

# Analysis of the perception of free shipping promotions on purchasing decisions on the Shopee marketplace

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**ARTICLE INFO****Article history:**

Received Mar 27, 2023

Revised Apr 8, 2023

Accepted Apr 15, 2023

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**Keywords:**

Buying decision;

Free Shipping;

Marketplaces;

Perception;

Shopee.

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**ABSTRACT**

The free shipping promotion is one of many factors that influence purchasing decisions on the Shopee marketplace. The purpose of this study is to ascertain people's perceptions of the impact of free shipping Shopee promotions on purchasing decisions. A qualitative research approach is used in this study. This study relied on primary data gathered through interviews. The Snowball Sampling method was used to find 11 informants majoring in management at Sampoerna University. The study was carried out between January and February of 2023. In the data analysis process, this study used data reduction, data display, and conclusion. The findings of this study indicate that Shopee's free shipping promotion affects purchasing decisions, with buyers believing that free shipping promotions allow them to save more money, making them more enthusiastic about buying or transacting with the application. Promotions and prices influence purchasing decisions, which are supported by indicators such as advertising, personal selling, sales promotion, publicity, affordability, price per product, and price per benefit, being able to compete with other companies to influence purchasing decisions based on indicators such as product choices, brands, and more.

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**1. Introduction**

A large number of internet users means that all activities can be carried out online, including shopping. Online shopping is one part of e-commerce. As quoted from the Global Web Index (2020), Indonesia is the country with the largest e-commerce adoption rate in the world. As many as 90 percent of internet users with an age range of 16-64 years in Indonesia have made online shopping transactions both in purchasing products and services (Manapul et al., 2022). The development of the digital era is currently making it easier for many parties to buy and sell. The market is no longer the only place where access to buying and selling meets directly in an area (Yulianto et al., 2021). Online markets provide more convenience to sellers and buyers in marketing their products and interacting with each other (Adhi Prasetyo & Aliffia Muchnita, 2022). Online shopping activities have become an option for many parties to make it easier to obtain the items needed. This choice is supported by the increasing development of e-commerce in Indonesia (Yendola & Windasari, 2022).

The development of Indonesian e-commerce is getting higher. Quoted from the economics of the e-commerce sector article, online sellers in Indonesia have doubled every year for the last three years and reached 4.5 million active sellers in 2017 and approximately 99% of them are micro-businesses and half are online businesses only without there is a physical shop (Nazilah, 2022).

Kumparan.com stated that based on the latest iPrice report, Shopee validated itself as the most popular e-commerce in the Southeast Asia Region in terms of activity on the application, number of downloads, number of visits, and total transactions in the regional market (Rosyihuddin & Hendra, 2022). The total transactions made by Shopee were recorded at US\$ 3.8 billion or approximately IDR 54 trillion in the second quarter of 2019. The transaction value showed an increase of 72.3% compared to the same period last year which reached US\$ 2.2 billion or approximately IDR 41 trillion. The achievement achieved by Shopee is also suspected from the level of enthusiasm of Shopee users during the pandemic (Riyanto et al., 2020).

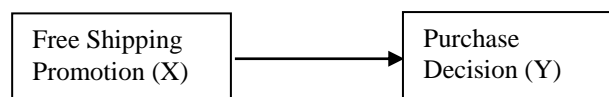
E-commerce website ranking data based on the most number of website visitors in Southeast Asia in 2022, for Indonesia, the highest number of visitors to the Shopee marketplace entered the second place and for the countries of Malaysia, Singapore, Thailand, the Philippines, and Vietnam the most visitors fell on the Shopee marketplace. In the Shopee transaction process, the buyer is burdened with a shipping fee promo, and the nominal amount of the fee is closely related to the location and distance of delivery from the seller himself (Syamsuri, 2022). The presence of several free shipping features as part of Shopee's marketing mix has proven to help ease the burden on potential consumers or buyers to get the desired and desired items (Prasetyo et al., 2020). The existence of free shipping makes consumers more flexible in buying products without worrying about the shipping costs that will be borne later (Suryaningsih et al., 2019).

