THE EFFECT OF PROMOTION, PRICE, AND CUSTOMER RATING ONLINE ON THE BUYING DECISION OF TOKOPEDIA E-COMMERCE: A CASE STUDY IN PADANG

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Abstract

This study aims to analyze the impact of promotions, pricing, and online customer ratings on purchasing decisions in the Tokopedia e-commerce platform in Padang City. Data were collected through a questionnaire that was tested for validity and reliability. Regression analysis results indicate that promotions and online customer ratings have a significant positive influence on purchasing decisions, while pricing does not have a substantial impact. These findings provide insights for business practitioners in designing effective marketing strategies in the digital era. It is recommended that sellers continuously optimize promotional strategies, set competitive prices, and manage customer reviews effectively to enhance purchasing decisions. Promotional activities are considered highly important in boosting purchasing decisions, whereas high prices may reduce consumer interest.

INTRODUCTION

The advancement of information and communication technology has brought significant changes in various aspects of life, including marketing and commerce. One of the emerging e-commerce platforms is Tokopedia. Tokopedia is not only used as a means of entertainment but also as an effective promotional tool for various products and services. The use of e-commerce platforms like Tokopedia now includes online transactions for goods and services. According to Imansyah, Deputy Commissioner of OJK Institute and Digital Finance, approximately 88.1% of internet users in Indonesia have utilized e-commerce services for product purchases. This data originates from a survey conducted by We Are Social in April

2021. In terms of e-commerce usage, Indonesia ranks first globally (CNN Indonesia, 2021). The growing number of internet users presents a significant opportunity for e-commerce to market its products.

Like other e-commerce platforms, Tokopedia is used as a promotional platform. It has the capability to enhance the brand image of a product through word-of-mouth communication that influences purchasing decisions. This is evident from the popularity of Tokopedia's features among consumers for online shopping. With Tokopedia, users do not need to switch to other applications to complete transactions, making the shopping experience more convenient. In Indonesia, Tokopedia has been well-received, as evidenced by a 354 percent increase in transactions by the end of 2021. The enthusiasm of the public towards Tokopedia has led to the assumption that this platform could become a new competitor to existing e-commerce platforms in Indonesia.

Purchase intention is one of the stages in the consumer purchase decision process. This process begins with need recognition, followed by information search, evaluation of alternatives, purchase decision, and concludes with post-purchase behavior. During the evaluation stage, consumers assess various brands and form a decision to purchase (Rahmi and Safitri, 2020).

In the city of Padang, the use of Tokopedia as a promotional medium has been increasing along with the growing number of active users on the platform. Promotion is a key factor influencing consumer purchase decisions. Engaging and creative promotions can enhance brand awareness and encourage consumers to make purchases. In this digital era, promotions through social media platforms like Tokopedia have become a highly effective strategy as they can reach a wider audience at relatively low costs.

Aside from promotion, price is also a primary consideration for consumers in making purchase decisions. Competitive pricing can attract consumers to try a product or service; however, prices that are too high or too low can create negative perceptions regarding the quality of the product. Another important factor is online customer ratings. Reviews from previous customers can provide insight into the quality of products or services offered. Consumers tend to trust reviews from other users before deciding to purchase a product. High ratings typically indicate customer satisfaction and can enhance the confidence of prospective buyers.

In Padang, the phenomenon of using Tokopedia as a promotional platform is still relatively new, and research on the impact of promotion, price, and online customer ratings on purchase decisions on this platform is still very limited.

Therefore, this study aims to examine the extent to which these three factors influence consumer purchasing decisions in Padang through Tokopedia. By understanding the impact of promotion, price, and online customer ratings on purchase decisions on Tokopedia in Padang, it is expected that the results of this research can contribute to helping businesses design more effective marketing strategies in today's digital era.

