The Influence of Promotions and Prices on Purchase Decisions at Shopee (Case Study in Tanjung Piayu Community, Batam City)

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The aim of this study is to determine the partial or simultaneous effects of promotions and prices on purchasing decisions at Shopee. The research method employed is quantitative, using probability sampling with the simple random side method. Questionnaire distribution in this study utilized the simple random sampling technique, and data were analyzed using the SPSS version 25 statistical program. The findings of this study revealed that promotions on Shopee significantly influence purchasing decision-making with a significance of 0.000 <0.05 and a t count of 5.426 > 1.984. Similarly, with a significance result of 0.000 <0.05 and a t count of 4.378 > t table 1.984, prices also have a significant effect on purchasing decisions at Shopee. In conclusion, promotions and prices have a significant impact on purchasing decisions at Shopee. Based on the coefficient of determination for R Square of 0.579, the percentage effect of promotion and price on purchasing decisions at Shopee in the Tanjung Piayu community in Batam City is 57.9%, and the influence of other variables not included in this study is 42.1%.

Keywords: Price, Purchase Decision, Promotion, Community, Shopee

Introduction

Currently, technology and the internet are developing rapidly, so that the internet has influenced the development of the business world. With its rapid development, many changes have occurred in today's business processes. One of the most changing developments in the business world is that some business activities are carried out offline, have limited space and time, and can now be carried out on an online system on the internet or better known as e-commerce. The existence of e-commerce has brought a shift from offline shopping behavior to consumer shopping behavior, and consumers now have the opportunity to shop online. As a result, a lot of entrepreneurs use the chance to participate in the online business community as a means of expanding their product marketing reach beyond geographic and temporal constraints. This is evident from the numerous websites that have emerged using diverse marketing techniques, including Shopee (Wijaya & Warnadi, 2019).

Through the promotions held, the company aims to motivate consumers to buy and generate profits as expected (Devi, 2019). According to (Tulangow et al., 2019) in (Kotler dan Armstrong 2014) that promotion refers to activities to communicate the benefits of the product and persuade customers to buy the product. Promotion is a tool that can indirectly influence consumer purchases. Like Shopee holding promotions on special days every month, on certain dates that can attract people's buying interest.

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Price, which may indicate the brand quality of a product, is another factor that influences people's buying decisions besides promotion. Customers claim that expensive products are usually of higher quality. In general, quality and price are positively correlated; the higher the price, the higher the quality. Customers compare products because they believe there is a direct correlation between price and product quality, and then consumers decide which product to buy (Tarigan, 2020). The consumer exchanges the cost of a good or service for the benefits of using or owning it. This exchange is known as price. Each product offered is very influential on the concept of pricing, but it is necessary to consider several product mix pricing issues (Korowa et al., 2018). According to (Purnama & Fadillah, 2018) in (Kotler and Armstrong 2016) argues, the purchase decision is a phase in the decision-making process carried out by an individual, and finally he decides to make a purchase. Making a purchase decision on a consumer product requires a process in which a purchase decision is influenced by the desire and also the influence of the environment (Utami & Ellyawati, 2021).

Literature Review
Framework

The framework of thought in this study is based on the theoretical basis and the context of the issues raised in this study, which are as follows:
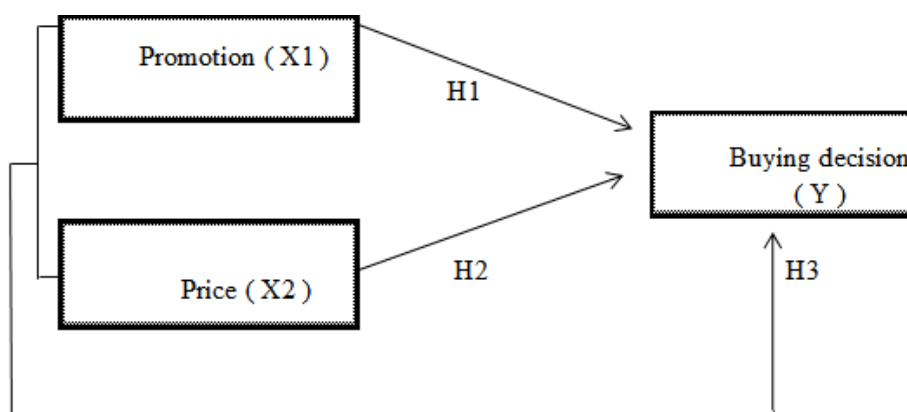

Figure 1. Framework

The hypothesis is a temporary answer to the formulation of research writing. The following hypotheses are part of the theory and research framework:

1. It is suspected that at Shopee, promotions have a big impact on what people decide to buy.
2. It is suspected that at Shopee, pricing play a big role in influencing judgments about what to buy.
3. It is suspected that at Shopee, pricing and promotions play a big role in influencing customers' decisions to buy.