Purchasing decision is a process in which the consumer has a problem and then seeks information about the problem and what needs to be evaluated further to show how well each alternative can solve the problem which then leads to a purchase decision (Daulay & Mujiatun, 2021). Free shipping promos help consumers who object to the total price charged through discounted shipping costs. Consumers can get free shipping up to Rp. 40,000 automatically if the number of transactions has exceeded the provisions. The free shipping promo is Shopee's superior marketing strategy where its function is to provide information, persuade and influence consumer perceptions so that a purchase action occurs. Thus, consumers can save on the total cost they have to pay (Daulay & Mujiatun, 2021). The results of research conducted on generation Z who live in rural areas and have made e-commerce transactions state that free shipping promotions have a positive influence and contribute 19.3% to purchasing decisions (Suroso & Setyanto, 2019).

Shopee is more accessible to young people such as students (Sofyan et al., 2021). The needs of students are increasingly diverse and developing either based on pure needs or just their original desires (Maulana & Asra, 2019). The author made initial observations with Sampoerna University management students and found a phenomenon among students who use the Shopee e-commerce site to shop online because they are interested in the free shipping offers available at Shopee. With the background above, the researcher is interested in researching to know the perception of free shipping promotions on purchasing decisions on the Shopee marketplace.

## 2. Research Method

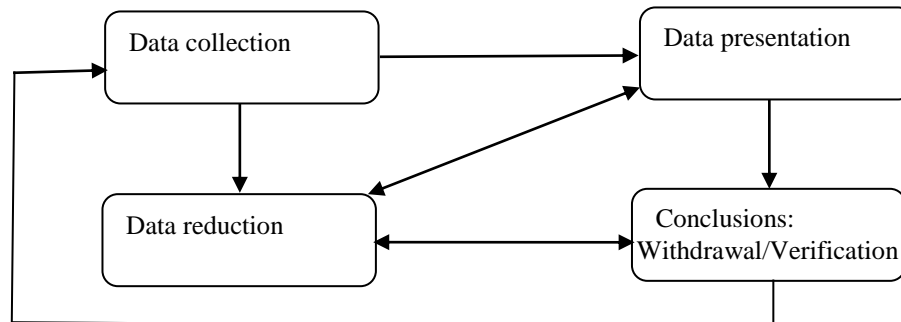
This research design uses a qualitative approach. This research was conducted at Sampoerna University and was carried out for two months from January to February 2023.



**Figure 1.** Research Design

The discussion of this issue is limited to the object of research, the object of this research is students majoring in management at Sampoerna University or consumers who make purchases at the shopee marketplace. Informants related to this research are consumers who have made a purchase transaction at least three times and have used a free shipping promo at least twice.

The author uses the snowball sampling method to determine interview informants. In this study, researchers used the method by asking informants who often make purchases at Shopee according to the research limitations. Informants who have met the inclusion criteria will then carry out the interview stage. Researchers determined data saturation and obtained as many as 11 informants.



**Figure 2** Process of Qualitative Research Data Analysis

The data analysis technique used is Miles and Huberman's interactive analysis, namely: (1) data reduction (2) data presentation, and (3) drawing conclusions or verification. Sources of data were taken from interviews, available documents, as well as field notes, and the results of observations. The process of analyzing qualitative data in this study includes: (a) Data reduction. Data reduction means the stage of qualitative data analysis techniques. Data reduction means simplifying grouping and eliminating unnecessary data in such a way that it provides meaningful information and conclusions can be drawn more easily. Due to a large amount of data and data complexity, it is expected that data analysis will go through a reduction stage. This data or information reduction stage is carried out to select whether or not it is relevant to the research objectives, (b) Display Data. Data display or data presentation is also a stage of qualitative data analysis techniques. Presentation of data is an activity when a set of data is arranged systematically and is easy to understand, to provide the possibility of forming conclusions. The form of presentation of qualitative data can be in the form of a descriptive text (text in the form of field notes), network matrix, or initiation. From the presentation of the data, the data is then arranged into a pattern or correlation relationship so that it can be more easily understood and explored, (c) Conclusion and Evidence. Drawing conclusions and validating data is the final stage in qualitative data analysis techniques which are carried out by looking at the results of permanent data reduction referring to the objectives of the analysis to be achieved. The conclusion stage aims to find out the meaning of the information collected by looking for the relationships, similarities, and differences of the data which in the end draws conclusions. The conclusion will answer whether or not the results of research on existing problems.

