

The Effect of Promotion, Price Perception, and Service Quality on Purchase Decisions (A Study of Shopee Users in West Jakarta Area)

Teuku Muhammad Ilham Zaky¹, Andriansyah Bachtillah Putra²

¹Universitas Mercu Buana, Jakarta, Indonesia, email. <u>43120010141@student.mercubuana.ac.id</u> ²Universitas Mercu Buana, Jakarta, Indonesia, email. <u>andriansyah@mercubuana.ac.id</u>

Corresponding Author: andriansyah@mercubuana.ac.id²

Abstract: The role of the Internet in economic growth is very important for both industry and individuals. The ease of accessing the internet has given birth to e-commerce, which has now become an alternative option in online shopping. E-commerce has changed the way consumers shop, reaching more consumers, and facilitating online shopping habits. This study aims to examine the effect of promotions, price perceptions, and service quality on consumer purchasing decisions at Shopee users in West Jakarta. The population in this study were all consumers who had used or purchased the Shopee application, totaling 140 people. From this research, the independent variables consist of Promotion, Perceived Price, and Quality of Service and the dependent variable is Purchase Decision. Data analysis techniques used in this study include outer model testing (Convergent Validity, Discriminate Validity, Composite Reability), Inner model hypothesis testing (R square value, Goodness of Fit Model boostraping). Data is collected by distributing questionnaires to consumers and processed using the program Smart PLS 4.0. This study proves that promotion has a positive and significant effect on purchasing decisions. Price perception has a positive and significant effect on purchasing decisions. Service Quality has a positive and significant effect on purchasing decisions.

Keyword: Shopee, Promotion, Perceived Price, Service Quality, E-Marketing, & Purchase Decision.

INTRODUCTION

In era of globalization, the internet is developing so rapidly, the internet is something that is very important for people in the world. The internet is a communication network that connects media with other media devices such as computers, laptops, and mobile phones. The internet creates a new phenomenon in the buying and selling process. In the era of globalization that continues to grow rapidly, the role of information technology and the internet is increasingly changing the business landscape. One of the main aspects that is growing rapidly is electronic commerce or e-commerce (Kompasiana, 2023). The phenomenon of this research is that with the increasing and ease of internet facilities, changes in purchasing behavior have begun to favor online shopping. Online shopping is a new trend that feels simpler, more efficient, and faster without encountering significant obstacles. Transportation costs and shopping time will feel much more efficient and more effective (Ahmadi, et al, 2018). To accelerate sales increases quickly to encourage rapid growth in the development of information technology, we can use online services, namely e-commerce. Transportation costs and purchasing time are significantly reduced, feeling much more economical and efficient. Online shopping has finally become a modern lifestyle in Indonesia.

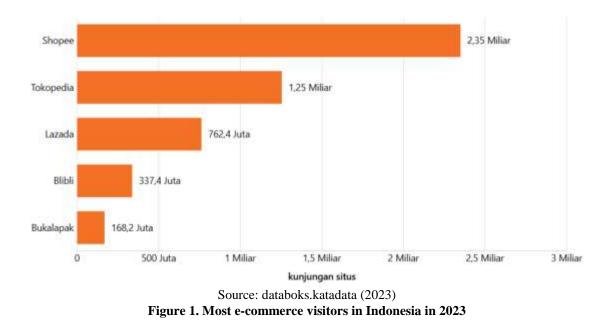
Next, the table below shows data on internet users in Indonesia in 2020-2023, based on data from *APJII* year 2023

Year	Active Users		
2020	196.7 (million)		
2021	210 (million)		
2022	215.63 (million)		
2023	220 (million)		
Source: APJII (2023)			

Table 1. Internet User Data in Indonesia 2020-2023

This table shows the positive trend of digital development in Indonesia between 2020 and 2023. According to the report, terd There were 196.7 internet users in Indonesia in 2020, and in January 2021, the number of internet users in Indonesia was recorded at 210 million, and in 2022 internet penetration in Indonesia reached 215.63 million of the total population, then in 2023 the number of internet users in Indonesia was recorded at 220 million people (APJII, 2023).

Based on the graph below, Shopee is an e-commerce marketplace category that achieved the most site visits in Indonesia throughout 2023.



Cumulatively, the Shopee site has reached around 2.3 billion visits, far surpassing its competitors. In the same period, the Tokopedia site has reached around 1.2 billion visits, and the Lazada site 762.4 million visits. Meanwhile, the BliBli site has reached 337.4 million visits, and the Bukalapak site 168.2 million visits. In addition to winning in terms of quantity, the Shopee site also achieved the highest visit growth rate. Throughout January-December 2023, the number of visits to the Shopee site was recorded to have increased by 41.39%. On the other

hand, visits to the Tokopedia site fell by 21.08%, Lazada fell by 46.72%, and Bukalapak fell by 56.5%. Shopee's competitor whose visits grew positively was only Blibli, which increased by 25.18% (databoks, 2024).

