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WHAT CAN CAUSE CUSTOMERS SHOP ONLINE FOR IMPORTED GOODS POST-ENACTMENT REGULATION OF FINANCE MINISTER CONCERNING CUSTOMS, EXCISE AND TAX PROVISIONS ON IMPORTED SHIPMENTS?

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Abstract: This study aimed to analyze the determinants of online shopping decisions for goods from abroad after the enactment of Regulation of Finace Minister number 199 year of 2019 regarding customs, excise and tax provisions on imported shipments. Foreign goods purchased for more than USD 3 will be taxed so that the existence of this provision will result in the price of goods becoming more expensive. This research will identify factors that can shape shopping decisions by Indonesian consumers. The population in this study is market place consumers who have made transactions of imported goods or purchases through the marketplace. The number of samples used as many as 30 respondents based on the number of indicators with an error rate of 5%. The survey was conducted using an online questionnaire and processed using a data processing application. Based on the results of data analysis, this study resulted in 5 new factors, namely Product Quality, Physical Factors, Shopping Value, Service Quality, Platform, and Subjective Norms. The most dominant factor among these factors is product quality.

Keywords: Imported Products, Marketplace, Tariff, Purchase Decision

INTRODUCTION

Indonesia continues to experience growth in internet users. The total number of Indonesian internet users until 2021 will reach 196 million or 73.7% of Indonesia's total population (APJII, 2021). This figure rose quite high compared to 2017 which showed the number of Indonesian internet users at 143.26 million users. Internet use in Indonesia is used for several things, such as shopping, seeking information, working, and social media to greet friends, relatives and family.

In this modern era, shopping without having to go to a store or shopping center is commonplace. Shopping for daily necessities through online shopping channels, either through the marketplace, or through sellers on social media, is increasing in value. The Financial Services Authority (OJK) noted that 88.1 percent of internet users in Indonesia have used e-commerce services to buy a number of products. Of this amount, the value of transactions in e-commerce alone reached IDR 266 trillion (www.jakartaglobe.id). The value of this transaction is obtained from transactions in several marketplaces. Shopee is an online store that is most often used by internet users in Indonesia to buy necessities. Research results from the Internet Service Providers Association (APJII) released in November 2020 stated that the e-commerce platform was chosen by 27.4% of respondents.

Various products are available on the marketplace platform, both domestic goods and imported goods. The purchase of goods from abroad usually forms its own behavior in each country. In China, several factors that can influence the purchase of imported goods in the marketplace include Perceived Behavioral Control, Subjective Norms, Perceived Risks, Service Quality, Country of Origin, and Price (Yuren Wang and Qianqian Chen, 2015). The behavior of buying foreign goods in developing countries is generally driven by the perception of the value of foreign goods that are better and can communicate social status (Ahmed and d'Astous, 2008; Batra et al, 2000). Meanwhile in Indonesia, the export of foreign goods has begun to be regulated as more and more foreign goods have flooded the marketplace. One of the regulations issued regarding foreign goods is the Minister of Finance Regulation number 199/PMK.010/2019 concerning Customs, Excise and Tax Provisions on Imported Shipments. One of the changes regulated is the adjustment of the value of the exemption of import duty on goods from previously USD 75 per recipient to USD 3 per shipment, which is effective from January 30, 2020. With the decrease in the limit for online shopping that is free of import duty, it is possible for online shoppers This is to be subject to additional payments if the shopping value exceeds USD 3 for each item sent from abroad. And of course, this could have an impact on the behavior of Indonesian consumers in purchasing goods abroad through the marketplace.

Researches on the factors that shape purchasing decisions have often been carried out, but there has been no research that specifically looks at the factors that shape purchasing decisions for imported goods after the issuance of provisions for imported goods in Indonesia.

REVIEW OF LITERATURE
Purchase Decision

When making a decision to buy an item, there is an interaction between two or more parties involved during the exchange or purchase process. The decision to buy a product taken by the buyer is actually a collection of a number of decisions, and each decision taken by this consumer must be reviewed by a marketer through preparation (Kotler and Armstrong, 2013).

