

# Influence of Product Quality, Price and Promotion on Purchase Decisions on the Marketplace Shopee

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**Abstract:** This study aims to determine and provide empirical evidence about the effect of product quality, price and promotion on purchasing decisions on the Shopee marketplace. This study uses a quantitative approach with research based on its objective in the form of associative research. Associative research is a type of research that aims to analyze the relationship between one variable and another. This relationship can be in the form of an ordinary relationship (correlation) or a causal relationship (cause and effect). Based on the results of the statistical calculation of partial and simultaneous tests if product quality, price, and promotion affect purchasing decisions on the Shopee marketplace.

**Keywords:** Product quality, price, promotion, purchase decision, marketplace, shopee.

## 1. Introduction

The rapid development of information technology, including the internet, has had a significant impact on all aspects, including business development and marketing. This enables producers to think more critically, creatively and creatively about changes in social, cultural, political and economic fields. If a company wants to succeed in business competition, the most important thing is to work hard to formulate a company strategy to achieve the goal of increasing and retaining consumers. To achieve this goal, every company must strive to produce goods and services that meet the needs and desires of consumers.

Shopee is the largest marketplace, based on a survey released by the Katadata Insight Center (KIC) entitled "MSME Study Report 2021": (Anugrah & Wahyono, 2021) revealed Shopee to be the biggest turnover connector for micro, small and medium enterprises (MSMEs) to survive during the pandemic. In addition, Shopee has also become a favorite e-commerce platform for MSMEs due to promo programs and transaction security factors.

Based on Figure 1, as many as 57 percent of MSMEs say that Shopee is an e-commerce platform that brings in the largest turnover or sales value. This figure makes Shopee far ahead of its competitors, such as Tokopedia 28 percent, Lazada 6 percent, Bukalapak 3 percent, and Blibli 2 percent. Not only that, as many as 89 percent of MSME players who are members

of the Shopee ecosystem claim to have increased sales figures. This is thanks to the promo program held by Shopee, such as free shipping (postage), cashback, and discounts.



Fig. 1. Turnover connector marketplace data chart (KIC)

As we already know, with the development of technology and information, there are now many online shops popping up in various circles, from teenagers to adults. The goods offered are also different, ranging from food to household appliances, lifestyle, electronic products, etc. All of these products are sold online through websites, social media and online stores in various marketplaces. In accordance with the description above, product quality, price and promotion are attractive for researchers to be able to know purchasing decisions in the Shopee marketplace.

According to (Astuti & Amanda, 2020) (I. Rachmawati et al., 2019) Marketing is the main key in a business or business that can run well and can market its products well too. If a company does not pay attention to the marketing aspects, as well as the level of customer satisfaction, the company will not be able to run well. Quality is one of the important indicators for a company to be able to exist in the midst of intense competition in the industry.

According to (Philip Kotler & Armstrong, 2018) Product quality has a very important meaning in consumer purchasing decisions. If the quality of the product produced is good, consumers tend to make repeat purchases, while if the quality

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of the product is not as expected, consumers will shift their purchases to other similar products. (Philip Kotler, 2017) adding that the price is the amount of money charged for a product or service or the amount of value that consumers exchange for the benefits of having or using the product or service. Price itself is also an attribute in making purchasing decisions. Sales promotion is a stimulus that can attract the attention of consumers to make more purchases. Sales promotions are important to do so that consumers make repeat purchases because there are products that are sold at good prices and product quality (Patalo *et al.*, 2021). According to (I. K. Rachmawati *et al.*, 2020), Purchasing decision is the process of selecting two or more alternative choices that result in a decision to buy or not to buy.

Shopee provides benefits for consumers because it is easier to continue the process of purchasing the desired product. Consumers prefer online shopping because it saves time without having to leave the house to buy what they want. Place is one of the considerations for consumers when buying, because place is a channel for producers to sell their products to consumers, in this case through the Shopee application. Shopee itself also provides good service for sellers and buyers, if there is a problem, Shopee provides the following forms of service: Call center and chat service through the application or through Shopee's official account on social media. This makes sellers and buyers feel comfortable interacting through the Shopee marketplace.

Before making a purchase, consumers usually have several considerations, both in terms of price, product quality, and what consumers usually pay attention to is the promotions offered. This purchase decision stage is an evaluation stage carried out by consumers to buy the most preferred brand of a product. (P. Kotler & Keller, 2009) in (Natakusumah *et al.*, 2022). Another factor that often affects consumer consumption, among others, the decision to buy products online is price. Price Influence consumer purchasing decisions. Prices given by sellers on Shopee vary according to quality. There are also sellers who dare to offer less than the price of other sellers, because in the same product usually the seller also has his own customers, who can also be called regular customers. The price is considered to be one of the factors that influence purchasing decisions. The affordability of prices and the suitability of commodity prices make consumers decide to buy online (Kusdyah, 2012).

