

Digital Marketing: The Role of The Web Site on Consumer's Purchase Decision (Survey on Consumers of the "Tokopedia" Online Shop in Indonesia)

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ABSTRACT

The purpose of this study is to determine the effect of web design from Tokpedia on the consumer purchasing decision. In this study, a quantitative approach, descriptive and verified design are used. A total of 300 Tokopedia consumers in Indonesia are selected as respondents using a simple random sampling method. The data collection instrument is a questionnaire. Data analysis used is Structural Equation Modeling based on Partial Least Square (PLS SEM). The research results show that the web design of the online store Tokopedia significantly affects the consumer purchasing decision. The biggest effect of the exogenous indicators on the latent variable of purchasing decision is the navigation menu. The greatest effect of the latent variable of web design is on the brand selection dimension. Accordingly, it can be concluded that the web design of Tokopedia has contributed the success of their product sales.

Keywords: product; payment method; navigation menu; online customer service; purchase decision

INTRODUCTION

At present, in the era of the information and communications technology, the trend of business models has shifted from conventional business models to digital systems. This fact is also experienced in the Indonesian business world. So far, various online businesses have emerged, ranging from transportation, online stores, online malls, online bookstores to online ticketing businesses. This technology presents both opportunities and challenges. One of the potential opportunities is that we can do business more easily through the medium of the Internet that we can sell and buy products using only a computer or mobile phone as a means of business transactions. Furthermore, today websites are one of the key components of global economic exchange, creating new market mechanisms (Richardson, 2020). Enterprises often have a presence on social media, but their website remains the primary focus where customers inform, communicate, and buy their products or services (Kim et al., 2018). Websites became a distribution channel, which is complementary to the physical stores where customers can purchase products and services online (Pénard et al., 2017). Moreover, the website quality functions as a perception of how a consumer evaluates the features displayed that can meet their needs (Giao, et.al. 2020; Web Josept et. al., 2001).

In this paper, the author wants to explore the role of websites in online businesses in relation to consumer purchasing decisions as implemented by Tokopedia online store. This online shop

was built on 17 August 2009 with various products and services offered to consumers. Products consist of several categories. The first category is the “top brand” products, such as Microsoft Software, Carvil and the Maxim brand. The second category is the “brand trend” of products, such as cameras, t-shirts, soaps and so on. The third category is the “hot list” of products, such as local premium shoes, mattresses, and so on. The fourth category is “digital products” such as train tickets, airline tickets, credit card payments and so on.

The goal of this research is to find out whether the Tokopedia website is effectively used as an online business medium; so that consumers decide to buy their products through online transactions provided by them. In the case of Tokopedia, this includes digital transactions. The Web components that will be used as predictors are products, payment methods, navigation menus, and online customer service. It will be used to predict consumer purchasing decisions. Purchasing decisions, according to Kotler and Keller can be measured using five dimensions, namely product selection, trademark selection, distribution selection, buying time, and payment methods. Does Tokopedia's web design affect the consumer purchasing decision?

Research Framework

Based on the literature review and hypothesis of the present study, the research model is developed as follows:

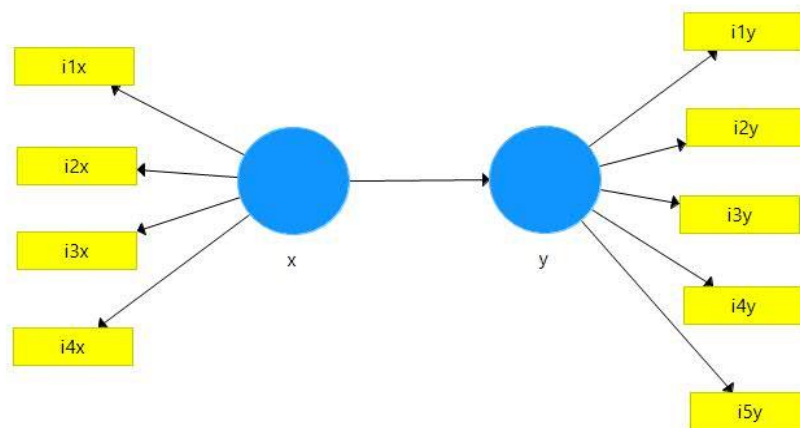


Figure 1. Framework

Where:

X: website design

I1X: product

I2X: payment method

I3X: navigation menu

I4X: customer service

Y: purchasing decision

I1Y: product selection

I2Y: brand selection
I3Y: distribution selection
I4Y: buying time
I5Y: payment method

METHOD

Data Collection Procedure

In this study, the author uses a quantitative approach, a descriptive and verified design, and a survey method (Kotler & Armstrong, 2012, and Kotler & Keller, 2012; Hair, J.F., Black, W.C, Babin, B.J., & Anderson, R.E. 2010). A total of 300 Tokopedia consumers in Indonesia are selected using a simple random sampling method. They are taken from Jakarta, Bandung, Surabaya, Semarang, Medan and Manado.

Measurement of Construct

The data collection instrument used is a questionnaire. The questionnaire is developed from the indicators of the two latent variable, namely web site features and purchase decision. The validity and reliability of the instrument will be carried out using the Pearson Product Moment correlation and Cronbach Alpha. The analysis technique used is a structural equation model based on at least partial square (PLS SEM) because this procedure can calculate the latent variable and its indicators at the same time (Sarwono, J, 2018). The data calculation is done with the assistance of Smart PLS software version 3.

RESULT AND DISCUSSION

Validity and Reliability of the Questionnaire

Pearson correlation value for all items used in the questionnaire is more than 0.3 meaning that all questions are valid. Cronbach's Alpha value is 0.85 which is more than 0.6 indicating that all questions are reliable. While the model fit relating to the validity and reliability of the latent variable and the indicators, the present author uses discriminant validity and construct reliability.

Path Coefficient

The calculation results of the path coefficient from the web site exogenous variable to the purchasing decision endogenous variable will be displayed in Figure 2.

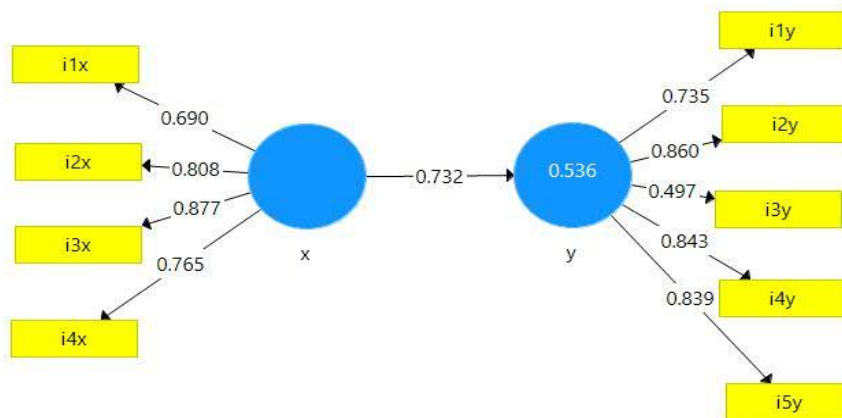


Figure 2. Path Coefficients Calculation Result

Coefficient of Determination / R Square (R^2)

The value of R square is 0.536 meaning that the proportion of variation of the endogenous variable of purchasing decisions with its dimensions can be explained by using the exogenous web design variables with its indicators. This value falls into moderate effect. While the remaining 0.464 must be explained by other factors outside the model.

Path Coefficient

Results of path coefficients' calculation are as follows: The path coefficient of the exogenous web design latent variable to the endogenous latent variable of purchasing decisions is 0.732. This value means the number of effects of the exogenous web design variable on endogenous purchasing decision variable. This means that when the value of the exogenous web design variable increases by one unit, then the value of the endogenous purchasing decision variable increases by 0.732. The value as much as 0.732 means that the effect is strong. The path coefficient from the exogenous web design latent variable to its first indicator (i1X) is as much as 0.690; to second indicator (i2X) is as much as 0.808; to third indicator (i3X) is as much as 0.877; and to fourth indicator (i4X) is as much as 0.765. The path coefficients of those four indicators are bigger than 0.5 meaning that all those indicators reflect the web design latent variable strongly.