E-commerce is electronic commerce where products and services are bought, sold, or exchanged via the Internet. E-commerce is currently on the rise in Indonesia in recent years, especially during the Covid-19 pandemic when many economic sectors such as shops and SMEs began to enter the world of e-commerce. Shopee is present in Indonesia to provide a new experience in online shopping because Shopee provides many attractive offers such as free shipping and flash sales where Shopee users can buy the desired products with attractive discounts and promos.

Table 2. Shopee User Data in 2022				
Year	Quarter	Users (Million)		
	Ι	132.77		
2022	II	131.3		
	III	190.7		
	IV	191		
Source: Databoks (2022)				

Based on table 1.1 above, in early 2022, Shopee recorded an average of 132.77 million site visits in the first quarter. In the second quarter, Shopee's average visits decreased slightly to 131.3 million visits per month. Entering the third quarter, Shopee recorded significant growth, with an average of 190.7 million visits in August. In the fourth quarter, Shopee further strengthened its dominance in the Indonesian e-commerce market. With monthly visits reaching 179 million in October and increasing to 191 million in December. This success was driven by major campaigns such as the "11.11 Big Sale" and "12.12 Birthday Sale," which continued to attract consumer attention.

METHOD

In this research process, it begins with identifying existing problems, collecting related data, processing data and writing report results, to presenting the overall results. This research began in March 2023 to August 2024.

This research location used as the research location is Shopee users in West Jakarta and the research subjects, the selection of West Jakarta (Jakbar) as the study location is based on strong considerations related to the proximity of the researcher to the area. To obtain data for the preparation of this research, the researcher distributed an online questionnaire (Google Form) to various social media such as Whatsapp and Instagram using Google forms. This study focuses on the scope of marketing management regarding the influence of Promotion, Price Perception, and Service Quality on Purchase Decisions of Shopee Users in the West Jakarta Area.

Ghozali (2021) defines population broadly, including not only individuals, but also events or phenomena that are the focus of the research. This population concept goes beyond the mere numerical quantity of the objects or subjects being studied. More than that, the population includes all the attributes, characteristics, or properties inherent in the objects or subjects of research. A thorough understanding of the characteristics of this population then becomes the basis for researchers in drawing conclusions from their investigations. (Sugiyono, 2019). From the understanding that has been explained previously, the research population that will be carried out for those whohave or frequently make purchases on the Shopee application and are domiciled in West Jakarta.

The determination of the minimum number of samples in this study refers to the statement of Hair et al., (2019) that the minimum number of samples depends on the number

of indicators multiplied by five to ten. Based on this formula, the number of samples for this study is obtained, namely:

Number of samples = $n \ge (5-10)$

Information:

n = Indicator

5 = Observed variable (Observed variable)

Sample = $28 \times 5 = 140$ Respondents

So the researcher chose to take a sample of 140 respondents from the West Jakarta area.

RESULTS AND DISCUSSION

This study aims to analyze the impact of three main factors - Promotion, Price Perception, and Service Quality - on Purchase Decisions at Shopee study in West Jakarta area. The data collection method relies on a survey in the form of a questionnaire distributed online. The target respondents were set at 140 people, and the entire data collection process was carried out through an online platform. The number of questionnaires successfully distributed was in accordance with the initial target, which reached 140 respondents who participated in this study.

Table 3. Results of Discriminant Validity Test (Cross Loading)					
	Promotion	Price	Quality of	Buying	
	Promotion	Perception	Service	decision	
PR1	0.734	0.357	0.483	0.324	
PR2	0.836	0.361	0.52	0.359	
PR3	0.842	0.314	0.553	0.414	
PR4	0.792	0.347	0.544	0.504	
PR5	0.805	0.306	0.516	0.514	
PR6	0.863	0.278	0.594	0.489	
PR7	0.846	0.332	0.601	0.516	
PR8	0.848	0.331	0.524	0.526	
PR9	0.804	0.383	0.562	0.582	
PH1	0.318	0.915	0.371	0.526	
PH2	0.38	0.952	0.414	0.565	
PH3	0.289	0.904	0.341	0.511	
PH4	0.435	0.921	0.386	0.612	
PH5	0.423	0.882	0.354	0.561	
KU1	0.594	0.416	0.803	0.529	
KU2	0.603	0.385	0.808	0.516	
KU3	0.482	0.265	0.804	0.392	
KU4	0.528	0.299	0.827	0.502	
KU5	0.542	0.287	0.818	0.417	
KU6	0.481	0.284	0.734	0.402	
KU7	0.518	0.342	0.853	0.511	
KP1	0.541	0.577	0.557	0.878	
KP2	0.543	0.502	0.492	0.842	
KP3	0.487	0.493	0.496	0.902	
KP4	0.479	0.555	0.499	0.839	
KP5	0.478	0.534	0.494	0.825	
KP6	0.523	0.518	0.497	0.911	
KP7	0.548	0.543	0.545	0.924	

