The Impact of Promotional Activities, Product Assessments, and Paylater Features on Product Purchase Decisions on Shopee

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Abstract

This research aims to explain the influence of promotional activities, product assessments, and payment features on product purchasing decisions on Shopee. By examining these factors, researchers hope to provide insight into how online shoppers make decisions and how e-commerce platforms can optimize their strategies to increase sales. Understanding the influence of these variables can help businesses adjust their marketing efforts to get better results on Shopee. The research was conducted on students in Sumbawa Besar with a sample of 100 respondents who were calculated using the Paul Leedy formula, and the sample collection technique used was purposive sampling. Data was collected through a questionnaire distributed online via Google Form and analyzed using the partial least squares (PLS) technique. The results of this research show that promotional activities have a positive and significant effect on product purchasing decisions at Shopee. Product assessment has a positive and significant effect on product purchasing decisions at Shopee. The paylater feature has a positive and significant influence on product purchasing decisions on Shopee. Research findings show that promotional activities, product ratings, and payment features are important factors that influence consumer purchasing decisions on Shopee. These results can help Shopee develop effective marketing strategies to increase customer satisfaction and sales.

I. INTRODUCTION

With 273 million people living there, Indonesia presents a significant market for e-commerce growth. E-commerce is a component of the e-lifestyle that makes it possible to conduct business online everywhere. Another definition of e-commerce is a business process that makes use of electronic technology to link businesses, customers, and society through electronic transactions and the exchange of sales of products, services, and information. The cost of goods and services can be decreased by using e-commerce, and customers will be more satisfied with the speed at which they obtain the top-quality products at the best price. With e-commerce, customers can deal quickly and cheaply without following a rigid procedure. They simply visit the online storefront of the company that offers their goods online, after which they contact the seller to find out the terms. As e-commerce has developed, a number of marketplaces have appeared that allow customers to purchase the products and services provided. Due to the fact that making purchases online is less complicated than doing them offline, internet shopping is currently quite popular with the general population.

[1] Consumer assessments lead to purchasing intentions for a product or service based on the most desired brand by the intended consumer. [2] Purchasing decisions as consumer attitudes that create brand preferences among a range of options and also create an intention to purchase the brand that the customer finds most appealing. When customers become aware of a need or issue with a desired product, they make a purchase. Consumer preference, selection, and purchase of a product with a particular brand and location can also result in purchasing decisions.

Shopee is the most popular marketplace in Indonesia. The Shopee application has experienced significant growth, as evidenced by its total downloads reaching over 100 million in the Play Store and its ranking as the second most

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popular e-commerce platform in Indonesia, based on research data from the iPrice Group Indonesia. This may be seen in the Indonesian e-commerce sales graph for the year 2021.

Figure 1. Map of E-Commerce Competition in Indonesia in 2021

It is evident from Figure 1—which depicts the level of competition in Indonesian EE-commerce—that Tokopedia and Shopee are two of the most popular online marketplaces. Shopee is currently quite successful in running promotions across a variety of media, including digital and traditional media. Due to the influence of fierce competition, e-commerce technology, or digital commerce, also affects promotional activities by beginning to follow trends in order to broaden the scope of the campaign. [3] The emergence of quickly evolving technological products signifies changes in the perspective of strategy and promotion as a result of technological advancements. As a result, promotional strategies are increasingly focused on communication strategies that are easier to use, more amiable, more intimate, and increase productivity. Hence, the goal of this promotional activity is to get customers to purchase goods from the store.

Shopee employs a variety of marketing techniques to raise public awareness, including running ads on billboards, television, social media, and other platforms. By providing a lot of cashback, free shipping coupons, and flash bargains on national online shopping days, Shopee can run programs more frequently than usual. Because of this event, a lot of customers visit Shopee frequently to take advantage of the numerous product deals, which include lower-than-normal pricing on beauty supplies, cosmetics, body care products, everyday needs, and electronics. Because the deal is limited to that moment, customers are more likely to purchase things that give them the impression that it won't be available again. This, together with the slogan "Free Shipping," further persuades customers to purchase goods at discounted prices without worrying about delivery expenses.

[4][5] There is no significant influence between promotional activities and purchasing decisions. [6][7] The relationship between promotional activities and purchasing decisions, concluded that promotional activities had a positive effect on decisions to buy.

