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Purchase Decision in Terms of Price and Trust Aspects

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Abstract

Indonesia, as a country with the highest e-commerce growth globally. There is much e-commerce emerging in Indonesia, which proves online stores. One of them is Shopee. Shopee is an online-based shopping platform that provides various sales products ranging from electronics, household goods, clothing, fashion accessories. Shopee was founded in 2015 and is part of the SEA GROUP operating in Southeast Asia. This study is as follows to analyze the effect of price perception and trust on online purchasing decisions at shopee in Mataram. The type of research used in this research is causal research. The sample in this study is 100 Shopee users who have repeatedly used Shopee services as an online purchase. The data collection tool used in this research is a questionnaire. The data analysis procedure used Multiple Linear Regression Analysis. The result showed that: (1) There is a significant influence of price perception on Purchase Decision at Shopee during the Pandemic of Covid 2019 in the Mataram Region. (2) There is a significant influence of trust on Purchase decisions at Shopee during the Pandemic of Covid 2019 in the Mataram Region.

Keywords: *Perception; Price; Trust; Purchase Decision*

Introduction

Various information on the internet makes it easier for users to search for services extensively, adjust specification information according to needs, prices, services provided, and even a place to get products where sellers and buyers do not have to meet face-to-face called e-commerce. E-commerce is a type of electronic business mechanism that focuses on individual-based business transactions using the internet (digital network-based technology) as a medium for exchanging goods or services between two institutions (business to business) and direct consumers (business to consumer). However, constraints have been the dominant thing (Lestrai, 2018: 88).

As a country with the highest e-commerce growth globally, Indonesia has some differences from 3 other countries. These differences are at least related to regulatory issues, legal instruments, and consumer behavior. Currently, there is much e-commerce emerging in Indonesia, which proves online stores such as www.shopee.co.id, lazada.co.id, bukalapak.com, tokopedia.com, and many others found quickly according to the category or type of goods bought by consumers.

Www.shopee.co.id is an online-based shopping platform that provides various sales products ranging from electronics, household goods, clothing, fashion accessories. Shopee was founded in 2015 and is part of the SEA GROUP operating in Southeast Asia. Since 2015 Shopee has expanded its reach to Malaysia, Thailand, Taiwan, Indonesia, Vietnam, and the Philippines, and in 2019, Shopee has been active in Brazil, making it the first Shopee outside Asia (Wikipedia).

Since its launch, Shopee Indonesia has experienced very rapid development. In September 2018, the application of Shopee was downloaded by more than 43 million users and visit by more than 34.5 million visitors each month.Www.Shopee.co.id is one of the youngest e-commerce companies overgrowing in the online buying and selling market. According to data compiled by Katadata sourced from iPrice, 2019 as many as 10 (ten) e-commerce with the most significant visitors in the third quarter of 2019 in Indonesia, Tokopedia.com is the e-commerce store with the most visitors with 66 million visitors, followed by Shopee.co.id with 56 million visitors, Bukalapak.com with 42.9 million visitors, Lazada.co.id with 28 million visitors, Blibli with 21.4 million visitors, JD ID with 5.5 million visitors.

From the ten e-commerce with the most prominent visitors in the third quarter of 2019, Shopee was the second rank. The top e-commerce based on the ranking of the first quarter of 2017 - second quarter of 2019 play stores sourced from iPrice, 2019 quoted from metadata Shopee occupied first rank (Katadata.co.id).Developing and increasing e-commerce in Indonesia does not necessarily make Indonesian people more comfortable and easier to shop online. According to Madcoms (2013) in Achmad Naif (2017), E-commerce is the purchase of products, information, and services made by utilizing the internet network.

Purchasing is how do consumers decide to buy (Sumarwan, 2003: 289). Furthermore, Sumarwan defines consumer decisions as deciding to take action from two or more choices. According to Kotler and Keller (2009), purchasing decisions are basic psychological processes that play an essential role in understanding consumers' purchasing decisions. Meanwhile, according to Kotler (2002: 180), purchasing decisions are the stages that consumers go through in choosing products and services to be purchased or not.

The factor that significantly and strongly influences the consumer's decision to make a purchase is Price. According to Buchari Alma (2011), the purchase decision is a consumer decision influenced by one of the prices, thus forming an attitude in consumers to process all information and draw conclusions in the form of a response that appears what product to buy.

According to Kotler and Armstrong (2008), Price is an amount of value contained in a product or service obtained from the exchange of consumers through the benefits of being able to own and use a desired product or service.

