

# THE INFLUENCE OF PRICES, PROMOTIONS AND SECURITY ON SHOPEE ONLINE STORE PURCHASING DECISIONS (Case Study of Management Students at Universitas Malikussaleh)

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## Abstract

Current technological developments support e-commerce or business activities through electronic media. Shopee is an online marketplace for buying and selling online easily and quickly. Shopee offers a variety of products ranging from fashion to daily necessities. This research was conducted to determine the influence of price, promotion and security on online shopee purchasing decisions at Malikussaleh University. The population in this study was men and women. Meanwhile, the number of samples used in this research was 93 respondents. This research uses a quantitative type with a sampling technique in the form of purposive sampling which is then carried out by distributing questionnaires to respondents who shop at the Shopee online store. The data analysis method used is multiple linear regression analysis using SPSS 25 and also hypothesis testing. Data analysis uses the classical assumption test, partial test (t), simultaneous test (f) and coefficient of determination test. The results of the research show that: (1) Price has a significant effect on online Shopee purchasing decisions for Malikussaleh University Management students (2) Promotion has no significant effect on Shopee online purchasing decisions for Malikussaleh University Management students (3) Security has a significant effect on Shopee online purchasing decisions for Malikussaleh University Management students. Malikussaleh University Management students and (4) Price, promotion and security have a significant influence on online shopee purchasing decisions among Malikussaleh University Management students.

**Keywords:** Price, Promotion, Security and Purchasing Decisions

## 1. INTRODUCTION

Current technological developments support e-commerce or business activities through electronic media. Compared to conventional systems, online trading is more effective and efficient. The results of the We Are Social report show that internet use is increasing every year in 2023, reaching 213 million users with an increase of 77% of Indonesia's total population of 276.4 million people (Databoks, 2023). It can be interpreted that internet use is increasingly embedded in the lives of Indonesian people. *Ecommerce* is the sale or purchase of goods or services via the internet network with the aim of receiving or fulfilling orders. However, payment and delivery of main goods or services is not done online.

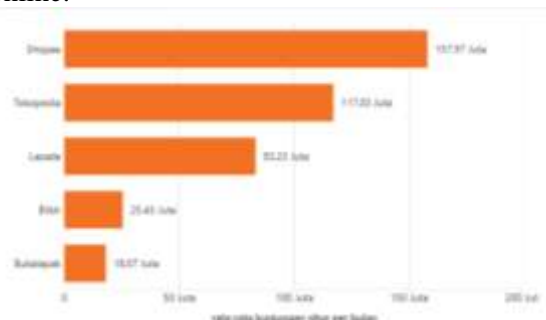


Figure 1.15E-Commerce with the most visitors in Indonesia (Quarter I 2023)

Source: Katadata, 2023

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In Figure 1.1, the data shows that Shopee is an e-commerce that is currently in great demand among people in Indonesia, as evidenced by the number of visitors in the January-March period of 157.9 million visitors, far exceeding its competitors. Shopee is in first place as an e-commerce company. most popular and frequently visited (Databoks, 2023). According to Tjiptono (2019), purchasing decisions are a process in which buyers understand their problems, look for information about a particular product or brand, and assess how well each alternative can solve their problem, before making a decision. According to (Sari, 2020) also states that there is a close connection between purchasing decisions and consumer behavior.

The price factor is one of the important factors in making online purchasing decisions. Every product sold must have a price listed, which makes it a determining component of sales. According to Malau (2018), price is the exchange value of a good or service; in other words, they are competing brands or products. A phenomenon that often occurs in the price context is a mismatch between the quality of the product offered and the product actually sold by the seller. Consumers often experience discrepancies after making a purchase, where the price is considered too expensive and the product does not match the quality and image promised by the seller on various E-commerce platforms and websites (Shopee Review, 2022). One of the problems that arises is that the price is high but the quality does not match consumer expectations. Therefore, price has an influence in making every purchase decision. In the context of purchasing decisions, price has a significant influence. Research conducted by Gurnasih et., al (2020) Price influences purchasing decisions. Then the results of research conducted by Rachmawati et al., (2019) show that price has a positive and significant effect on customer purchasing decisions. However, the results of research by Jayanti Ratna (2020) show a different view, namely that price has no influence on purchasing decisions.

Even though promotions have an important role in making purchasing decisions, there are several cases where the implementation of promotions does not match the advertised promises. For example, Shopee often advertises free shipping with a minimum purchase of 0 rupiah, but in reality, the voucher cannot be used for purchases under 20,000 rupiah (Shopee Review, 2023). As a result, the free shipping promotion becomes unusable, and this can affect consumer perceptions of the platform. The importance of promotions in purchasing decision making is also highlighted by research. Mishra et al., (2024) stated that promotions have a positive influence on purchasing decisions. However, other research conducted by Syafitri et al. (2021) shows that promotions have a negative and insignificant influence on purchasing decisions.