Shopee provides a feature called product assessment in addition to its promotional offerings. The Shopee application's product ratings are an accumulation of customer evaluations and ratings of certain products following the completion of a transaction. The purpose of this product evaluation is to gauge how satisfied customers are with their purchases made at any of the retailers listed on the online marketplace. Potential customers may use this product evaluation as a guide when making a purchase.

In addition to aiding customers in making selections about what to buy, internet shopping platforms' product evaluation features may also be harmful. Positively, this function helps prospective customers make better decisions by letting them take into account other users' product ratings before deciding to buy. On the down side, though, this feature can be used by dishonest businesspeople to order or pay someone to order, buy, and provide product assessments that are erroneous or do not reflect reality, deceptive business practices that harm prospective customers.

[8][9] There is a significant relationship between product ratings and purchasing decisions. [10][11] There is no relationship between product ratings and purchasing decisions.

In addition to product evaluations and promotions, Shopee offers a plethora of different programs to its users in a variety of areas, such payment options, all of which are anticipated to affect the decisions made by customers when they make purchases on the platform. For instance, there are transfer payment services available through banks, Indomaret, Alfamidi, Alfamart, Cash On Delivery, ShopeePay, and Shopee PayLater. More recently, in mid-2018, a
new payment method called paylater technology was made available to the general public. This technology was then used as a payment method in the Shopee application.

Paylater is an alternative payment method that many e-commerce enterprises offer to customers who want to delay or pay in installments while making an online purchase. Due to the availability of Paylater technology, numerous e-commerce platforms have begun to include Paylater functionality into their applications. The goal is to draw in additional users, and on different e-commerce platforms, the effect is seen in the growing number of paylater consumers, according to Populix (2021).

Based on the data in figure 2 above, the Spay Later payment method helps the Shopee marketplace platform become the most popular Pay Later service in Indonesia. However, on the basis of this, many competitors or other marketplaces do not fail to offer advantages, uses, and benefits that are no less appealing to users. This demonstrates that when using the Shopee marketplace platform to complete payments, the Spay Later payment option is not currently the most popular one.

This phenomenon demonstrates how well the paylater function on the Shopee app is received by users. Shopee has a higher consumer base than other paylater provider platforms. E-commerce users may find it simpler to complete transactions while purchasing a product thanks to digital payment options, particularly the Paylater technique, which enables customers to make purchases even in the event that they are short on cash. Customers may be encouraged to purchase goods or services as a result of this.

The purpose of this study is to examine how promotional efforts affect students' decisions to buy Shopee products in Sumbawa based on the problem's background. The decision of students in Sumbawa to purchase Shopee products is influenced by two factors: the paylater option and product assessment.

The scientific response scheme to research claims describes variables related to theoretical variables from prior research that can be demonstrated to be correct or invalid, according to the research framework for thinking. In this study, one dependent variable (Y) and three independent variables (X) are required. Promotional activities, product evaluation, paylater features, and purchase decisions are the variables under investigation. These variables comprise three hypotheses (H): the first, H1, asserts that it is suspected that promotional activities significantly influence Shopee purchasing decisions; the second, H2, asserts that it is suspected that product evaluation significantly influences Shopee purchasing decisions; and the third, H3, asserts that it is suspected that the paylater feature significantly influences Shopee purchasing decisions.

II. METHODS

The nature of this research is quantitative. A population is a generalization area made up of items or people with specific quantities and characteristics chosen by researchers to be examined and from which conclusions are then drawn. The participants in this study were Sumbawa Besar students. Using the Paul Leedy formula [17], the number of samples in this study was determined. Paul Leedy's formula is as follows:

\[
n = \left( \frac{z_e}{\epsilon} \right)^2 \left( p(1-p) \right)
\]
Information:

\( n \) = sample size,
\( P \) = total population,
\( e \) = sampling error (10%),
\( Z \) = standard for selected error.

The highest \( P \) value in this study is 0.5 because it is uncertain how many people make up the population. With a 10% error rate and a 95% confidence level, the sample size is:

\[
n = \left( \frac{1.96}{0.1} \right)^2 (0.5)(1 - \frac{1}{0.5}) = 96.4
\]

The number of respondents in this study was calculated to be 100 based on the computation findings above, which show a sample size of 96.04 = 100.

Utilizing a purposive sampling technique, the study's sample comprised 100 participants who met the following criteria: they were Sumbawa-based students, had utilized the paylater function, and had made at least three purchases via the Shopee program.