The formation of purchasing decisions usually has stages, namely introduction of needs, information retrieval, evaluation of alternatives, purchases and post-purchase behavior (Tehuayo,

2018). It was further stated that the process of the stages of forming purchasing decisions was influenced by factors, both internal and external factors.

Purchase decisions are usually based on many factors. Service quality, atmosphere, and food quality are factors which shape consumer purchasing decisions at Café Cinggu Bandung, Indonesia (Wandebori, 2017). Other research shows that emotional value, consumer trust and the attribute "sensory appeal" affect the purchase intention of organic food. Meanwhile, for luxury fashion products, attitude toward performing the behavior, subjective norm, controversy perception (social acceptance), and fashion involvement were significant predictors of purchase intention (Summers et al, 2006). However, one of the interesting studies is subjective norm and perceived usefulness which insignificantly influence online shopping behavior (Yi Jin Lim et al, 2016).

Regulation towards Imported Products

Imported goods are foreign goods that are traded and can be owned by someone. When someone has decided to have imported goods, that person will consider the country of origin, culture, and price. Sahagun and Vasquez-Parraga (2017) who examined consumer behavior in owning imported goods revealed that: 1) that significant differences in consumers' purchase intentions are due to the product's place market development level; 2) that the process followed by consumers during the adoption of imported products represents an explanation chain sequentially described by the consumer attitudes toward that imported product, the behavioral intention to use that imported product, and the selection, evaluation and acceptance of that imported product; 3) that this adoption process has a determinant effect on consumers' purchase intentions for imported products; and 4) that social influence and prior product knowledge also influence consumers purchase intention to import products.

On December 31, 2019, the Government of the Republic of Indonesia through the Ministry of Finance issued PMK No. 199/PMK.010/2019 concerning Customs, Excise, and Tax Provisions on Imported Consignments, which have been effective since January 30, 2020. In this PMK, the Directorate General of Customs and Excise adjusts the value of the exemption from import duty on consigned goods which was originally set at USD 75 (Number 112/PMK.04/2018), to USD 3 per shipment. This means that the value of the product is equivalent to Rp. 42,000.00 if using the assumption of an exchange rate of Rp. 14,000.00 per USD 1. In addition, the import tax levy (PDRI) applies normally. The government also rationalized tariffs from the original 27.5 percent to 37.5 percent (with details of 7.5 percent import duty, 10 percent VAT, 10 percent PPh with a TIN, and 20 percent PPh without a TIN) to 17.5% with details of 7.5 percent import duty, 10 percent VAT and 0 percent PPh.

RESEARCH METHOD

This study used convenience sampling, namely taking samples from the total population (Sugiyono, 2018). The sample of this research is 30 respondents who have made online purchase transactions of imported goods through Lazada and Shopee. Also, they should aware of the

implementation of new rules regarding customs and excise rates regarding goods shipped from overseas.

Respondents were students of the APP Jakarta Polytechnic International Trade Study Program. It was chosen for the reason of awareness to the implementation of new rules regarding customs and excise tariffs on goods shipped from outside.

Respondents answered a valid questionnaire in a scale range of 1-5. The five-item scale used to study the Online Shopping Decision-Forming Factors was adapted from the research of Widiyanto & Prasilowati (2015). The scale used in this study is the same as the Likert scale with five points where 'strongly disagree' is marked 1 and 'strongly agree' is marked 5. Questions related to respondent demographics are placed at the end of the questionnaire. The analysis technique uses the help of the SPSS software program.

RESULT AND DISCUSSION

Characteristics of Respondents

Based on the research done, it was known that the respondents who answered the survey were women with a shopping value of less than USD 10. Other characteristics were presented in Table 1.

Table 1. Characteristics of Respondents

Category	Description	FQ	%
Sex	Male	4	13.33
	Female	26	86.67
Sum of money to shop	Less than IDR 150.000,00 (equal to USD 10)	19	63.33
	More than IDR 150.000,00 (more than USD 10)	11	36.67
marketplace	Shopee Indonesia	26	86.67
	Lazada Indonesia	1	3.33
	Shopee Indonesia dan Lazada Indonesia	3	10

From the table above, most of the respondents shopped for imported goods through the Shopee Indonesia marketplace. In the Shopee Indonesia marketplace, foreign goods are explicitly written in product details, so that respondents quickly find out about domestic products or foreign products.