Data collection techniques in this study used interactive data. In this study, researchers used interactive techniques including in-depth interviews. First by conducting interviews with informants with questions that lead to the depth of information and are carried out in a non-formal structured way for a duration of approximately 30-45 minutes. Second, with observation playing a role, observation techniques are used to extract data from data sources in the form of events, places or locations, and objects, as well as recorded images. In this role observation, the researcher collects the results of the purchase history in the shopee marketplace used by the informant and sees whether the informant uses or claims free shipping. Third by using documentation. Documents take various forms, from simple written ones to more complete ones, and can even be in the form of other objects. In this study, data was collected by looking at the screenshots of purchases, the period of using the Shopee application, and documentation after conducting interviews with informants.

### 3. Results And Discussions

The informants in this study were 11 students majoring in management at Sampoerna University who made purchases through the Shopee marketplace. The characteristics of the informants in this study were classified based on initials, gender, age, and length of time using the shopee application, which can be described as follows:

**Table 1.** Characteristics of Informants

No	Initial	Gender	Age	Long time using the
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	Name			Shopee application	
1	AAA	Female	21	More than 1 year	
2	DEC	Male	22	More than 1 year	
3	JMI	Male	19	More than 6 months	
4	FAG	Female	20	More than 1 year	
5	TWA	Female	20	More than 1 year	
6	SM	Female	20	More than 1 year	
7	NN	Female	20	More than 1 year	
8	ZUL	Male	21	More than 1 year	
9	ISD	Female	19	More than 1 year	
10	HIS	Male	19	More than 1 year	
11	NAD	Female	22	More than 1 year	

Based on the information in table 1. Above, it can be explained that the most gender who buys through the Shopee marketplace are mostly women with 7 people and some men with 4 people. Based on age, most respondents were 20 years old, namely 4 people, 19 years old, 3 people, some 21 years old, two people, and 22 years old, 2 people. Based on the duration of using the shopee application, the most are 10 people using it for more than one year and one person using it for more than six months. The age category for Sampoerna University management study program students varies because students never feel bored with the goods they buy through e-commerce shopee because they feel they need these goods. Management study program students decide to buy an item because of personal desires because they feel more confident in their own choices and use the shopee application for more than six months.

Supporting factors that underlie consumers making online purchases using the Shopee application include the convenience of features available in Shopee to help buyers have easy access to the transaction process. The appearance is attractive and seems simple for novice users. the comfort and convenience felt by buyers are also based on buyers being able to manage their time as well as possible and in a safe, reliable condition through e-commerce which is available during the Covid-19 pandemic as it is now. Where all mobility is limited as a result online purchases through online software have become the choice of many parties. The variety of products available at Shopee supports buyers to make online purchases using the software. Product diversity does not limit buyers to making choices that are tailored to their abilities and dreams of buyers. Products in Shopee have always been updated as well as a form of Shopee's strengths in keeping pace with the progress and diversity of the needs of its buyers.

*“Sometimes the things I need are rarely sold in shops, markets, or other places, once someone sells them the price can be very high. So, if I buy the items I need at shopee, even using the same quality I can get a more affordable price.”* (ISD)

Service quality is also one of the reasons buyers use Shopee. Fast service in the transaction process and delivery help buyers more effectively use their time to obtain the desired item. Shopee also offers many product prices that are affordable compared to other e-commerce. And the many promotions available at Shopee are the reason buyers use the Shopee application to do online shopping.

Affordable prices and lots of promotions are marketing strategies implemented by Shopee. Shopee's most superior marketing strategy is using free shipping promotions. This is proven by the appearance of the free shipping logo which always appears on the main Shopee page. Free shipping promos provide benefits for consumers, especially in terms of shipping cost rebates, so consumers only need to pay part of the shipping costs or even only the price product.

Free Shipping is a mainstay promotional program that has its charm for its users because when buying an item online, buyers do not have to add costs to shipping costs, as a result, many Shopee users try to shop at Shopee because it is considered quite profitable for customers who love to shop online. By using this free shipping promo, you can also save expenses and buyers can receive goods of the same quality as before the free shipping promo.

