

## The Effect of Service Quality and Promotion on Shopee Market Place Purchase Satisfaction (Case Study on Students of Management)

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**Abstract.** *This research is quantitative to answer questions about the influence of service quality and promotion on purchase satisfaction in the Shopee marketplace. Data collection was conducted by distributing questionnaires to 100 Shopee marketplace customers at Panca Budi University. The model used is Multiple Regression and processed using SPSS. The research results indicate that service quality and promotion together (simultaneously) have a positive and significant impact on consumer purchase satisfaction. Service quality has a positive and significant impact on purchase satisfaction in the Shopee marketplace. The promotion has a positive and significant impact on purchase satisfaction in the Shopee marketplace. The determinant coefficient, in this case, means that 82.5% of consumer purchase satisfaction can be obtained and explained by service quality and promotion.*

**Keywords:** *Service Quality, Promotion, and Purchase Satisfaction.*

### INTRODUCTION

The internet has had a significant impact on the development of the business world. Many people utilize technology for online transactions, allowing consumers to make purchases easily, comfortably, and quickly from anywhere. The advancement of internet technology can stimulate the potential for online shopping. Online shopping is the process of buying and selling services, goods, and other items exclusively through online means without any face-to-face interaction between the buyer and the seller, often facilitated by platforms like Shopee. Engaging in online shopping makes it increasingly convenient for consumers to find the items they are looking for without spending much time and effort. With online shopping, consumers are attracted to the ease and accessibility it offers.

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Furthermore, with the current advancements in information and technology, numerous online shops have emerged across various sectors. The types of products offered by online shops vary, ranging from skincare, food, household essentials, electronics, clothing, and much more. All these products are sold online through websites and online stores on various marketplaces.

Indonesia is one of the popular countries with the presence of online shopping platforms such as Tokopedia.com, Lazada.co.id, Blibli.com, Shopee.co.id, and many more that are easily accessible based on the product categories. Shopee entered the Indonesian market at the end of May 2015 and officially started its operations at the end of June 2015. Shopee is a subsidiary of Garena, based in Singapore. In 2015, Shopee was simultaneously launched in 7 countries, namely Singapore, Indonesia, Malaysia, Thailand, Taiwan, Vietnam, and the Philippines. Shopee's address in Indonesia is Wisma 77 Tower 2, Jalan Letjen. S. Parman, Palmerah, Jakarta 11410, Indonesia.

With the increasing competitiveness of online businesses to meet the desires and needs of consumers, companies need to focus on providing satisfaction to potential customers. Companies should strive to satisfy consumers by offering products or services with better quality, faster product delivery, and better customer service than their competitors. If a company delivers low-quality products, slow product delivery, and poor customer service, it can lead to customer dissatisfaction. Unsatisfied customers are likely to leave the company and turn to competitors. Customer satisfaction is crucial, and if customers are not happy with the service provided, they may switch to competing companies, resulting in decreased sales and financial losses for the company. Therefore, company leaders must measure the level of customer satisfaction and understand the reasons behind customer dissatisfaction. In the business world, one of the factors that can influence customer satisfaction is the quality of service. If a company provides excellent and satisfying service quality, customers are more likely to make frequent purchases. Shopee, for example, strives to provide satisfactory service and features that are competitive with its rivals. Shopee consistently offers promotions on products and provides free shipping vouchers every month to encourage customers to continue shopping on Shopee and not consider other competitors.

The next strategy in business is to conduct promotions. Promotion is a crucial variable for companies to implement in marketing their products. It is also a determining factor for the success of a marketing program conducted by Shopee. No matter how good and attractive the promotions carried out by Shopee are, if consumers are not aware of the product, they are unlikely to make a purchase. The superiority of a product can attract consumer attention and influence their decision to buy the product. Once consumers make a purchase, they tend to feel satisfied with the product. Shopee conducts numerous promotions, creating excitement among potential consumers. However, some consumers may miss out on these promotions because Shopee often holds large-scale promotions late at night and limits the number of products available for promotion. As one of the largest marketplaces in Indonesia, Shopee almost daily organizes promotions, prompting many consumers to use Shopee for shopping to take advantage of these promotions. Shopee also runs advertisements featuring influencers, local celebrities, and international artists to encourage potential consumers to shop on the Shopee marketplace. Shopee employs various promotional tactics to boost sales, such as free shipping, discount vouchers, flash sales, cashback offers, giveaways, and more. Before making a purchase, consumers often read product reviews or ratings from other users. This practice helps them make informed decisions and adds to the overall shopping experience on Shopee.