METHODS

This study is a quantitative research. Quantitative research, based on positivism philosophy, is used to study specific populations or samples, collect data using research instruments, and analyze data quantitatively or statistically. The purpose of this research is to test the predefined hypotheses (Sugiyono, 2022:8). The study considers promotion, price, and online customer ratings as independent variables, and the purchase decision on the Tokopedia e-commerce platform as the dependent variable.

The population of this study comprises all users of the Tokopedia e-commerce platform in the city of Padang. This study employs a non-probability sampling method, specifically purposive sampling, which limits sample selection to individuals who provide the information needed by the researchers. The sample includes customers who have purchased goods on Tokopedia online. The exact sample size for this study is not known due to the unknown population size. Therefore, the sample size is measured using Roscoe's theory, which requires a minimum of 5 and a maximum of 10 times the number of indicators used (Anggraini et al., 2023). Given that this study uses 12 indicators, the sample size is 60.

A validity test is conducted on the questionnaire items to determine whether they effectively measure the research items. The criteria for the validity test are:
If the calculated r-value is greater than the r-table value, the question is valid.
If the calculated r-value is less than the r-table value, the question is not valid.

The purpose of the reliability test is to determine whether the measurement results remain consistent when performed multiple times under the same conditions using the same instrument. This study employs the Cronbach's Alpha technique to ascertain whether the instruments used are valid, especially for determining whether the respondents' answers are on a scale or describe attitude research. An instrument is considered reliable if its reliability coefficient is greater than 0.7.

Multiple linear regression is used to test whether there is a significant relationship between more than two variables being tested. In this study, it is used to determine

the relationship between promotion, price, and online customer ratings on purchase decisions on the Tokopedia e-commerce platform in Padang.

The multiple linear regression equation is as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Where
Y = Purchase decision
a = Constant
X_1 = Promotion
X_2 = Price
X_3 = Online customer reviews
b_1, b_2, b_3 = Regression coefficients
E= error term

The t-test is used to measure the influence of each independent variable on the dependent variable (Ghozali, 2016). This study uses a t-test with a significance level of 5%, with the following criteria:

- If the significance value is less than 0.05 and the t-value is greater than the t-table value, there is a significant influence between the independent and dependent variables.
- If the significance value is greater than 0.05 and the t-value is greater than the t-table value, there is no influence on Y.

The simultaneous test (F-test) uses a significance level of 0.05 to determine whether all independent variables in the regression model simultaneously influence the dependent variable for hypothesis decision-making. If the significance value is less than 0.05 and the F-value is greater than the F-table value, the independent variables have a simultaneous effect on the dependent variable. If the significance value is greater than 0.05, the independent variables do not have a simultaneous effect on the dependent variable.

The coefficient of determination (R^2) indicates how well the regression model explains the variation in the dependent variable (Ghozali, 2018). A low R^2 value approaching zero suggests that the independent variables have a very limited ability to explain the variation in the dependent variable, and vice versa. However, this method has the drawback of bias towards the number of independent variables. Thus, the R^2 value will increase with each additional independent variable (Ghozali, 2018). Therefore, for the purposes of this study, the adjusted R^2

value is used. If the adjusted R^2 value is close to 0 or less, it can be concluded that the independent variables have very limited ability to explain the variation in the dependent variable, and vice versa.

RESULTS AND DISCUSSION

Results

Validity test results

The critical value of r (r-table) for n = 60 with the formula df = n−2 and a significance level of 0.05, is 0.2542.

Table 1. Validity Test Results for Promotion, Price, Online Customer Review, and Purchase Decision Variables

Variable	Item	r-hitung	r-table	Remark
X1	X1.1	0.65	0.2542	Valid
	X1.2	0.541	0.2542	Valid
	X1.3	0.542	0.2542	Valid
	X1.4	0.730	0.2542	Valid
X2	X2.1	0.471	0.2542	Valid
	X2.2	0.776	0.2542	Valid
	X2.3	0.486	0.2542	Valid
X3	X3.1	0.556	0.2542	Valid
	X3.2	0.263	0.2542	Valid
	X3.3	0.834	0.2542	Valid
Y	Y1	0.68	0.2542	Valid
	Y2	0.744	0.2542	Valid
	Y3	0.558	0.2542	Valid
	Y4	0.294	0.2542	Valid

The validity test results for the promotion, price, online customer review, and purchase decision variables indicate that the validity evaluation of the research instrument or questionnaire, with each statement's rrr-calculated value greater than rrr-table, demonstrates that the statements for all variables (X) and the variable (Y) are valid as measurement instruments.