A questionnaire is a list of questions that have been formulated by researchers according to the research variable indicators. Then respondents will choose answers according to their knowledge or experience [18]. The questionnaire in this research is prepared based on the variables that will be tested, namely the influence of promotional activities, product assessment, and payment features on purchasing decisions at Shopee by Sumbawa students. The data collection technique in this research is by distributing questionnaires directly or online using the Google Form feature to Shopee feature users, especially students in Sumbawa.

<table>
<thead>
<tr>
<th>Table 1. Operational Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
</tr>
<tr>
<td>----</td>
</tr>
</tbody>
</table>
| 1  | Promotional Activities (Belch : 2015) | a. Cupponing  
b. Free premium gifs  
c. Cash refund (rebates)  
d. Bonus pack  
e. Price of deals  
f. Loyalty program  
g. Event marketing |
b. frequency  
c. Comparison  
d. effect |
b. Perception of benefits |
| 4  | Purchase Decision (Kotler, & Keller, 2016) | a. Problem recognition  
b. Information search  
c. Evaluate alternatives  
d. Buying decision  
e. Behavior after purchase |

Data processing in this research uses smartPLS (partial least squares) software. PLS has the ability to explain the relationship between variables and the ability to carry out analytical analysis in one test. The purpose of PLS is to help researcher confirm theories to explain whether or not there is a relationship between latent variables. [19] The PLS method is able to describe latent variables (not directly measurable) and is measured using indicators. The author use partial least square because this research is a latent variable that can be measured based on the indicators so that the author can analyze it with clear and detailed calculations.

[20] Outer model analysis is carried out to ensure that the measurements used are suitable for measurement (valid and reliable). There are several calculations in this analysis: Convergent validity is the factor loading value on the latent variable with its indicators. Expected value > 0.7. Discriminant validity is the Fornell Larcker Criterion value which is useful for whether a construct has adequate discriminants. The way to do this is by comparing the value of the targeted construct which must be greater than the value of the other construct. Composite reliability is a measurement that if the reliability value is > 0.7 then the construct value has a high reliability value. Average Variance Extracted (AVE) is an average variance of at least 0.5. Cronbach alpha is a calculation to prove composite reliability results where the minimum value is 0.6.

Inner model analysis is aimed at testing the relationship between latent constructs. There are several calculations in this analysis: R Square is the coefficient of determination on the endogenous construct and hypothesis testing can be seen from the t-statistic value and probability value. To test the hypothesis, namely by using statistical values, for alpha 5% the t-statistic value used is 1.96. So the criteria for accepting or rejecting a hypothesis is that Ha is accepted and
H0 is rejected when the t-statistic is > 1.96. To reject or accept a hypothesis using probability, Ha is accepted if the p value <0.05. [20]

III. RESULTS

To ascertain whether the indicators in the questionnaire had been deemed legitimate and dependable for elucidating the research variables, the measurement model (outer model) was tested. If an indicator achieves a minimal outer loading value of 0.5, it is considered to meet convergent validity [19]. A minimum of 0.7 was established as the crucial limit for indicator validity in this investigation. The data from the outer model (measurement model test results) are as follows:

<table>
<thead>
<tr>
<th>Table 2. Result Outer Loading Factor Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotional Activities</td>
</tr>
<tr>
<td>-------------------------</td>
</tr>
<tr>
<td>X1.1 0.726</td>
</tr>
<tr>
<td>X1.2 0.921</td>
</tr>
<tr>
<td>X1.3 0.858</td>
</tr>
<tr>
<td>X1.4 0.767</td>
</tr>
<tr>
<td>X1.5 0.731</td>
</tr>
<tr>
<td>X1.6 0.922</td>
</tr>
<tr>
<td>X1.7 0.759</td>
</tr>
<tr>
<td>X1.8 0.824</td>
</tr>
<tr>
<td>X1.9 0.891</td>
</tr>
<tr>
<td>X1.10 0.908</td>
</tr>
<tr>
<td>X1.11 0.872</td>
</tr>
<tr>
<td>X1.12 0.706</td>
</tr>
<tr>
<td>X1.13 0.729</td>
</tr>
<tr>
<td>X1.14 0.880</td>
</tr>
<tr>
<td>X1.15 0.737</td>
</tr>
</tbody>
</table>

Source: Smart PLS 2022 results data

As can be seen from Table 2's outer model test results, every indicator item has an outer loading value greater than 0.7, indicating that convergent validity is met. To make sure that these four variables are indeed valid and reliable, it is therefore necessary to examine the concepts of discriminant validity and reliability. The Average Variance Extracted (AVE) value, which has a critical limit of 0.5, yields discriminant validity, and the Cronbach alpha value and composite reliability, which have a critical limit of 0.7, reveal construct reliability.