Comprehensive Analysis

Tabel 2. Score table

Dimension	Score table	Ideal score	Ratio (TS/TI)x 100%
A. Products	646	900	72%
B. Price	750	900	83%
C. Promotion	826	900	92%
D. Place	750	900	83%

The comprehensive analysis in the recapitulation table of the score table presented the ratio of each dimension, where the ideal total was obtained if all answers with a score of 5 or (30 x 24 x 5) = 3600. Thus, the highest ratio was obtained, namely the promotion dimension. Price and place dimension got the same ratio. Last, product dimensions got the least ratio.

Eligibility Level of Factor Analysis

To verify whether the existing data were sufficient for factor analysis, Kaiser-Meyer-Olkin (KMO) measure of adequacy and Bartlett Test were needed. A data is declared appropriate if the KMO value is greater than or equal to 0.6 and Bartlett's test has a significance level lower than 0.05. The results of this test are as follows:

Table 3. KMO dan Bartlett's Test Result

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.739
Bartlett's Test of Sphericity	Approx. Chi-Square	22.041
	df	6
	Sig.	.001

The KMO and Bartlett's test table above showed that the KMO value was 0.785 where the terms KMO value > 0.6 and Sig = 0.000 <0.05. It indicated that factor analysis was feasible to use. Batlett's Test is used to test whether the variables used are generally correlated. The table above showed the test statistic value was 22,041 with a significance level of 0.001. Because the significance level was smaller than 0.05 (0.01), factor analysis was feasible to use. Because the correlations between all variables were quite significant, then factor analysis was feasible for this research data. For the record, factor analysis is carried out if there is a significant correlation between the research variables.

Factor Analysis and Rotation

This study has got four variables involved, so that the maximum number of factors that could be formed was four factors. Each factor represented the variables analyzed. The ability of each factor to represent the variables analyzed was indicated by the magnitude of the variance described, which is called the root characteristic (eigenvalue). The variance table explained showed how many components (factors) extracted from the item being tested. By using the Kaiser criteria, the component values that deserve to be taken into consideration were those that had an Eigen value of 1 or greater. If the number of factors resulting from the analysis was a factor having a characteristic root value greater than or equal to 1. The total variance for the four variables was 4 because for each variable the variance was 1. This was a result of the variables in the study being standardized. From the existing data, it could be reduced into 1 factor as shown in the following table:

Tabel 4. Eigenvalue

No	Factor-n	Eigenvalue	Percentage of Total variance
1	Factor -1	5.126	21.359
2	Factor -2	3.097	12.902
3	Factor -3	2.500	10.416
4	Factor -4	1.907	7.946
5	Factor -5	1.723	7.179
6	Factor -6	1.571	6.545
Total			66.347

Each factor has an eigenvalue. The 24 variables were used as 6 factors, then factor 1 could explain the variance of the variables that were components of factor 1 by 21,359%. Factor 2 could explain the variance of the variables that were components of factor 2 by 12.902%. Factor 3 explained the variance of the variables that were components of factor 3 of 10.416%. Factor 4 explained the variance of the variables that were components of factor 4, which was 7.946%. Likewise factor 5, factor 5 explained the variance of the variable that was a component of factor 5, which was 7.179%. Last, factor 6 explained the variance of the variable that was a component of factor 6, which was 6.545%. The total number of variances that could be explained by the 6 formed factors was 66.347%.