Promotion

According to (Minarti, 2020) Promotion is a business activity that aims to introduce, communicate, publish details, persuade and educate consumers who have never known before to know and are interested in buying and using products.
Meanwhile according to (Daud, 2018) Advertising is one type of communication promotion that persuades customers to buy products, both goods and services. Advertising is a basic step in

promoting, advising and validating the benefits of a product that can encourage buyers to purchase the products they produce.

Price

According to (Febriyani Melisa, 2020) Prices are described as the range of amounts charged to consumers to benefit from various commodities obtained through interaction between sellers and buyers. Meanwhile according to (Sitompul & Mastono, 2017) Price is one of the most influencing characteristics of customers because it has a significant impact on purchasing decisions. The company will determine the price for each product because price is an important component in marketing.

Buying decision

According to (Andika, 2019) Purchasing decisions are processes made by individuals, groups, or organizations before making purchasing decisions.

Methods

This kind of study employs a straightforward random sideways procedure and probability sampling in quantitative fashion. The statistical software SPSS version 25 was used to evaluate the data from the distribution of questionnaires in this study, which employed a straightforward random sample approach. This study's approach to data analysis was:

1. Descriptive analysis is a statistical method of data analysis that describes the acquired data in its original form without attempting to draw broad inferences or generalizations.
2. Examine the data quality, which includes confirming the data's authenticity and dependability.
3. The tests for heteroscedasticity, multicollinearity, and normality make up the traditional assumption test.
4. For the effect test, the analysis of the coefficient of determination and multiple linear regression are used.
5. The F and T tests comprise the hypothesis test.

1. Technique of Determining Sample Size

The entire population is represented by the sample (Triasih, 2018) The sample size findings in this study were computed using the Slovin formula. allows for tolerance of 10% sampling error (sampling error). When evaluating hypotheses, the judgment is based on this error rate. Due to the sample size, the researcher's level of significance in this study was set at 10% due to the sample size. The respondents in this study are Shopee e-commerce users, namely the 19,997 residents of Tanjung Piayu, Batam City. (BPS Kota Batam).

The following is the calculation formula used in this study:

$$n = \frac{N}{1 + Ne^2}$$

Source: (Sugiyono, 2019)
Details:
n: quantity of samples
N: the whole populace
e: 10% error rate After computation,
the result is:

$$n = \frac{19.997}{1 + (19.997)(0.10)^2}$$

$$n = \frac{19.997}{200,97}$$

$$n = 99.50$$

The number of samples obtained, 99.502, is rounded up to 100 respondents based on the computation above.

2. Methods of Data Collection

In this research, data were gathered through the use of a questionnaire distribution system, and the Likert scale was employed as a measurement variable.

Table 1. Research Questionnaire statement

Variables	Statement
Promotion	I decide buy products after watched Big Sale advertisement
	After seeing shopee ads I feel sure to shop at Shopee
	I believe Shopee have quality I believe Shopee have quality
	There is a promotion which are held Shopee on dates certain
	Shopee often stage promotional periodically
	Promotion that given shopee like shopping discounts, free fare always send interesting and exactly right with wishes as well need consumer
	I remember the tagline advertising is used Shopee at television, or social media other
	After seeing advertising visualization My Shopee interested in shop online at Shopee
Price	Price Products that sold at shopee affordable by all circles
	Price Product in accordance with Quality product
	Price product varies from several seller who It is in Shopee with types product which the same
	Price product which offered Shopee more cheap compared to ecommerce other
	The price given in accordance with benefit product which needed consumer
Buying decision	I decide buy via Shop because driven by desire to buy products the
	I buy product because it's suitable with the product the
	I will buy products on Shopee because of free shipping
	I buy products on Shopee choose by brand famous
	I buy products on Shopee if there is a brand that latest
	I decide buy products at that shop offer price cheaper
	I decide buy a lot different products in one shop
	I feel the site Shopee is easy accessed anytime
	Shopee in certain time provide discounts
	Every month I shop online at Shopee
	I feel safe and easy with there is payment Cash On place Delivery when I have the goods accept.
	Shopee has payment system instant (installments, Shopee balance, card credit, transfer ATM, mobile banking) makes it easier for me while shopping

Data Analysis Technique

To establish the validity of this study, the researchers calculated the correlation between each statement using the product moment correlation approach formula. The study's r test criteria states that a statement is considered valid if its count exceeds the value of r table, and unvalid if the count is smaller than the R table's value.