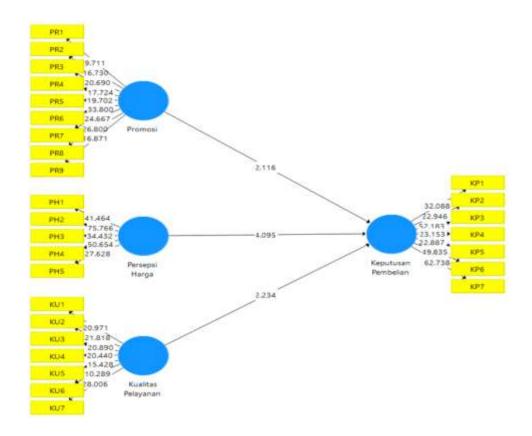
Source: Output of processing with SmartPLS 4.0

Based on the results of the table above, the loading value on each intended construct is greater than the loading value with other constructs. It can be concluded that all existing indicators are valid and there are no problems with discriminant validity.

Table 4. Composite Renability Test Results				
	Cronbach's Alpha	Composite Reliability	Information	
Promotion	0.939	0.948	Reliable	
Price Perception	0.951	0.963	Reliable	
Quality of Service	0.911	0.929	Reliable	
Buying decision	0.949	0.958	Reliable	
Source: Output of processing with SmartPLS 4.0				

Table 4.	Composite	Reliability	Test Results
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Based on the results of the table above, it can be seen that the results of the composite reliability and Cronbach's alpha tests show satisfactory values, namely all latent variables have been reliable, because all latent variable values have a composite reliability value of more than 0.7. So it can be concluded that the questionnaire used as a tool has been reliable and consistent.



Source: Output of processing with SmartPLS 4.0 Figure 2. Hypothesis Test Results (Bootstrapping)

Table 5. Hypothesis	Test Results	(Bootstrapping)
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	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Information
Promotion \rightarrow	0.260	0.274	0.122	2,135	0.033	Positive and
Buying decision						Significant
Price Perception \rightarrow	0.402	0.388	0.093	4,314	0,000	Positive and
Buying decision						Significant
Quality of Service \rightarrow	0.248	0.247	0.107	2,314	0.021	Positive and
Buying decision						Significant

Source: Output of processing with SmartPLS 4.0

1. The Effect of Promotion on Purchasing Decisions

Based on the hypothesis test in this study, it shows that Promotion has a positive and significant effect on Purchase Decisions on Shopee Users in West Jakarta. This is

indicated by the original sample value of 0.260 so that it is stated to have a positive effect and has a t statistic of 2.135 > 1.96 and p values. 0.033 < 0.05, then the average respondent agrees that the promotion offered by Shopee has a good influence on its users.

2. The Influence of Price Perceptions on Purchasing Decisions

Based on the hypothesis test in this study, it shows that Price Perception has a positive and significant effect on Purchasing Decisions on Shopee Users in West Jakarta. This is indicated by the original sample value of 0.402 so that it is stated to have a positive effect and has a t statistic of 4.314 > 1.96 and p values 0.000 < 0.05, so the average respondent agrees that price perception is very helpful in determining Purchasing decisions on Shopee.

3. The Influence of Service Quality on Purchasing Decisions

Based on the hypothesis test in this study, the results show that Service Quality has a positive and significant influence on Purchasing Decisions.on Shopee Users in West Jakarta Area. This is indicated by the original sample value of 0.248 so that it is stated to have a positive effect and has a t statistic of 2.314 > 1.96 and p values 0.021 < 0.05, so the average respondent agrees that service quality can influence purchasing decisions on Shopee Users in West Jakarta Area.

CONCLUSION

Based on the results of the research conducted by the author, it can be concluded as follows: 1) Promotion has a positive and significant effect on purchasing decisions. This means that promotions carried out by Shopee can increase consumer purchasing decisions, because they can provide attractive offers such as free shipping and flash sales every month; 2) Price perception has a positive and significant effect on purchasing decisions. This means that the perception of attractive prices that are considered reasonable by consumers can increase their purchasing decisions, because Shopee offers prices that are in accordance with the quality of the products provided; and 3) Service Quality has a positive and significant effect on Purchasing Decisions. This means that the quality of service provided by Shopee is in accordance with expectations and makes consumers more likely to buy products on Shopee, due to aspects such as employee response, speed of service, and conformity to consumer expectations.

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