Reliability test

Table 2. Reliability Test Results for Promotion, Price, Online Customer Review, and Purchase Decision Variable

Cronbach's Alpha	Remark

0.632	Reliable

The reliability test results for the promotion, price, online customer review, and purchase decision variables indicate that each value of the questionnaire (X1, X2, X3) has a Cronbach's Alpha value above 0.60. Based on these results, it can be concluded that the questionnaires for each variable (X1, X2, X3) and the variable (Y) are reliable as measurement instruments.

Multiple Linear Regression Test Results

Table 3. Multiple Linear Regression Test Results

Coefficients[a]				
		Unstandardized Coefficients		Standardized Coefficients
Model		B	Std. Error	Beta
1	(Constant)	8.397	3.163	
	Promotion	0.356	0.124	0.338
	Price	-0.070	0.190	-0.046
	Online Customer Review	0.284	0.108	0.325

a. Dependent Variable: Kepuasan Pembelian

The multiple linear regression analysis results yielded the following equation:

$$Y = 8,397 + 0,356X_1 - 0.070X_2 + 0,284 X_3$$

1. Constant = 8.397

The constant value of 8.397 indicates that if the independent variables (Promotion, Price, Online Customer Review) are assumed to be zero, the dependent variable (Purchase Decision) is 8.397. This means the independent variables are essential in enhancing purchase decisions.

2. b1 = 0.356

The coefficient value for the Promotion variable (X1) is 0.356, indicating that the promotion variable has a positive and significant impact. This means that for every one-unit increase in the promotion variable, the purchase decision variable will increase by 0.356.

3. b2 = -0.070

The coefficient value for the Price variable (X2) is -0.070, indicating that the price variable has a negative and non-significant impact. This means that for every one-unit increase in the price variable, the purchase decision variable will decrease by 0.070.

4. b3 = 0.284

The coefficient value for the Online Customer Review variable (X3) is 0.284, indicating that the online customer review variable has a positive and significant impact. This means that for every one-unit increase in the online customer review variable, the purchase decision variable will increase by 0.284.

Partial Test (t-test) Results

Table 4. Partial Test Results

Model	t	Sig	Remark
(Constant)	2.655	0.010	
Promotion	2.878	0.006	Signicant
Price	-0.370	0.713	Not Significant
Online Customer Review	2.630	0.011	Significant

he t-table value can be calculated from the t-test table using the formula df = n-k or df = 60 – 4 = 56, resulting in a t-table value of 2.0032.

1. H1: Hypothesis Test for Promotion (X1) on Purchase Decision (Y) Based on the calculation results, the t-calculated value is 2.655, and the t-table value is 2.0032, with a significance level of 0.05. Since the significance value (0.006) is less than 0.05, it indicates that the promotion variable has a positive and significant effect on the purchase decision on E-Commerce Tokopedia in Padang City.

2. H2: Hypothesis Test for Price (X2) on Purchase Decision (Y) Based on the calculation results, the t-calculated value is -0.370, and the t-table value is 2.0032, with a significance level of 0.05. Since the significance value (0.713) is greater than 0.05, it indicates that the price variable has a negative and non-significant effect on the purchase decision on E-Commerce Tokopedia in Padang City.

3. H3: Hypothesis Test for Online Customer Reviews (X3) on Purchase Decision (Y) Based on the calculation results, the t-calculated value is 2.630, and the t-table value is 2.0032, with a significance level of 0.05. Since the significance value (0.011) is less than 0.05, it indicates that the online customer review variable has a positive and significant effect on the purchase decision on E-Commerce Tokopedia in Padang City.