Furthermore, to find the dominant variables or are included in the new factors, the next step was to rotate the matrix which aimed to sharpen the factor loading or it could also be called the process of finding factors in each variable. So that the resulting data could be interpreted better and it could be concluded which member of the factors in a variable. The result of the rotation of the matrix would determine the original variables included in a new composition with a new name and have a value above 0.5. And if there was a value below 0.5 then the variable must be removed and re-rotate. After the variables whose value was less than 0.5 were removed, the rest grouped according to the composition of the new factor and given a name.
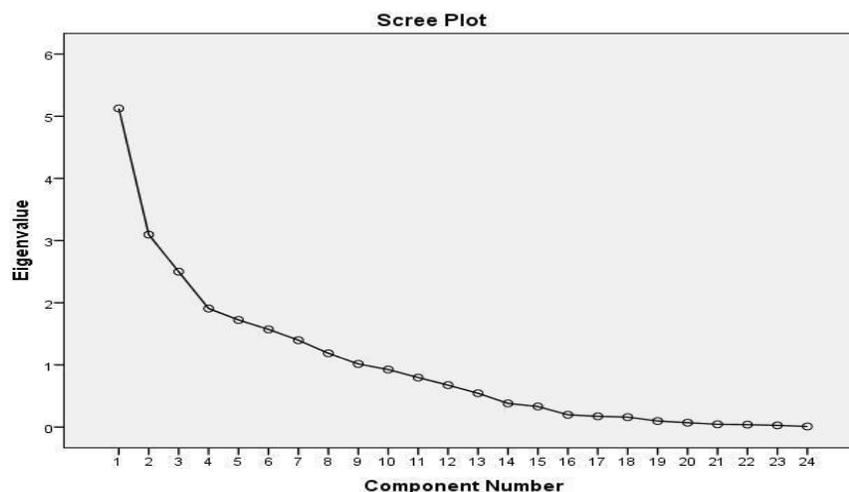
Picture 1. Screeplot for Factors

The component above the curvature was an extraction that deserves further attention because it explained the large amount of variance. Components under the curve were less feasible to be identified as new components because of the small variance they have. In addition, the components under the curvature had very small variance differences from one another.

Tabel 5. New-Formed Factors

No	Factor-n	Name	Sum of variable	Contributions to research
1	Factor-1	Product quality	6	21.359
2	Factor-2	Physical Factor	5	12.902
3	Factor-3	Shopping value	5	10.416
4	Factor-4	Service quality	3	7.946
5	Factor-5	Platform	3	7.179
6	Factor-6	Subjctive Norm	2	6.545
	Total		24	66.347

From table 5, it can be concluded, after 24 variables were reduced to 6 factors. Each factor can be given an identity or name according to the characteristics of the variables that make up. The factors are: Factor (1) Product Quality, (2) Physical Factor, (3) Shopping Value, (4) Service Quality, (5) Platform, and last factor (6) Subjective Norm.

Based on the research, there were some conclusions which lead us to know that product quality, physical factor, shopping value, platform, and subjective form were factors compounding purchase decision. Unlike Curvello et al (2019), consumer trust seemed not to appear. Platform now may appear for the option for customers accessing the marketplace.

Product quality was the most dominant factor in the formation of purchasing decisions for imported goods through the marketplace. Costumers might think that imported products were much better in quality than domestic ones. It was also stated by Faisal-E-Alam, Md. (2020) that quality as an influential buying behavior helps customer to select multinational firms when they purchase cosmetic product. Moreover, customer avoid buying of local cosmetic products because of quality. The quality of this product is usually known through product reviews or testimonials provided by the merchants. Products with visualization and detailed information are things that need to be considered for the marketplace because physical factors are one of the factors that shape purchasing decisions.

When someone purchases through the marketspace, the value of shopping and services turns out to be a factor that consumers think about when making a purchase. Usually, in a marketplace, certain shopping values will get free shipping rewards which can ultimately reduce consumer spending. And, of course, consumers want fast, easy, and accurate services from sellers and marketplace managers to carry out transactions.

The increase in costs or prices due to the regulation of Finance Minister concerning in taxes for imported goods did not seem to hinder consumer purchasing decisions on imported products. As long as the product quality, physical factor, shopping value, and service quality can

be provided by merchant, customer will be happily shop online. It was related with Uddin et al (2008) who stated that price and utility imbalance played negative influence to purchase decision for imported products. The easiness and friendly-user platform should be considered for marketplace to improve the performance, while subjective norm carried out of prestige and life style was the last-rank factors in this research.

SUGGESTIONS

This research can be deployed into deeper investigation with more and varied number of respondents since the respondents of the research was still limited. Due to limitation of the research, it was suggestion for other researcher to investigate more in relations of the factors to purchase decisions towards imported product. It also can be comparative study of consumenr behaviors between pre- and post-enactment of the Regulation of imported products.

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