Reliability measurements are based on Cronbach alpha which is used to view reliability tests, where measurements are said to be reliable if the Cronbach alpha value is > 0.6.

If the significance of the normality test is greater than 0.05, it is deemed normal; if it is less than 0.05, it indicates that the distribution of the data is not uniform.

Multicollinearity test, So tolerance In this study, the multicollinearity test was used, namely 10%. Multicollinearity doesn't exist if VIF < 10, but it does if VIF < 10.

Heteroscedasticity test, if the probability value If the results are more than 0.05 then the research can be said to have not occurred heteroscedasticity.

Results
Validity Test Results

The validity test is used in this study to verify the validity of the questionnaire. A validity test is employed to assess a questionnaire's validity. If the statements in a questionnaire can express something that the questionnaire is measuring, then the questionnaire is considered legitimate. The study's r test criteria say that a statement is considered valid if r count is more than r table and invalid if r count is less than r table. (Hilda, 2021). The data collected by the researchers in this study were the r table value of 0.1966.

The number of respondents was 100. Namely, N - 2, then 100-2 = 98 with a significance of 0.05 (two-way test).

This validation test compares the value of each item with the total value.

If r count > r table = it is said to be valid and if r count < r table = it is said to be invalid

Table 2. Validity test

Variable	Statement Items	r count	r table	Information
X1 (Promotion)	Statement X1_1	0,616	0, 1966	Valid
	Statement X1_2	0,756		
	Statement X1_3	0,668		
	Statement X1_4	0,592		
	Statement X1_5	0,450		
	Statement X1_6	0,633		
	Statement X1_7	0,705		
	Statement X1_8	0,831		
X2 (Price)	Statement X2_1	0, 735	0, 1966	Valid
	Statement X2_2	0, 778		
	Statement X2_3	0, 528		
	Statement X2_4	0, 728		
	Statement X2_5	0, 777		
Y (Buying decision)	Statement Y_1	0, 555	0, 1966	Valid
	Statement Y_2	0, 599		
	Statement Y_3	0, 584		
	Statement Y_4	0, 671		
	Statement Y_5	0, 653		
	Statement Y_6	0, 550		
	Statement Y_7	0, 664		
	Statement Y_8	0, 535		
	Statement Y_9	0, 630		
	Statement Y_10	0, 599		
	Statement Y_11	0, 513		
	Statement Y_12	0, 370		

Source: Results of SPSS data using version 25, 2022

Conclusion: using SPSS version 25, all claims are deemed true if the r count exceeds the r table, as seen in the preceding table.

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Reliability Test Results

If the Cronbach alpha value is more than 0.60, the variable is regarded as dependable.

Table 3. Reliability test results

Variable	*Cronbach Alpha*	Standard	Information
X1 (Promotion)	0,815		
X2 (Price)	0,758	0,6	Reliable
Y (Buying decision)	0,813		

Source: Results of SPSS data using version 25, 2022

Given that the Cronbach alpha value in the preceding table is more than 0.6, it may be said that the value is dependable.

Classical Assumption Test Results
Normality test

Using SPSS version 25, the Kolmogrov-Smirnov test will be performed. If the significance of the normality test is more than 0.05, it is deemed normal; if it is less than 0.05, it indicates that the data is not distributed uniformly. (Sujarweni, 2019).
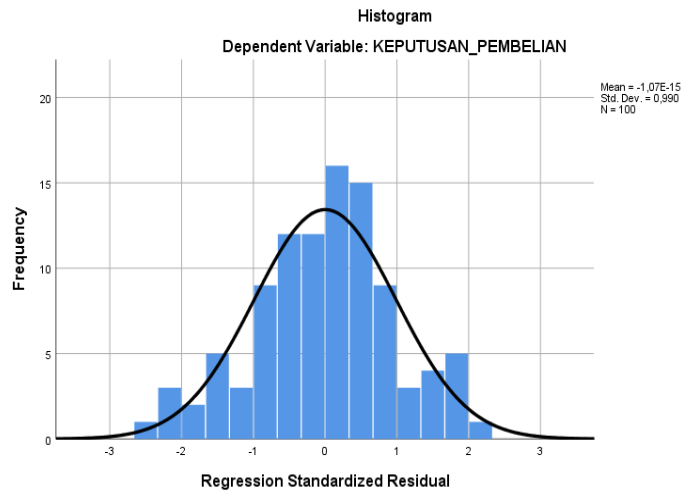

