to Kotler, Philips., *et al.* (2012) state that a product is everything that can be offered to the market to get attention, purchased, used, or consumed that can satisfy a desire or need. Furthermore, according to Alma (2014), The product is a set of attributes, both tangible and intangible, including the issue of color, price, the good name of the factory, the good name of the selling store (retailer), and the service of the factory and the benefit of the retailer received by the buyer to satisfy his desires.

This research is in line with the study (Pratiwi *et al.*, 2021), which found that the product had a positive and significant effect on consumers' purchasing decisions. Here it is clear that a quality product is a consideration for consumers in purchasing.

The Effect of Price on Purchasing Decisions

The second hypothesis states that price has a positive and significant effect on purchasing decisions. This is indicated by a statistical t-value of 3.183, which is greater than the t-table value (1.96), and a P-Value value of 0.002, which is smaller than 0.05. This means that the second hypothesis is proven and accepted. This means that the better the price on Shopee Marketplace, the more it will increase the purchase decision on Shopee Marketplace.

One of the factors used by producers to consumers before making a product purchase is price. Price plays a vital role in purchasing decisions. The results of this study are from the research carried out by (Iskandar et al., 2021; Istiqamah, 2021; Nasution et al., 2020; Rizal & Hamdan, 2021). All of these studies show that price influences purchasing decisions.

The Effect of Promotion on Purchasing Decisions

The third hypothesis states that promotion has a positive and significant effect on purchasing decisions. This is indicated by a statistical t-value of 2.180, which is greater than the table value (1.96), and a P-Value value of 0.030, which is smaller than 0.05. This means that the third hypothesis is proven and accepted. This means that the better the promotion on the Shopee Marketplace, the more it will increase the purchasing decision on the Shopee Marketplace.

The increasingly fierce competition between companies illustrates that the more difficult consumer behavior is in the development of the transaction process that occurs today. One of the effective programs in communicating its products is through promotional programs that aim to assist consumers in making their purchasing decisions.

Gitosudarmo (2012) promotion is an activity that is shown to influence consumers so that they can be known for the product offered by the company to them, and then they become happy and then buy the product. According to the results of the study (Farisi & Siregar, 2020; Marantina, 2016; Sanjaya, 2015; Syahputra & Jufrizen, 2019) states that promotion can influence consumers in the purchase decision of a product. When consumers make a purchase decision, promotion is included as the most important consideration because promotion aims as a means of information for consumers in deciding the purchase of a product.

The Effect of Distribution on Purchasing Decisions

The fourth hypothesis states that distribution positively and significantly affects purchasing decisions. This is indicated by a statistical t-value of 2.062, which is greater than the table value (1.96), and a P-Value value of 0.040, which is smaller than 0.05. This means that the fourth hypothesis is proven and accepted. This means that the better the distribution on the Shopee Marketplace, the more it will increase the purchasing decision on the Shopee Marketplace.

If the company has the correct distribution, it is often seen, passed, and visited by consumers. A product sold or offered will have the opportunity to be bought a lot, more often or more sold than similar products sold in other places and surrounding areas. Before establishing a company, it is necessary to pay attention to the distribution planning/location to be built. Site planning needs to be done as well as possible because errors in the distribution/location determination will impact operating inefficiencies which have an effect on the lack of business productivity until, finally, the company can experience continuous losses.

This is following the results of research that has been carried out by Tirtayasa & Daulay (2021), which states that the price variable has a significant influence on the purchase decision. The location variable also has a significant effect on the purchase decision.

CONCLUSION

Based on the results of the research above, the following conclusions can be drawn:

1. This study concluded that the product partially had a positive and significant influence on online purchase decisions in the Shopee marketplace on consumers at Universitas Pembangunan Panca Budi.
2. This study concluded that the price partially had a positive and significant influence on online purchase decisions in the Shopee marketplace on consumers at Universitas Pembangunan Panca Budi.
3. This study concluded that promotion partially had a positive and significant influence on online purchase decisions in the Shopee marketplace on consumers at Universitas Pembangunan Panca Budi.
4. The results of this study concluded that partial distribution positively and significantly influences online purchasing decisions in the Shopee marketplace on consumers at Universitas Pembangunan Panca Budi.

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