Sudjatmika (2017) found that Price does not affect online purchasing decisions because Tokopedia.com has not done many discount programs or free shipping programs to customers without buying in bulk. Large quantity or deposit Tokopedia.

Contrary to research by Rizki et al. (2019), that the price variable had a significant and positive influence on purchasing decisions. This research is in line with research conducted by Fernando and Made (2018), with the results that Price has a significant and positive effect on purchasing decisions. And in the study of Diana and Syahputera (2015), the price variable affects the purchasing decision process. It means that the right and the correct pricing will impact a consumer's decision to buy an item. Similarly, research conducted by Sudjatmika (2017), Aryanto, et al. (2009) found that Price does not affect consumer purchasing decisions on a product or item at Shopee.co.id.

According to Tjiptono (2004), efforts to instill trust in customers center on efforts to fulfill customer needs and desires and the accuracy of delivery to balance customer expectations, ultimately making customers decide to buy. Research conducted by Jayanti (2015) found that trust affects purchasing decisions. While the results of different studies conducted by Aryanto et al. (2009), belief does not

significantly influence purchasing decision making. This study shows that there are other findings among several researchers, where there are significant findings. Some results are not influential among the variables studied in this study. So it is necessary to review how it is related when researched other e-commerce, namely Shopee.

Shopee.co.id was chosen as the object of research because www.shop.co.id is one of the most visited e-commerce sites by occupying the second position in the third quarter of 2019 under tokopedia.com according to metadata.co.id. For categories based on the PlayStore Ranking for the first quarter of 2017-2019, Shopee.co.id was ranked first. Therefore, it can say that Shopee is popular e-commerce among Indonesian people.

Literature Review and Hypotheses Development

Price is something that consumers pay attention to when making a purchase. Some consumers even identify Price with value. According to Kotler and Armstrong (2008:289), Price is a sum of value contained in a product or service obtained from consumer exchange through the benefits of owning and using a desired product or service.

Purchase behavior is based on quality and considers the feasibility of the Price (Sweeney et al., 2001). Therefore, Price is one of the determinants of product selection which will later affect buying behavior. Many things are related to the Price behind why consumers choose a product to have. Consumers choose a product. They want to feel the value and benefits of the product because they see the opportunity to affect a lower price than usual. Hence, it is more economical because there is an opportunity to get a gift from purchasing the product by other consumers who know a lot about the product and wish to perceive it as loyal.

If a product requires consumers to spend more than the benefits received, then what happens is that the product has a negative value. Conversely, if consumers perceive that the benefits received are more excellent, then what happens is that the product has a positive value. It is because consumers are interested in getting a fair price. Fair Price means the value that perceives as appropriate at the time the transaction is made. Consumers assume that a product with a high price means it has good quality, whereas it has poor quality if the price is low. Often some consumers know the exact price of a product, while others can only estimate the Price based on past purchases.

Price is also a means to reduce risk (Wu et al. 2011). When the perceived risk of the product is high, consumers will think again about buying the product. This condition produces a link between price and quality. As a result, consumers often purchase expensive products to avoid risk. Conversely, if the perceived risk of the product is low, this condition will result in a link between price and quality and create price awareness (Kukar-Kinney et al. 2007).

The concept of the higher the price, the higher the quality of the product, becomes consumer confidence to keep buying higher-priced products. Higher product quality reduces the risk that consumers will accept. It is the basis that high price equals good quality. Consumers always behave to avoid trouble. Therefore, when perceived risk is low, price consciousness increases and Purchase decisions are higher (Wu et al. 2011).

H1: Perception of price affects online purchasing decisions on shopee

Consumers are a community where they also learn the patterns of all goods that have been purchased or consumed. When consumers are matched with a product with a particular brand because they feel satisfied and have their needs met, they will be more inclined to choose that brand than foreign brands they have never tried. It is in line with the opinion of Moorman et al. (1993) in Ishak and Luthfi (2011)

define trust as a willingness to depend on other parties who trust. Consumer trust arises from learning from previous experiences that are accumulated and combined with the information they get. Nusarika & Purnami (2015) and Jayanti (2015) found that trust affects purchasing decisions.

H2: Consumer trust affects online purchasing decisions on shopee

Methods

The type of research used in this research is causal research. According to Silalahi (2010:33), "Causal research is research that aims to determine the causal relationship of two or more variables." The sample in this study is 100 Shopee users who have repeatedly used Shopee services as an online purchase. The data collection tool used in this research is a questionnaire containing statements related to the problems studied. The data analysis procedure used Multiple Linear Regression Analysis. This approach determines the significance of the influence of the independent variable on the dependent variable. Multiple linear regression analysis is an appropriate method when the research involves one dependent variable related to one or more independent variables.