Table 3. Results of Construct Validity and Reliability

<table>
<thead>
<tr>
<th>Cronbach's Alpha</th>
<th>rho_A</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotional Activities</td>
<td>0.920</td>
<td>0.922</td>
<td>0.940</td>
</tr>
<tr>
<td>Product Assessments</td>
<td>0.884</td>
<td>0.901</td>
<td>0.914</td>
</tr>
<tr>
<td>Paylater Features</td>
<td>0.940</td>
<td>0.943</td>
<td>0.950</td>
</tr>
<tr>
<td>Purchase Decision</td>
<td>0.976</td>
<td>0.986</td>
<td>0.980</td>
</tr>
</tbody>
</table>

Source: Smart PLS 2022 results data

The data shown in Table 3 indicates that the AVE value with the lowest value among the four variables is 0.677. Because the lowest AVE value was reached at more than 0.5, these results show that the four research variables have met the assumptions of discriminant validity. In the meantime, the lowest values are 0.976 and 0.980, respectively, according to the results of the Cronbach alpha and Composite Reliability. Because the lowest values of Cronbach alpha and composite reliability are greater than the essential limit of 0.7, these results also demonstrate that all variables satisfy the construct reliability assumptions.

Table 4. Results of Discriminant Validity Fornell-Larcker Criterion

<table>
<thead>
<tr>
<th>Cronbach's Alpha</th>
<th>rho_A</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paylater Features</td>
<td>0.872</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promotional Activities</td>
<td>0.759</td>
<td>0.825</td>
<td></td>
</tr>
<tr>
<td>Purchase Decision</td>
<td>0.772</td>
<td>0.735</td>
<td>0.823</td>
</tr>
<tr>
<td>Product Assessments</td>
<td>0.361</td>
<td>0.465</td>
<td>0.392</td>
</tr>
</tbody>
</table>

Source: Smart PLS 2022 results data

The Fornell-Larcker criterion table displays the fundamental value of each Average Variance Extracted (AVE) construct or variable. The bold numbers in the table 4 represent the AVE roots. The AVE root value is subsequently compared to the R² value of the model. The R-square model has a value of 0.651. Table 4 shows that the AVE root
score for each variable is higher than the R square value. Therefore, all variables are deemed genuine and can be utilised for subsequent testing.

It is essential to assess the structural equation model (inner model) following testing of the measurement model (outer model). In order to perform the structural model (inner model) test in this study, the path coefficient and R square values were examined as follows:

### Table 5. Result of Coefficient Determination

<table>
<thead>
<tr>
<th></th>
<th>R Square</th>
<th>R Square Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Decision</td>
<td>0.651</td>
<td>0.640</td>
</tr>
</tbody>
</table>

Source: Smart PLS 2022 results data

Based on table 5, the results show that the influence of variables X1, X2 and X3 on variable Y is 0.651. The R-Square value of 0.651 indicates that the variation in the value of the variable Y can be explained by the variation in the values of X1, X2 and other variables.

### Table 6. Result of Path Coefficient

| Path Coefficient | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (|O/STDEV|) | P Values |
|------------------|---------------------|-----------------|-----------------------------|----------------|----------|
| Promotional Activities (X1) à Purchase Decision | 0.203 | 0.206 | 0.031 | 6.498 | 0.000 |
| Product Assessments (X2) à Purchase Decision | 0.030 | 0.031 | 0.017 | 1.743 | 0.041 |
| Paylater Features (X3) à Purchase Decision | 0.781 | 0.777 | 0.031 | 25.392 | 0.000 |

Source: Smart PLS 2022 results data

### Table 7. Result of Total Effects

| Path Coefficient | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (|O/STDEV|) | P Values |
|------------------|---------------------|-----------------|-----------------------------|----------------|----------|
| Promotional Activities (X1) à Purchase Decision | 0.203 | 0.206 | 0.031 | 6.498 | 0.000 |
| Product Assessments (X2) à Purchase Decision | 0.030 | 0.031 | 0.017 | 1.743 | 0.041 |
| Paylater Features (X3) à Purchase Decision | 0.781 | 0.777 | 0.031 | 25.392 | 0.000 |

Source: Smart PLS 2022 results data

Three research questions, or hypotheses, have been developed for this study and must be verified. The t test is used in this study's hypothesis testing, and it compares the t-statistical value from the bootstrapping test with the t-table value's critical limit of 1.661 at a 5% significant level.