One very expensive aspect of information systems is that according to Vishnu Rayhan Adhitya (2019), defining security as the capacity of online retailers to control and maintain the security of data transactions. Security assurance reduces consumer concerns about misuse of personal data and corruptible data transactions, helping to build trust. . Based on research conducted by (Sumarta & Handranata, 2020) it is stated that security has a significant influence on purchasing decisions. Meanwhile, according to research (Waro & Widowati, 2020) states that security does not have a significant effect on purchasing decisions. Research phenomena related to research objects, the results of the initial pre-survey conducted on February 2 2024 by researchers by distributing 30 questionnaires to students majoring in Management showed that all 30 respondents routinely made purchases via the Shopee online shopping platform. The reasons for using this online shopping application vary greatly according to consumers.

Some consumers stated that they felt the benefit or value of the facilities provided by e-commerce as a form of sales promotion. Other reasons include ease of use, with 29 of the respondents agreeing that the product price is affordable. As many as 15 respondents stated they were neutral, while 15 others agreed that the security of the application could be considered. Apart from that, most of the 29 respondents' consumers received promotions such as cashback, free shipping, flash sales, discounts, cash on delivery (COD) systems, and various choices of payment methods, which also influenced their purchasing decisions. In other words, consumers' decisions to buy are influenced by their own personal needs and desires, as well as being influenced by promotions carried out by e-commerce.

## 2. IMPLEMENTATION METHOD

This research was conducted on consumers in the management department Jl. Unimal Bukit Indah Campus, Lhokseumawe City. The focus of this research involves management students who have made purchases at the Shopee online store. The population used in this research were students from the Class of 2020-2023. To obtain a sample that can represent the population, a non-probability sampling method was used and the sampling method in this research was purposive sampling. In this research, the author used the Slovin formula to find a sample size that was considered capable of representing the entire population. The Slovin formula according to Sugiyono (2017) is a formula used to find a sample size that is considered capable of representing the entire population. Slovin's formula is used when researchers do not know what proportion of the population is ideal to represent. In fact, this proportion can be known through estimates from experts, but this proportion is not always available. That is the reason why the Slovin formula is needed. The calculation formula for determining sample size is as follows:

$$n = \frac{N}{1 + N(e)^2}$$

Information :

n= number of samples

N= total population

e= Standard error (Error)

$$n = \frac{1229}{1 + 1229 (0,10)^2}$$

$$n = \frac{1229}{1 + 1229 (0,01)}$$

$$n = \frac{1229}{1 + 12,29}$$

$$n = \frac{1229}{13,29}$$

$$n = 93$$

The number of samples in this research was 93 respondents. So the researchers distributed 93 questionnaires. From these samples, researchers will distribute questionnaires to management students class 2020, 2021, 2022 and class 2023. The technique used in this research is multiple linear regression analysis which aims to determine the influence of the variables reliability, responsiveness, assurance, empathy and physical evidence on the dependent variable, namely consumer satisfaction. This analysis was processed using SPSS version 25. The multiple linear regression equation used in this research is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$$

## 3. RESULTS AND DISCUSSION

### 3.1 Results

Regression analysis is a statistical method used to measure the relationship between one or more independent variables (called predictor or explanatory variables) and a dependent variable (called the response variable or dependent variable). The goal of regression analysis is to understand and measure how changes in one or more independent variables can predict or explain variations in the dependent variable. The results of the partial regression analysis in this study are presented in the following table:

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**Table 1. Results of Partial Regression Analysis**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
1 (Constant)	4,079	0.454		8,985	0.001
Price	-0.548	0.063	-0.557	-8,649	0.001
Promotion	0.057	0.059	0.062	0.957	0.341
Security	1,239	0.118	0.647	10,541	0.001

Source: Processed Primary Data, 2024

Based on the results of the partial regression analysis in the table above, the following conclusions are obtained:

1. The significant value of price (x1) on purchasing decisions (Y) is 0.001 > 0.050 and the t value is -8.649 > ttable 1.986, so it can be concluded that price (X1) has a positive and significant effect on purchasing decisions (Y). This means that H1 is accepted, which means price (X1) influences purchasing decisions (Y).
2. The significant value of promotion (x2) on purchasing decisions (Y) is 0.341 > 0.050 and the t value is 0.957 < ttable 1.986, which has a negative and insignificant effect on purchasing decisions (Y). This means that H2 is rejected, which means promotion (X2) has no effect on purchasing decisions (Y).
3. The significant value of security (x3) on purchasing decisions (Y) is 0.001 < 0.050 and the t value is 10.541 > t table 1.986, so it can be concluded that Security (X1) has a positive and significant effect on Security (Y). This means that H3 is accepted, which means security (X1) influences purchasing decisions (Y).