Result

Description of Variables

Price Perception is the nominal value contained in products sold online at Shopee. The average price perception shows a value of 3.73 with a good category. Therefore, it proves that the little value contained in the products sold online at Shopee perceive as good and following the quality of the product.

Trust is the belief that producers can grow to consumers to be trusted in online purchases through Shopee to improve the quality of transactions. The total average of trust is 3.71 in the high category. This category shows that Shopee can foster confidence and trust in consumers because, in online purchases, every item received follows the items ordered by consumers.

Consume goods online at Shopee during the Covid 19 pandemic is Purchase Decision. The total average of Purchase Decision based on responses is 3.70, with a potent category. This category shows that consumer actions to consume goods through online purchases on Shopee.

Multiple Linear Regression Results

Determine the effect of Price Perception and Trust on Purchase Decision at Shopee During the Pandemic of Covid 2019 in the Mataram Area used Multiple regression analysis. The regression function that can provide a formula from the calculation results can show in Table 1 below.

Table 1. Individual Parameter Significance

Model		Unstandardized Coefficients	
		B	**Std. Error**
1	(Constant)	-0.117	0.356
	Price Perception	0.711	0.167
	Trust	0.326	0.151

a Dependent Variable: Purchase Decision

The function of linear regression can formulate as follows:

Y = -0.117 + 0.711X1 + 0.326X2

Information :

Constant	= -0.117	Y = Purchase Decision
b1	= 0.711	X1 = Price Perception
b2	= 0.326	X2 = Trust

The linear function mentioned above can describe as follows. The constant value of -0.117 means that if each independent variable, namely Price Perception and Trust, has a value of 0, then the Purchase DecisionAt Shopee During the Pandemic of Covid 2019 in the Mataram Area value -0.117. It means that Purchase Decision has no Trust, and there is no Price Perception is -0.117.

The regression coefficient of Price Perception (b1), which is worth 0.711, means that if the Price Perception variable (X1) add to the research model, it affects Purchase Decision of 0.711. Price Perception regression coefficient (b1), which has a positive value, means that the higher the Price Perception, the Purchase DecisionAt Shopee will be higher during the Pandemic of Covid 2019 in the Mataram Area. Vice versa, the lower the price perception, the lower the Purchase Decision.

The regression coefficient of Trust (b2), which is worth 0.326, explains that if the Trust variable (X2) adds to the research model, it affects the Purchase Decision of 0.326. Therefore, the regression coefficient of Trust (b2), which has a positive value, means that the higher the Trust, the higher the Purchase DecisionAt Shopee During the Pandemic of Covid 2019 in the Mataram Area will be higher. Vice versa, the lower the confidence, the lower the Purchase Decision.

Determination

The analysis of the coefficient of determination (R2) uses to determine the percentage contribution of the influence of the independent variables (X1 and X2) simultaneously on the dependent variable (Y). This coefficient shows how large the percentage of variation of the independent variable used in the model can explain the interpretation of the dependent variable. At the same time, the rest explain by other reasons outside the model. The results of the simultaneous determination test (R2) can see in table 2. below:

Table 2. Coefficient of Determination Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.748	0.559	0.550	0.71720

Dependent Variable: Purchase Decision

It can illustrate that the magnitude of R Square (R^2) is 0.559, which means that 55.9% of variations in Purchase DecisionAt Shopee During the Pandemic of Covid 2019 in the Mataram Area can explain by the interpretation of the two independent variables, namely Price Perception and Trust. The rest justify by other reasons outside the model that include in this research model.

Partial Significance Test (T-Test)

To see how the partial influence between Price Perception and Trust on Purchase Decision at Shopee during the Pandemic of Covid 2019 in the Mataram Region, the t-test was used. Table 3 shows that the positive t-count for the Price Perception variable is 4.256, and the positive t-count for the Trust variable

is 2.159. Therefore, to find answers to the existing hypotheses, it is necessary to compare the t count with the t table.

Table 3. The Results of the t-test

Model	Standardized Coefficients Beta	Tcount	Sig.
Price Perception (X_1)	0.516	4,256	0.000
Fashion Involvement (X_2)	0.262	2,159	0.000

Dependent Variable: Purchase Decision

Using a 95% confidence level where = 5%, the results for the t table are 1.984 (in appendix 7). So, because t count Price Perception > t table (4.256>1.984) and t count Trust > t table (2.159>1.984), it can be concluded that there is a significant influence of Price Perception and Trust on Purchase Decision at Shopee During the Pandemic of Covid 2019 in Mataram area.