Figure 2. Regression Standardized Residuals
Source: Findings from the analysis of SPSS 25

Figure 2 shows the results of the normality test, in conclusion the residual values are normally distributed, because the residuals are bell-shaped.
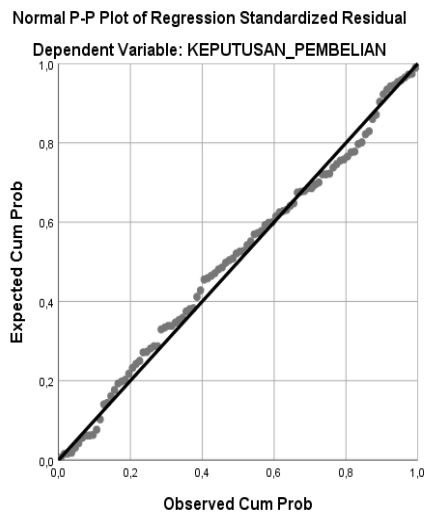

Figure 3. Regression Standardized Residuals
Source: Findings from the analysis of SPSS 25

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The purchase choice variable is found to have a normal distribution, with the points in between the diagonal lines spreading and migrating in that direction.

Table 4. Results of the One-Sample Kolmogorov-Smirnov Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		100
Normal Parameters[a,b]	Mean	,0000000
	Std. Deviation	4,27879356
Most Extreme Differences	Absolute	,055
	Positive	,050
	Negative	-,055
Test Statistic		,055
Asymp. Sig. (2-tailed)		,200[c,d]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Source: Findings from the analysis of SPSS 25

The asymptotic significance value (2-tailed) of 0.200 is larger than 0.05, the Kolmogorov-Smirnov test results in the preceding table are regularly distributed.

Multicollinearity Test Results

In order to ascertain the extent of correlation existing between the independent variables, a multicollinearity test can be used. Using the tests for the tolerance factor and variance inflation factor (VIF). If VIF < 10, multicollinearity does not exist; if VIF > 10, multicollinearity does occur. The following is the result of the multicollinearity test based on data processing.

Table 5. Results of the One-Sample Kolmogorov-Smirnov Test

Coefficients[a]			
		Collinearity Statistics	
Model		Tolerance	VIF
1	PROMOTION	,592	1,690
	PRICE	,592	1,690
a. Dependent Variable: BUYING DECISION			

Source: Findings from the analysis of SPSS 25

The conclusion from the multicollinearity test in this study does not occur since the tolerance value for the promotion and price variables is 0.592 more than 0.10 and the VIF value of the promotion and price variables is <10.

Heteroscedasticity Test Results

In this study, the heteroscedasticity test was used to evaluate the presence of variance bias or dissimilarity across all observations in the linear regression model. Researchers used the Glejser test to predict whether or not heteroscedasticity occurred (Sujarweni 2019: 226). This research is said to have no heteroscedasticity if the probability value is > 0.05.

Table 6. Results of the One-Sample Kolmogorov-Smirnov Test

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Coefficientsª					
	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	T	Sig.
1 (Constant)	8,272	1,945		4,253	,000
PROMOTION	-,071	,068	-,134	-1,048	,297
PRICE	-,134	,118	-,146	-1,143	,256
a. Dependent Variable: ABRESID					

Source: Findings from the analysis of SPSS 25

The conclusion from the results of the heteroscedasticity test above is that there is no heteroscedasticity because the value of the promotion variable is significant $0.297 > 0.005$ and the value of the significant price variable is $0.256 > 0.05$.
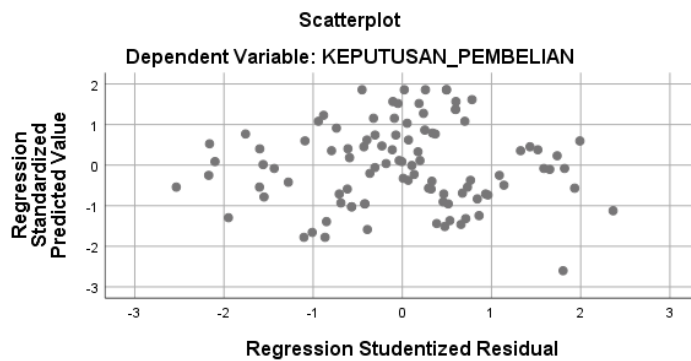

Figure 4. Regression Standardized Residual Scatterplot
Source: Findings from the analysis of SPSS 25

From the picture above it can also be concluded that there is no heteroscedasticity with randomly distributed dots not congregating at just one point.