## **LITERATURE REVIEW**

**Definition of Customer Satisfaction:** For a company, customer satisfaction is the goal and recommendation. With a large number of competitors, a company must be able to have a specific strategy to compete, survive, and grow. According to Kotler & Armstrong (2014), customer satisfaction is the feeling of pleasure or disappointment that arises when comparing the performance or results of a product to their expectations. According to Tjiptono (2012), customer satisfaction is the level of an individual's feelings after comparing the performance (or results) they perceive with their expectations. Kotler & Armstrong (2014) state that customer satisfaction is the level of satisfaction an individual feels after comparing the perceived performance with expectations.

**Definition of Service Quality:** According to Lupiyoadi (2017), the expected level of service quality is used to see the difference between the reality and the customer's expectations of the service received. Lupiyoadi (2017) suggests that service quality is the

level of excellence expected by customers and the control over that level of excellence to meet customer expectations. According to Kotler & Keller (2017), service quality is the way a company continually strives to control continuous improvement in the products, processes, and services it produces.

**Definition of Promotion:** Promotion is used in a marketing concept to inform potential customers about the availability of goods or products and convince them to buy a offered product. With this notification, it is expected that consumers will develop confidence in the exchange within marketing. This kind of exchange is what marketers hope for, so promotions for marketed products are necessary. The failure of a promotion can be caused by various factors, including the inappropriate formulation of promotional media and the formulation of non-persuasive messages..

## **RESEARCH METHOD(S)**

### **Research Approach**

This research follows an associative causal research design with a quantitative approach. According to Sugiyono (2013), the form of associative causal research with a quantitative approach can be defined as research that investigates cause-and-effect relationships. Here, there are independent variables (influencing) and dependent variables (being influenced).

### **Sample**

Sujarweni (2017) states that a sample is a part of the characteristics of a population used for research, representing the characteristics and quantity of the entire population. To determine the sample size in this study, the Rosceo formula is employed. Rosceo, as cited in Sugiyono's book (2013), suggests that when conducting research with multivariate analysis (correlation or multiple regression), the minimum sample size should be 10 times the number of variables studied. Therefore, the sample size is  $3 \times 33 = 99$  respondents.

## **FINDINGS AND DUSCUSSION**

Shopee is an online marketplace that facilitates the easy and quick buying and selling of various products. Shopee offers a wide range of deals, spanning from everyday necessities to fashion items. The platform is accessible through a mobile application and

a website, making it convenient for customers to engage in online shopping using their smartphones. Shopee officially entered Indonesia in 2015 under the management of PT Shopee Internasional Indonesia. By 2017, the Shopee application had been downloaded by 80 million users.

With Shopee's presence in Indonesia, sellers find it easy to conduct their business, and buyers enjoy the convenience of secure online transactions. To ensure that products ordered by consumers reach them safely and without any issues, Shopee has implemented a Guarantee system. This system serves as assurance in case the products ordered by consumers do not reach them as intended. Shopee also provides a tracking feature for orders, accessible to both consumers and sellers. This feature enables them to monitor the location of the dispatched package continuously, ensuring that the product is delivered securely.

### **Multiple Linear Regression**

Multiple linear regression aims to calculate the magnitude of the influence of two or more independent variables on a dependent variable and predict the dependent variable using two or more independent variables. The formula for multiple linear regression analysis is as follows:

$$Y = \alpha + b_1X_1 + b_2X_2 + b_3X_3 + e$$

**Table 1. Multiple Linear Regression**

Model		Unstandardized Coefficients		t	Sig.	Collinearity Statistics	
		B	Std. Error			Tolerance	VIF
1	(Constant)	2,999	2,028	1,479	0,142		
	Service Quality	0,223	0,098	2,287	0,024	0,189	5,292
	Promotion	0,839	0,117	7,185	0,000	0,189	5,292

Source: Results of SPSS 21 Analysis, 2021

Based on Table 1, the multiple linear regression equation can be obtained as follows:  $Y = 2.999 + 0.223X_1 + 0.839X_2$ .

The interpretation of the multiple linear regression equation in this study is as follows:

1. Constant = 2.999

If the variables of service quality and promotion remain constant, the purchase satisfaction will increase by 2.999.