The first hypothesis (H1) states that "Perception of price affects online purchasing decisions on shopee during the Covid 19 pandemic in the Mataram area," which has been proposed and proven by the results of the T-test where t count Price Perception > t table (4,256>1,984). The significance value of 0.000, which is smaller than 0.05 (5%), indicates that Price Perception significantly affects Purchase Decisions at Shopee During the Pandemic of Covid 2019 in the Mataram Region. Therefore, it can say that the first hypothesis (H1) is acceptable.

The second hypothesis (H2), which states that "Consumer trust affects online purchasing decisions on shopee during the Covid 19 pandemic in the Mataram area," has been proposed and proven by the results of the T-test with a t value of confidence > t table (2.159> 1.984). In addition, a significance value of 0.000 which is smaller than 0.05 (5%), indicates that Trust has a significant effect on Purchase decisions at Shopee during the Pandemic of Covid 2019 in the Mataram Region, meaning that the higher the Trust, the higher the Purchase Decision. At Shopee During the Pandemic of Covid 2019 in the Mataram Area. Therefore, it can say that the second hypothesis (H2) can be accepted.

Discussion

The Effect of Price Perception Against Purchase Decision

The results showed a significant influence of Price Perception on Purchase decisions at Shopee during the Pandemic of Covid 2019 in the Mataram Region. According to Kotler and Armstrong (2001), price is money exchanged for a product or service. Furthermore, price is the amount of value consumers exchange for benefits by owning or using a product or service. Therefore, price is something that consumers pay attention to when making a purchase. Some consumers even identify price with value. According to Swastha and Irawan (2001), the price is money (added some goods if less) needed to obtain several combinations of goods and services.

Purchase behavior is based on quality and considers the feasibility of the price (Sweeney et al., 2001). Therefore, the cost is one of the determinants of product selection which will later affect buying behavior. Many things are related to the price behind why consumers choose a product to have. Consumers choose a product. After all, they want to feel the value and benefits of the product because they see the opportunity to affect a lower price than usual. Hence, it is more economical because there is an opportunity to get a gift from purchasing the product or because they want to be considered by other consumers that know a lot about the product and wish to perceive as loyal.

Price is also a means to reduce risk (Wu et al., 2011). When the perceived risk of the product is high, consumers will think again about buying the product. This condition produces a link between price and quality. As a result, consumers often purchase expensive products to avoid risk. Conversely, if the perceived risk of the product is low, this condition will result in a link between price and quality and create price awareness (Kukar-Kinney et al., 2007).

The concept of the higher the price, the higher the quality of the product, becomes consumer confidence to keep buying higher-priced products. Higher product quality reduces the risk that consumers will accept. It is the basis that high price equals good quality. Consumers always behave to avoid trouble. Therefore, when perceived risk is low, price consciousness increases and Purchase decisions are higher (Wu et al., 2011).

The Effect of Trust on Purchase Decision

The study results indicate a significant effect of Trust on Purchase decisions at Shopee During the Pandemic of Covid 2019 in the Mataram. Consumers are a community where they also learn the patterns of all goods that have been purchased or consumed. When consumers are matched with a product with a particular brand because they feel satisfied and have their needs met, they will be more inclined to choose that brand than foreign brands they have never tried. It is in line with the opinion of Moorman et al. (1993) in Ishak and Luthfi (2011) define trust as a willingness to depend on other parties who have trusted. Consumer trust arises from learning from previous experiences that are accumulated and combined with the information they get.

Conclusion

There is a significant influence of Price Perception on Purchase decisions at Shopee during the Pandemic of Covid 2019 in the Mataram Region. Price is the amount of money exchanged for a product or service. Furthermore, price is the amount of value consumers exchange for benefits by owning or using a product or service. Trust has a significant effect on Purchase decisions at Shopee During the Pandemic of Covid 2019 in the Mataram. Consumers are a community where they also learn the patterns of all goods that have been purchased or consumed.

Implications

As for some suggestions that can recommend based on the research results are direct purchases by consumers are still in the medium category. It happens because the aspects of Price Perception and Trust are in the moderate category as well. The thing that needs to be done by Shopee is to promote through electronic media and social media more vigorously than before and start providing online ordering facilities with an easy system. Social media that can use such Whatsapp, telegram, and Facebook. I hope that this can improve the purchasing decisions of consumers.

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