Consumers who will make the purchase process will usually look for the quality of the product they want. Consumers can see reviews given by other consumers who have bought similar products, making it easier for other consumers to consider the product to be purchased has good quality or not. If the product to be purchased has good reviews then consumers who will make a purchase will definitely occur, because product quality is the totality of features and characteristics of a product or service in satisfying implied needs. (Septiandari *et al.*, 2021).

The amount of competition in various marketplaces causes marketplaces to offer promotions to each other to attract consumers to shop. One of the advantages offered by Shopee is free shipping, the cheapest warranty, and many others. Promotions offered by Shopee can make it easier for consumers

to shop without having to think about shipping costs to get the desired goods. The function of promotion is for notification, persuasion, and impact on consumer decisions. (Alvianna *et al.*, 2020) (Pratama *et al.*, 2021). So that the factors that influence purchasing decisions are expected to attract consumers to shop through Shopee.

## 2. Methodology

This study uses a quantitative approach with research based on its objectives in the form of associative research. Associate research according to Ulum & Juanda (2016:78), is a type of research that aims to analyze the relationship between one variable and another. This relationship can be in the form of an ordinary relationship (correlation) or a causal relationship (cause and effect) and aims to find out and provide empirical evidence about the influence of product quality, price and promotion on purchasing decisions on the Shopee marketplace and is aimed at consumers on the Shopee marketplace who are targeted as targets. in online shopping, especially students in Malang.

Population is a generalization area consisting of objects or subjects that have certain qualities and characteristics determined by the researcher to be studied and then draw conclusions (Sugiono, 2016). The population in this study are all consumers who have made online product purchases on the Shopee marketplace. In this study, students in Malang include State and Private Universities in Malang and become consumers or users of the Shopee marketplace. The population of students in Malang who use the Shopee marketplace is unknown and is included in the infinite population category. Infinite population is a population that has a data source that cannot be defined. Determination of the sample size in this study using the formula (Lemeshow *et al.*, 1990) this is because the number of population is unknown. Then the results obtained the minimum number needed in this study is 96 respondents which will be rounded up by the study to 100 respondents. The reason the researcher uses the formula of (Lemeshow *et al.*, 1990) because the population is too large with an arbitrary number.

Multiple linear regression and hypothesis testing were used as data analysis. The model in this study can be seen in the following figure:

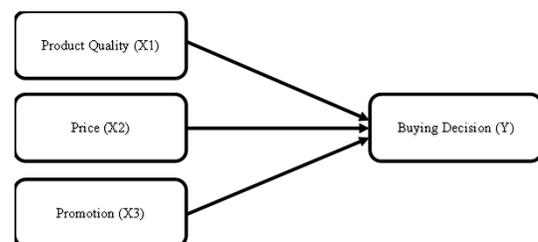


Fig. 2. Research concept framework

## 3. Result and Discussion

This study was conducted to determine the effect of product quality, price and promotion on purchasing decisions on the Shopee marketplace (Case Study on Malang Students). In the

Table 1  
Output of regression results

Independent variable	B	Beta	Tcount	Sig
Product Quality (X1)	0.295	0.318	3.033	0,003
Price (X2)	0.161	0.247	2.135	0.035
Promotion (X3)	0.213	0.239	2.304	0.023
<i>Dependent Variable</i>	Buying Decision (Y)			
Constant	6.044			
R	0.713			
R <sub>2</sub>	0.508			
R <sub>2</sub> Adjusted	0.493			
F count	33.060			
<i>Probability</i>	0,000			
<i>Line Equation</i>	$Y = 6.044 + 0.295X_1 + 0.161X_2 + 0.213X_3 + \epsilon$			

Source: Primary Data, processed by SPSS (2022)

characteristics of respondents, the results of the age of respondents were 88 people aged 17-22 years and 12 people aged 23-28 years. In terms of gender characteristics, 32 people were female and 68 people were male. It can be seen that consumers who use the Shopee marketplace are women. Meanwhile, on the characteristics of universities who filled out the questionnaire, there were 65 people in UNMER MALANG, 19 people in UB and 16 people in UMM. So, it can be seen that the most students are at UNMER MALANG.

#### A. The Effect of Product Quality on Purchase Decisions on the Shopee Marketplace

Based on the results of the analysis in table 1, it is known that the product quality variable has a significance value of 0.003 which is greater than the error level of 0.05 with a t count of 3.033, then this variable can be said to have a partial effect on the purchasing decision variable. The results of the analysis illustrate that product quality affects purchasing decisions, so when the product quality coefficient value ( $\beta_1$ ) shows a result of 0.295 it will affect purchasing decisions on the Shopee marketplace.