Customers have to take promotional activities into account when determining whether or not to purchase a product. A statistical t value of 6.498 and a p value of 0.000 demonstrate the impact of promotional activities on purchasing decisions. The p value is 0.000 < 0.05 and the statistical t value is 6.498 > t table 1.661, According to the original sample value, which indicates a positive trend, promotional activities have a positive and significant influence on purchase decisions. This means that the more often promotional activities are conducted, the greater the degree of decision-making. purchase goods in Sumbawa Besar on Shopee.

[21] There was a substantial connection between promotional activities via Instagram social media and shopping decisions at Fix La Luna, Bima City, provides credence to the findings of this study. [22] Buying decisions for Mayasi Nut Products at PT. Manohara Asri in Jakarta were positively and significantly impacted by promotional activities. Promotions, [23], had no influence on Shopee customers' decisions to buy. The first step in any promotion is to make sure the target audience is aware of the product being promoted.

A statistical t value of 0.113 and a p value of 0.910 demonstrate the impact of product evaluation on purchase decisions. It can be concluded that a product's cumulative rating or assessment influences customers' decisions to purchase it at Shopee if the product has a higher cumulative rating or assessment. This is supported by the statistical t value of 1.743 > t table 1.661 and the p value of 0.041 < 0.05. Conversely, A product with a bad rating will also make people less likely to decide to buy it. Electronic word-of-mouth marketing is included in product assessment since it incorporates reviews or online customer reviews. The study's findings further clarify how product appraisal significantly influences consumers' decisions to buy. Purchases of the product will therefore result from favorable product reviews from other customers.

These findings thus demonstrate the significance of Shopee's product assessment feature, which offers information about other users' experiences with the product and influences purchasing decisions. Because they can't physically touch and feel the thing when they shop online, consumers must rely on the details provided in the product description and user reviews.
Product evaluation has a favorable and noteworthy impact on Shopee customers' decisions to buy in Ponorogo Regency. Product evaluation significantly and favorably influences consumers' decisions to buy products through Tokopedia in Makassar City.

The Paylater feature's impact on buying decisions is demonstrated by a 0.000 p-value and a 25.392 t-statistic. The Paylater feature has an impact on purchasing decisions, as seen by the statistical t value of 25.392 > t table 1.661 and p value of 0.000 < 0.05p. This suggests that students in Sumbawa Besar make more online purchases at Shopee when the Paylater function is better [14]. Shopee Paylater somewhat influences the e-commerce purchase decisions made by students at Nusantara University PGRI Kediri and Shopee application users. [15] From 2022, decisions to buy airline tickets and make hotel reservations at Traveloka are positively and significantly impacted by the Paylater payment mechanism. [12] Shopee Pay Later, a non-cash payment option, had no influence on customers' decisions to buy products at the Yogyakarta Shopee Marketplace.

IV. CONCLUSIONS

The conclusion that can be drawn from the issue formulation and hypothesis results utilizing partial least squares (PLS) and smart PLS is that students in Sumbawa Besar are positively and significantly influenced by promotional activities when it comes to their decisions to buy Shopee products. The statistical t value of 6.498 > t table 1.661 and the p value of 0.000 < 0.05 support this. The statistical t value of 1.743 > t table 1.661 and p value 0.041 < 0.05 indicates that product assessment has a positive and significant effect on Sumbawa Besar students' decisions to purchase Shopee products. Additionally, the statistical t value of 25.392 > t table 1.661 and p value 0.000 < 0.05 indicates that the Paylater feature has a positive and significant effect on Sumbawa students' decisions to purchase Shopee products.

These findings suggest that both product assessment and the Paylater feature play a crucial role in influencing the purchasing decisions of Sumbawa Besar students when it comes to Shopee products. This highlights the importance of these factors in driving consumer behavior towards online shopping platforms like Shopee.

REFERENCES