Influence Test
Multiple Linear Regression Analysis Test Results
Table 7. MultipleLinear Regression Analysis Test

Coefficientsª					
	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	T	Sig.
1 (Constant)	12,297	3,213		3,827	,000
PROMOTION	,609	,112	,465	5,426	,000
PRICE	,850	,194	,375	4,378	,000
a. Dependent Variable: BUYING DECISION					

Source: Findings from the analysis of SPSS 25

According to the above table, multiple linear regression is calculated by the following equation:
$Y = 12,297 + 0,609X1 + 0,850X2 + e$
Conclusion of the equation:
a) The constant, which is 12.297, states the purchase decision, which is 12.297.
b) Promotion, namely 0.609, shows how much influence promotion has on purchasing decisions, meaning that purchasing decisions increase along with the number of promotions.

c) The price, which is 0.850, shows how much influence the price has on the purchase decision, meaning that the purchase decision will also increase along with the affordability of the price offered.

Test Results for the Coefficient of Determination (R^2)

Table 8. Test Results for the Coefficient of Determination

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,761ᵃ	,579	,570	4,32268
a. Predictors: (Constant), PROMOTION PRICE				

Source: Findings from the analysis of SPSS 25

Based on R Square analysis of the preceding data, it can be concluded that the price and promotion variables have a 57.9% effect on the purchase decision variable.

Testing of hypotheses
T Test Results (Partial)

The decision-making criteria in this study are if:

a) As a result of tcount > ttable and significant value <0.05, Ha is approved and H0 is denied.

b) If tcount is less than ttable and the significant value is more than 0.05, then H0 is accepted and Ha is rejected.

This study's significance level was 0.05 significant in both directions.

with df = n-k-1 or df = 100-2-1 = 97

Then the value of t is obtained 1.984

Table 9. Test Results t

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	12,297	3,213		3,827	,000
	PROMOTION	,609	,112	,465	5,426	,000
	PRICE	,850	,194	,375	4,378	,000
a. Dependent Variable: BUYING DECISION						

Source: Findings from the analysis of SPSS 25

Based on the results of the t test via SPSS Version 25 in the table above it can be explained below, namely:

1. With a significance level of 0.000 <0.05 and t count 5.426 > t table 1.984, the results of the t-test promotion had a substantial impact on shopping decisions at Shopee.
   therefore H0 is turned down while H1 is approved. According to the first theory, there is a considerable impact.

2. The price t test results, with a price significance of 0.000 <0.05 and a t-count of 4.378 > t-table 1.984, have a substantial impact on shoppers' decisions at Shopee.
   therefore H0 is turned down while H1 is approved. According to the second theory, there is a considerable impact.

3. Consumer purchase decisions are significantly impacted by the price and promotion t-test results; the t-count is 5.426 > and the promotion significance is 0.000 <0.05. Table t = 1.984. H1 is approved whereas H0 is refused.

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The count is 4.378, the t count is 4.378 > t table 1.984, and the price's significance is 0.000 <0.05. H1 is approved whereas H0 is refused. According to the third theory, there is a considerable influence.

F Test Results (Simultaneous)

The f test criteria used in this investigation are as follows:

a) As a result of Tcount > Ttable and significance level <0.05, Ha is approved and H0 is denied.

b) As a result of Tcount < Ttable and a significance threshold > 0.05, Ha is rejected and H0 is approved.

In determining the f table in this study determine:

df1 = k - 1 dan df2 = n - k.

With, variable (k) = 3, n=100

calculation:

df1= 3-1 = 2 and df2= 100-3 = 97

with a significant level of 0.05

as seen in the following table:

Table 10. Test Results f

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2493,691	2	1246,845	66,728	,000[b]
	Residual	1812,499	97	18,686		
	Total	4306,190	99			
a. Dependent Variable: BUYING DECISION						
b. Predictors: (Constant) PRICE, PROMOTION						

Source: Findings from the analysis of SPSS 25

The f test above concludes that pricing and promotions have a simultaneous effect on consumers' decisions to buy since the f count is 66.728 > f table 3.09 with a probability of 0.000 <0.05.

Conclusion

Partially, promotion has an effect on purchasing decisions at Shopee for the people of Tanjung Piayu, Batam City. Partially, the price influences purchasing decisions at Shopee for the people of Tanjung Piayu, Batam City. Tanjung Piayu, Batam City residents' selections about what to buy at Shopee are influenced by prices and promotions.

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