Free shipping promos give more encouragement to buyers to make transactions (Syamsuri, 2022). Buyers think that having a free shipping promo will be more efficient and can be wiser in managing further expenses (Viora & Suyanto, 2020). Buyers feel happy and excited to make transactions when there is a free shipping promo because when the postage is too expensive they will think twice about buying the item (Manapul et al., 2022).

According to buyers, the free shipping promo is useful to help manage expenses. Where the buyer can allocate the shipping costs for other needs (Indrianto & Yuwono, 2022). Conditions that are often faced by buyers when they are going to buy goods, the cost of shipping costs is more expensive than the price of the goods to be purchased itself, so that it becomes the basis for buyers to think again about buying goods if there is no free shipping promo. As per the perception of several informants, namely:

*"In my opinion, the benefits as long as free shipping means that we can save on inter-island and even overseas shipping, and can help manage expenses."* (AAA)

*"I will buy products at a store that implements free shipping, if there is no free shipping promo I will move to another store, because the shipping is pretty good, especially outside Java."* (FAG)

*"...if I buy a product but the shipping cost is expensive or there is no free shipping discount then I will not buy the product..."* (TWA)

The results of the study showed that many of the respondents explained that the free shipping promo also affected purchasing decisions. This is based on considerations that they assume that using the amount of shipping costs will be very helpful when using promos free shipping which can cut shipping costs from Rp. 20,000 to Rp. 40,000 for outside the province or around Rp. 15,000 to Rp 40,000 in one province.

*"Yes, it's very influential, especially if the shipping cost is above Rp. 20,000 absolutely, you will wait for the free shipping promo because the shipping time is too expensive, you will think twice about buying this product."* (ISD)

The results of the study show that the free shipping promo at Shopee affects purchasing decisions where the perception of buyers with the free shipping promo can save more expenses as a result of being more enthusiastic to buy or make transactions with the application. The results of this study also support Kotler and Armstrong's theory that promotion and price effect influence purchasing decisions which are supported by indicators such as advertising, personal selling, sales promotion, publicity, price affordability, the appropriate price for using the product, price according to benefits, prices that can compete with other companies so that it influences purchasing decisions by product choice indicators, brands, and so on (Batubara et al., 2021).

Free shipping and online customer rating promos are features owned by Shopee which both function to help and speed up purchasing decisions. Free shipping promos can help consumers get more affordable prices through reduced shipping costs (Phan Tan & Le, 2023). The higher the discount on shipping costs, the higher the profit for consumers. Thus consumers will be more interested in making purchases. Meanwhile, online customer ratings can be a source of information for consumers to determine product quality (Mofokeng, 2021). If the rating is positive, the consumer's perception of product quality will be good so that consumers will be more motivated to make a purchase. Both of these are aspects that are inherent in the Shopee marketplace so it can be concluded that free shipping promotions and online customer ratings together can influence purchasing decisions. The results of this study support the research of (Febrilia & Warokka, 2021) where free shipping promos can influence purchasing decisions in e-commerce. As well as (Rozdianda, 2022) where online customer ratings have a significant effect on purchasing decisions on the Shopee marketplace.

This research still has many shortcomings or limitations, as follows the population used in this study is only study programs management at Sampoerna University so that it does not cover all students broadly and cannot be generalized and the variables used in this study only use two variables, namely the perception of free shipping promotions that influence student purchasing decisions.

#### **4. Conclusion**

The results of the study show that free shipping promos at Shopee influence purchasing decisions. The perception of buyers with free shipping promos can save more expenses so they are more eager to buy or make transactions with the application. Promotions and prices have an effect on influencing purchasing decisions which are supported by indicators such as advertising, personal selling, sales promotions, publicity, price affordability, prices according to the product, prices according to benefits, and prices that can compete with other companies so that they influence purchasing decisions according to product and brand choice indicators. Along with the rapid development of online shopping and changes in the online purchasing decision process. It is necessary to: (1) utilize information technology as one of the breakthroughs that must

be continuously developed; and (2) educating consumers so they know how to shop online properly, correctly and safely from fraudulent online sales, and to better understand their rights and obligations as consumers.

For further research, it would be better if in conducting further research to expand other factors that can influence purchasing decisions by adding variables outside the research and being able to expand the population and sample in further research, not only among students.

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