Simultaneous Test (F-test) Results

Table 5. Simultaneous Test Results

Model	Sum of Squares	df	Mean Square	F	Sig.

1	Regression	32.592	3	10.864	5.775	,002[b]
	Residual	105.341	56	1.881		
	Total	137.933	59			

The F-calculated value is 5.775, and the F-table value with df1=k−1df1 = k-1df1=k−1 (3) and df2=n−kdf2 = n-kdf2=n−k (56) is 2.54. Since the F-calculated value (5.775) is greater than the F-table value (2.54), and the significance value (0.002) is less than 0.05, the null hypothesis (Ho) is rejected, and the alternative hypothesis (Ha) is not rejected. The F-test results indicate that the variables of promotion, price, and online customer review together have an effect on purchase decisions on E-Commerce Tokopedia in Padang City.

Determination Coefficient Test

Table 6. Determination Coefficient Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,486[a]	0.236	0.195	1.372

The determination coefficient shows the Adjusted R Square value of 0.196. This indicates that 19.6% of the influence can be explained by the independent variables, namely promotion, price, and online customer review, on the dependent variable, which is the purchase decision, while the remaining 80.4% is explained by other variables not examined in this study, such as product quality, promotion, and price.

Results of Classical Assumption Testing
Kolmogorov-Smirnov Test Results

One-Sample Kolmogorov-Smirnov Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		60
Normal Parameters[a,b]	Mean	0.0000000
	Std. Deviation	1.33620518
Most Extreme Differences	Absolute	0.106
	Positive	0.071
	Negative	-0.106
Test Statistic		0.106
Asymp. Sig. (2-tailed)		,091[c]

| a. Test distribution is Normal. |
| b. Calculated from data. |
| c. Lilliefors Significance Correction. |

The Kolmogorov-Smirnov test, based on normality, stipulates that if the significance value is greater than alpha (α) = 0.05, the variable is normally distributed. Conversely, if the significance value is less than alpha (α) = 0.05, the variable is not normally distributed. The Asymp. Sig. (2-tailed) value in Table 7 shows a value of 0.091, which is greater than alpha (α) = 0.05. This indicates that the data is normally distributed.

Multicollinearity Test

Table 6. Multicollinearity Test Results

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Promotion	0.988	1.012
	Price	0.901	1.110
	Online Customer Review	0.891	1.123

Based on the Variance Inflation Factor (VIF) test results shown in Table 6, the tolerance and VIF values for each variable are below 10, with an average VIF value of 1.082 and an average tolerance value of 0.945. A tolerance value greater than 0.1 and a VIF value less than 10 indicate that there are no significant multicollinearity issues among the independent variables in this multiple regression model. This suggests that the variables of promotion, price, and online customer reviews do not exhibit excessive inter-correlation, allowing for more accurate and reliable interpretation of the regression model.

Heteroscedasticity Test

Table 7. Heteroscedasticity Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.666	1.771		3.199	0.002

Promosi	-0.135	0.069	-0.243	-1.950	0.056
Harga	-0.076	0.107	-0.093	-0.713	0.479
Online Costumer Review	-0.100	0.061	-0.216	-1.644	0.106

Based on the results of the heteroscedasticity test with a significance level of α = 0.05, there is no heteroscedasticity present in the variables tested. For the variable "Promosi," the significance value of 0.056 is greater than 0.05, indicating no heteroscedasticity. For the variable "Harga," the significance value of 0.479 is also greater than 0.05, indicating no heteroscedasticity. Similarly, for the variable "Online Customer Review," the significance value of 0.106 is greater than 0.05, indicating no heteroscedasticity in this variable. Thus, all variables in this regression model do not exhibit heteroscedasticity problems, validating the model for further analysis.