Based on the results of the study, there are still some consumers who experience incidents that the products sold on the Shopee marketplace cannot be used, whether they are damaged during shipping or from the seller. So that there are still many consumers who feel disadvantaged when the product they buy arrives. So it can be concluded that damaged products received by consumers can come from two factors, namely from the expedition and the seller.

The quality of the products contained in the Shopee marketplace does not match what is offered by the seller. What is offered by the display is very attractive, as if the product is in line with the expected expectations, but when the goods arrive, they do not match consumer expectations. The difference between the display and the original product certainly greatly influences a person's purchase decision, especially when shopping online.

This is in line with research (I. K. Rachmawati *et al.*, 2019), which states that product quality has an effect on purchasing decisions if the online seller who is the subject of the study actually offers quality products according to what they are selling. The category of quality products can be seen from the dimensions of product quality according to Tjiptono, namely performance, additional features, reliability, conformance to specifications, durability and aesthetics. If a seller or

marketplace party offers a product with good quality dimension criteria in accordance with the explanation above, then consumers will not hesitate in making online purchasing decisions

#### B. The Influence of Price on Purchase Decisions on the Shopee Marketplace

Based on the results of the analysis in table 1, it is known that the price variable has a significance value of 0.035 which is smaller than the error level of 0.05 with a t-count value of 2.135, it can be concluded that the price variable has an effect on the purchasing decision variable. based on the results of the analysis above, it can be interpreted that consumers in making purchasing decisions will consider price perceptions consisting of price affordability, price suitability with benefits and quality received by consumers and price competition with competing marketplaces. The perception of prices that exist in consumers must be considered by sellers, so they need to pay attention to affordable prices and competition with other marketplaces.

Before consumers decide to buy a product, there are consumers who prepare a budget in advance to buy a particular product. Aims to limit consumer spending when shopping. If the product that consumers want to buy is in accordance with their shopping budget, then the perception of cheap or high prices is no longer there, there is only the suitability of the product price with the budget.

The results of the analysis which states that price has an effect on purchasing decisions, are relevant to research conducted by Achmad Jamaluddin, *et al.*, which states that price perception has a significant effect. So that in this study the prices offered by the Shopee marketplace can provide an overview for consumers to carry out the process of making a purchase decision process. This study also supports the opinion of Kotler and Keller who assume that the simplest reason for buying online is to save money. In some product categories sold online, prices are significantly lower than the manufacturer or outlet list prices available in shopping centers. Therefore, price is one of the important factors in influencing purchasing decisions on the Shopee marketplace. It can be concluded that H2 in this study is accepted.

This is in line with research (I. K. Rachmawati, 2020),(I. K. Rachmawati *et al.*, n.d.)(Hermawan *et al.*, 2021), that there is a positive and significant influence between price and purchasing decisions. INI results indicate that the price determined in the purchasing process will assist consumers in deciding to

purchase the product. At the time of transactions or visits by prospective consumers, consumers will compare the cost of goods with other existing companies and if they find that the product at that location can provide conformity with the funds desired by the consumer and the desired product specifications, a purchase decision will occur. Therefore, price is one of the important factors in influencing purchasing decisions on the Shopee marketplace. It can be concluded that H2 in this study is accepted.

### *C. The Effect of Promotion on Purchase Decisions on the Shopee Marketplace*

Based on the results of the analysis in table 1, it can be seen that the promotion variable has a significance value of 0.023 which is smaller than the error level of 0.05 with a t count of 2.304, it can be said that the promotion variable has an effect on the purchasing decision variables. From the analysis above, it can be concluded that if the promotions carried out are increasing, the purchasing decisions of consumers on the Shopee marketplace will be higher.

Many efforts have been made by Shopee in promotion, one example of the promotion carried out by the Shopee marketplace to increase the number of transactions is the 12.12 promotion. various kinds of promotions are offered such as Flash sale, Goyang Rain Emas, Cashback, Free Shipping, Discounts, Shopping Vouchers, and others. Of the several promotional programs carried out by Shopee, the one that attracts the most consumer interest is free shipping without minimum shopping, discounts, flash sales, and vouchers. The promotion is the most in demand because the benefits obtained can be enjoyed directly by consumers when shopping in a very easy way. The effectiveness of the promotion that is carried out is very dependent on the selection of the form of promotion required by a product. Not all forms of promotion are suitable and guarantee the success of the promotion. The form of promotion must be in accordance with the conditions of a product to be promoted.