The coefficient of determination test aims to measure how well the model can explain variations in the dependent variable. The coefficient of determination value ranges from 0 to 1, with the following classification: 0 (no correlation), 00 – 0.25 (very low correlation), 0.25 – 0.50 (fair correlation), 0.50 – 0, 75 (strong correlation), 0.75 – 0.99 (very strong correlation) and 1.00 (perfect correlation). the ability to explain the dependent variable is very limited (Ghozali, 2018). The results of the coefficient of determination test in this study are presented in the following table:

**Table 2. Coefficient of Determination Test Results**

Model	R	R. Square	Adjusted R. Square	Std. Error of the Estimate
1	0.808a	0.652	0.641	0.338

Source: Processed Primary Data, 2024

Based on the results of the determination test in the table above, it is known that the coefficient of determination (R<sup>2</sup>) value was 0.652. This value shows that the independent variables consisting of price, promotion and security can explain their influence on the dependent variable on purchasing decisions by 65.2%, while 61.1% is influenced by other variables which are not included in this research model. Based on the results of the research that has been carried out, the following multiple linear regression equation is obtained:

$$Y = 4,079 - 0.548X_1 + 0.057X_2 + 1.239X_3$$

Based on the results of the multiple linear regression equation above, the results are described as follows:

1. The price coefficient value (x1) is -0.548, so it can be interpreted that if the price is increased by 1 unit on the Likert scale, the decision to purchase the Shopee online store for Malikussaleh University Management students will decrease by -0.548.

2. The promotion coefficient value ( $x_2$ ) is 0.057, so it can be interpreted that if the promotion is increased by 1 Likert scale unit, the decision to purchase the Shopee online store for Malikussaleh University Management students will increase by 0.057.
3. The Security coefficient value ( $X_3$ ) is 1.239, so it can be interpreted that if security is increased by 1 Likert scale unit, the decision to purchase the Shopee online store for Malikussaleh University Management students will increase by 1.239.

Based on the description above, it can be seen that the constant value ( $a$ ) is 4.079 and the regression coefficient value for the price variable ( $X_1$ ) is -0.548, the regression coefficient value for promotion ( $X_2$ ) is 0.057, the regression coefficient value for security ( $X_3$ ) is 1.239. The constant values and regression coefficients ( $a$  and  $b$ ) are included in the equation:

### 3.2 Discussion

#### The Influence of Price on Purchasing Decisions

Based on the results of research that has been carried out, it is known that price has a positive and significant t-value on online purchasing decisions on Shopee e-commerce for Malikussaleh University Management Students. Therefore, the hypothesis states that price is thought to influence purchasing decisions among Malikussaleh University Management students ( $H_1$  is accepted). The findings of this research are in line with previous research conducted by Khafidatul Ilmiyah, Indra Krishernawan (2020) "The Influence of Product Reviews, Convenience, Trust, and Price on Purchasing Decisions at the Shopee Marketplace in Mojokerto.

That price has a positive and significant influence on purchasing decisions on the Shopee marketplace in Mojokerto has been successfully proven. Showing the Shopee marketplace prices with quality according to consumer needs and providing lots of discounts and promotions. Results of previous research conducted by Nur Laili Hidayati (2018) "The Influence of Price, Promotion, Trust and Quality of Information on Purchasing Decisions via the Shopee Application". Price influences purchasing decisions in deciding to purchase products at Shopee online shopping due to several things, namely affordable prices for consumers, cheaper prices than other online shopping, price conformity with product quality and prices including shipping costs to the consumer's city.

#### The Effect of Promotion on Purchasing Decisions

Based on the results of research that has been carried out, it is known that Promotion has a negative and insignificant t-count value that is greater than the predetermined significant value. This means that promotions have no effect and are not significant on purchasing decisions. Therefore, the hypothesis states that Promotion is thought to influence Purchasing Decisions among Malikussaleh University Management students ( $H_2$  is rejected). The findings of this research are in line with previous research conducted by Pitria Febriana (2020) "The Influence of Price and Promotion on Purchasing Decisions at Lazizaa Chicken and Pizza in Jambangan Surabaya" that promotions have no effect on purchasing decisions. Muhammad Zakariyya Yahya (2020) "The Influence of Promotion, Price and Product Quality on Purchasing Decisions at the Shopee Marketplace (Case Study of Shopee Marketplace Users in the City of Bandung)" that the results of this research conclude that the promotion variable has no significant influence on purchasing decisions.

#### The Influence of Security on Purchasing Decisions

This research shows the results that security has a significant effect on online purchasing decisions on Shopee e-commerce for Malikussaleh University Management Students. This shows empirical evidence that the security system provided by Shopee is good, so it can be a factor that influences consumers in making purchasing decisions. Students as online consumers who are academic people have a high awareness of the level of security provided by an online buying and selling site or application ( $H_3$  is accepted). The findings of this research are in line with previous research conducted by Firman Puanda and Rose Rahmidani (2020) regarding "The Influence of Trust and Security on Online Purchasing Decisions via the Shopee Application" explain that based



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on the hypothesis testing that has been carried out, security has a significant influence on online purchasing decisions.

**4. CONCLUSION**

Based on the results of the analysis that has been carried out in testing the influence of price, promotion and security on purchasing decisions at the Shopee online store (case study of Malikussaleh University Management students) it can be concluded that:

1. Price influences purchasing decisions. This shows that price influences purchasing decisions for Management Students at Malikussaleh University.
2. Promotion has no effect and is not significant on purchasing decisions. This shows that promotions do not influence purchasing decisions among Malikussaleh University Management students.
3. Security has a significant influence on purchasing decisions. This shows that security influences purchasing decisions among Malikussaleh University Management students.
4. Together, price and promotions can influence purchasing decisions among Management students at Malikussaleh University.

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