Discussion

1. The Effect of Promotion on Purchase Decisions

The hypothesis testing results indicate that promotion has a significant effect on purchase decisions. The calculated t-value is 2.655, which is greater than the t-table value of 2.0032, with a significance level of 0.05. The p-value is 0.006, which is less than 0.05. This finding shows that the promotion variable has a positive and significant influence on purchase decisions on the Tokopedia e-commerce platform in Padang. This result is supported by other studies, such as Pranata et al., which demonstrate that promotion positively and significantly affects purchase decisions on Tokopedia in Indonesia. Additionally, this finding aligns with research by Riska et al. (2022), which also found a positive and significant relationship between promotion and purchase decisions on Tokopedia. Therefore, it can be concluded that when sellers implement promotions, consumers are more likely to take advantage of these promotions to purchase products on the Tokopedia platform. Thus, promotion plays a crucial role in influencing customer attitudes towards a product, and, in turn, indirectly affects consumer purchase decisions on Tokopedia.

2. The Effect of Price on Purchase Decisions

The hypothesis testing results reveal that the price of a product does not have a significant effect on purchase decisions (Y). The calculated t-value is -0.370, which

is less than the t-table value of 2.0032, with a significance level of 0.05. The p-value is 0.713, which is greater than 0.05. This indicates that the price variable has a negative and insignificant influence on purchase decisions on the Tokopedia e-commerce platform in Padang. This finding contrasts with previous studies, such as Pranata et al., which found a significant positive effect on purchase decisions. In this study, it is shown that when the price of a product becomes more expensive, consumers tend to be less interested in making a purchase decision. Therefore, it can be concluded that an increase in the price of a product on Tokopedia may lead to a decrease in consumer purchases.

3.   The Effect of Online Customer Reviews on Purchase Decisions

The hypothesis testing results indicate that online customer reviews have a significant effect on purchase decisions. The calculated t-value is 2.630, which is greater than the t-table value of 2.0032, with a significance level of 0.05. The p-value is 0.011, which is less than 0.05. This finding shows that the online customer review variable has a positive and significant influence on purchase decisions on the Tokopedia e-commerce platform in Padang. This result is supported by the research of Angraeni et al. (2023), which found similar results regarding the relationship between reviews and purchase decisions. The study found that when many consumers write reviews about a product, it can influence others to make a purchase. Therefore, online customer reviews serve as a medium for consumers to find various information about products. This occurs because online customer reviews contain a wealth of information about the product, including both product quality and service.

Conclusion

Based on the analysis and discussion of the data regarding the effects of promotion, price, and online customer reviews on purchase decisions on the Tokopedia e-commerce platform among the residents of Padang, it can be concluded that promotion has a positive and significant effect on purchase decisions on Tokopedia in Padang. Price has a negative and insignificant effect on purchase decisions on Tokopedia in Padang. Online customer reviews have a positive and significant effect on purchase decisions on Tokopedia in Padang. Collectively, the variables of promotion, price, and online customer reviews influence purchase decisions on the Tokopedia platform in Padang.

Recommendations

Based on the findings of this research, it is recommended that sellers and marketers on the Tokopedia e-commerce platform in Padang continue to optimize their promotional strategies. Given that promotion has been proven to have a

positive and significant effect on purchase decisions, efforts to make promotions more creative and engaging should be strengthened. For example, using influencers who are relevant to the target market, offering exclusive discounts, or creating engaging and interactive promotional content can increase consumer appeal. Additionally, maintaining transparency and clarity in promotions is crucial to ensure consumers feel confident and are more likely to make a purchase.

On the other hand, although price does not show a significant impact, it is still important for sellers to consider competitive pricing. A price that is too high may not have an immediate effect, but it can influence consumer perceptions in the long run. Therefore, sellers should balance the price with the value offered by the product and the services provided. Moreover, emphasizing positive customer reviews can be an effective strategy, as research shows that online customer reviews have a positive and significant impact on purchase decisions. Managing reviews well, promptly responding to complaints, and encouraging satisfied customers to leave positive reviews will help increase consumer trust and purchasing decisions.

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