The results of this study are relevant to the research conducted by (Respati & Hidayatullah, 2021) which says that the promotion variable has a positive effect on purchasing decisions. in this study also supported by the opinion of Kotler and Armstrong which states that promotion is an activity that communicates the superiority of the product and persuades buyers to be willing to buy the product. Therefore, Shopee should continue to increase the types of sales transactions carried out in order to increase the number of sales transactions each month. It is possible that if promotional activities are stopped, consumers will become less interested in shopping at Shopee, because based on the data in this study, consumers are interested in shopping at Shopee because of the promotions offered, so it would be better for the company if the promotions carried out were maintained so that can increase the number of sales transactions. From the analysis above, it can be concluded that H-3 in this study is accepted.

This is in line with research (Zharfaningrum *et al.*, 2020) that there is a positive influence between promotions and

purchasing decisions. when the promotion carried out by marketers after going through an evaluation of alternative purchases and getting the choice is in accordance with what is expressed in advertising and other promotions, then positive behavior for buying will occur, and conversely after evaluation consumers do not feel conformity with the advertising that is advertised. If done, the behavior that is not good for purchasing will be ignored by consumers.

### *D. The Influence of Product Quality, Price and Promotion on Purchase Decisions on the Shopee Marketplace*

Based on table 1, it can be seen that the three independent variables, namely product quality, price and promotion, simultaneously affect the dependent variable, namely purchasing decisions on the Shopee marketplace. This is evidenced by the results of the simultaneous test with a significance value of 0.000 which is smaller than 0.05 and an Fcount of 33.080. In practice, purchasing decisions are based on two factors, namely the surrounding environment or the closest people that can influence attitudes to reduce alternative choices, namely attitudes that show a sense of rejection of alternative choices of products and services of a consumer and factors that influence a consumer in fulfilling other consumer desires.

In addition, it is also known that the three independent variables are able to explain the dependent variable, namely the purchase decision of 49.3% while the remaining 51.7% is explained by other variables not included in this study. For example, such as service quality, convenience, features, trust and so on. So it can be concluded that H4- is accepted, which means that product quality, price and promotion have a simultaneous effect on purchasing decisions on the Shopee marketplace.

If a marketplace has an average quality [of a good product], consumers will be happy to shop online through that marketplace. This is because not all marketplaces or online stores have quality products that match what they offer to consumers. So that when the quality of products in the Shopee marketplace is able to compete with similar marketplaces, consumers will be happier to make purchases on the Shopee marketplace. Coupled with the price of products on the Shopee marketplace which is considered cheaper than competing marketplaces and promotions that are carried out continuously make consumers more interested in purchasing the Shopee marketplace.

This is in line with research (Widiawati *et al.*, 2021) that product quality, price and promotion variables have a positive effect on purchasing decisions and have a strong level of close relationship, this means that if product quality, price and promotion are increased it will result in high purchasing decisions.

## **4. Conclusion**

Product quality has a partial effect on purchasing decisions on the Shopee marketplace, this is due to the quality of the products offered by sellers that do not match consumer expectations. Price has a partial effect on purchasing decisions

on the Shopee marketplace, this is proven by consumers that the products sold by the Shopee marketplace have more affordable prices than competing marketplaces, and the prices offered are in accordance with the quality and benefits obtained. Promotions have a partial effect on purchasing decisions on the Shopee marketplace, this is evidenced by the many promotions carried out by the Shopee marketplace that have succeeded in attracting the attention of consumers to shop.

Based on the results of simultaneous test statistical calculations, it can be concluded that product quality, price and promotion have a simultaneous effect on purchasing decisions in the Shopee marketplace, this is evidenced by the stages of purchasing decisions made by consumers, the products offered by the Shopee marketplace are considered to be in accordance with the needs and consumer wants.

With the results of this study showing that product quality affects the purchasing decisions of the Shopee marketplace, Shopee can improve product quality by increasing the number of sellers who have good product ratings. In that way, it can strengthen consumer perceptions that the quality of the products they have is of good quality. On the price variable, if the Shopee marketplace continues to offer products at affordable prices and price matches with quality and benefits, then the purchases made by consumers will increase. In the promotion variable, if the Shopee marketplace continues to carry out various promotions every month, consumers will be more interested in making purchases, because with the promotions offered, consumers will feel that they get a lot of benefits from the promotions offered.

For further researchers, it would be better if you expand the variables of interest. For example, by adding trust variables, service quality, features and so on. It is hoped that the results of further research will be better and the population and sample in the study will be expanded not only among students but also among employees, housewives, and so on, so that the results of further research can be better.

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