2. If there is an increase in service quality by 1 unit, the purchase satisfaction will increase by 0.223 or 22%.

3. If there is an increase in promotion by 1 unit, the purchase satisfaction will increase by 0.839 or 83%.

## Hypothesis Testing

### 1. Partial Test (t-test)

The partial test is conducted to determine the magnitude of the influence of independent variables on the dependent variable. In this case, the variables are service quality and promotion on purchase satisfaction. Based on Table 1 above, the calculated t-values and significance for the independent variables are explained as follows:

1. Service Quality Variable:

- The coefficient's t-value for service quality is 2.287 with a significance of 0.024.

2. Promotion Variable:

- The coefficient's t-value for promotion is 7.185 with a significance of 0.000.

In this study, with a sample size of  $n = 100$  respondents, the critical t-value is obtained as 1.66 at a significance level of 0.05. The conclusions drawn are as follows:

1. Influence of Service Quality on Purchase Satisfaction:

- The significance test with decision-making criteria: H1 accepted and H0 rejected if  $t\text{-value} > \text{critical } t\text{-value}$  or  $\text{Sig. } t < \alpha$ ; H1 rejected and H0 accepted if  $t\text{-value} < \text{critical } t\text{-value}$  or  $\text{Sig. } t > \alpha$ . For the service quality variable, the result indicates a positive and significant influence on purchase satisfaction ( $t\text{-value} > \text{critical } t\text{-value}$ ,  $2.287 > 1.66$  at a significance level of  $0.02 < 0.05$ ). Thus, hypothesis H1 is accepted, and H0 is rejected.

2. Influence of Promotion on Purchase Satisfaction:

- The significance test with decision-making criteria: H1 accepted and H0 rejected if  $t\text{-value} > \text{critical } t\text{-value}$  or  $\text{Sig. } t < \alpha$ ; H1 rejected and H0 accepted if  $t\text{-value} < \text{critical } t\text{-value}$  or  $\text{Sig. } t > \alpha$ . For the promotion variable, the result indicates a positive and significant influence on purchase satisfaction ( $t\text{-value} > \text{critical } t\text{-value}$ ,

value,  $7.185 > 1.66$  at a significance level of  $0.00 < 0.05$ ). Thus, H2 is accepted, and H0 is rejected.

## 2. Simultaneous Test

The simultaneous test is conducted to determine the combined influence of service quality and promotion on purchase satisfaction. The results of the simultaneous test are presented below:

**Table 2. ANOVA Simultaneous Test**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9997,689	2	4998,845	228,756	0,000 <sup>b</sup>
	Residual	2119,671	97	21,852		
	Total	12117,360	99			

Source: Results of SPSS 21 Processing, 2021

Based on Table 2 above, it can be seen that the results of the simultaneous test in the table yield a coefficient value on F-statistic ( $228.756 > F\text{-table } (3.09)$ ) with a significant value of 0.000. Since the significant probability is much smaller than 0.05, the null hypothesis (H0) is rejected, and H3 is accepted. It can be concluded that the quality of service and promotion together (simultaneously) have a positive and significant effect on purchase satisfaction.

## 3. Determinant Test

The determinant test is conducted to determine the ability of the independent variables (namely, service quality and promotion) to explain the dependent variable (purchase satisfaction). Here are the results of the determinant test:

**Table 3. Coefficient of Determination Test Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,908 <sup>a</sup>	0,825	0,821	4,675

Source: Results of SPSS 21 Processing, 2021

Based on Table 3 above, the R Square value is observed to be 0.825, which is referred to as the coefficient of determination. In this case, it means that 82.5% of purchase satisfaction can be obtained and explained by service quality and promotion. The remaining  $100\% - 82.5\% = 17.5\%$  is explained by other factors or variables outside the model, such as product quality, price, and others.

## **CONCLUSION AND RECOMMENDATION**

Based on the research results, discussions, conclusions, and research limitations, the following recommendations can be provided:

1. For Service Quality

marketplace should provide a comprehensive and user-friendly feature set for potential consumers to ensure a comfortable shopping experience.

2. For Promotion

Shopee marketplace should consistently offer promotions every month. Providing regular promotions can attract consumers to make purchases, resulting in benefits for both consumers and the marketplace.

3. For Purchase Satisfaction

Shopee marketplace should continually enhance both service quality and promotional efforts to ensure and improve overall purchase satisfaction among consumers.

These recommendations aim to contribute to the improvement of Shopee marketplace's performance and customer satisfaction.

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