While The path coefficient from the endogenous purchasing decision latent variable to its first indicator (i1Y) is as much as 0.735; to second indicator (i2Y) is as much as 0.860; to third indicator (i3Y) is as much as 0.497; to fourth indicator (i4Y) is as much as 0.843; and to fifth indicator (i5Y) is as much as 0.839. The path coefficients of those five indicators are bigger than 0.5 meaning that all those indicators reflect the purchase decision latent variable strongly. The value of f square is 0.56 taken from the calculation result; it means that the amount of effect of

the exogenous web design latent variable without the indicators on endogenous purchasing decision variable without the indicators. This value shows that the effect of the exogenous web design latent variable on endogenous purchasing decision variable is strong.

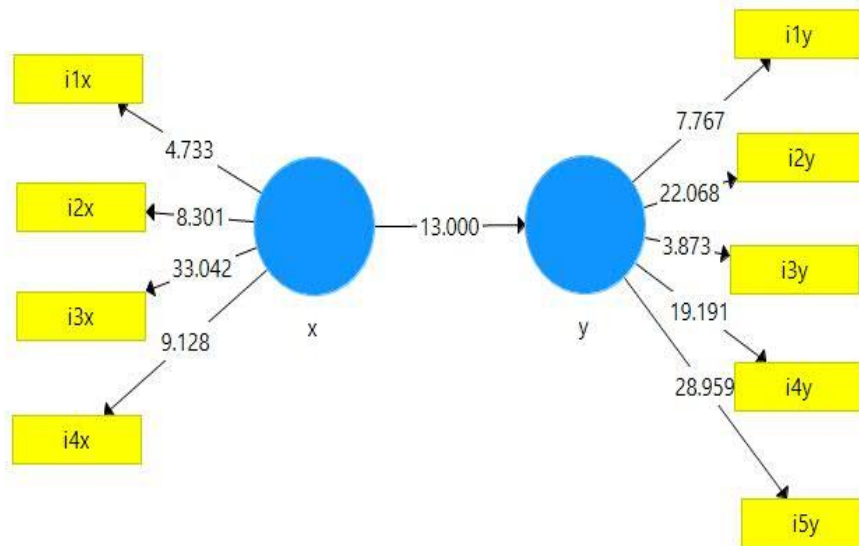


Figure 3 t Values' Calculation Result

Results of the t value (t observation / to) are as follows: The t value of the exogenous web design latent variable to the endogenous latent variable of purchasing decision is 13.000. While the t values from the exogenous web design latent variable to its indicators are as follows: first indicator (i1X) is as much as 4.733; second indicator (i2X) is as much as 8.301; third indicator (i3X) is as much as 33.042; and fourth indicator (i4X) is as much as 9.128. Moreover, the t values from the endogenous latent variable of purchasing decision its indicators are as follows: first indicator (i1Y) is as much as 7.767; second indicator (i2Y) is as much as 22.068; third indicator (i3Y) is as much as 3.837; fourth indicator (i14) is as much as 19.191; and fifth indicator (i5Y) is as much as 28.959.

Effects of Web Design Exogenous Variable Indicators on the Endogenous Purchase Decision Variable

The effects of indicators of the exogenous web design variable on endogenous purchasing decision variable are as follows: First, The effect of the product on purchasing decision is $0.690 \times 0.732 = 0.505$ which falls in strong effect. Second, The effect of payment method on purchasing decision is $0.808 \times 0.732 = 0.591$ which falls in strong effect. Third, The effect of the navigation

menu on purchasing decision is $0.877 \times 0.732 = 0.641$ which falls in strong effect. Fourth, The effect of customer service on purchasing decision is $0.705 \times 0.732 = 0.516$ which falls in strong effect.

Effects of Exogenous Web Design Variable on Dimensions of Endogenous Purchase Decision Variable

The effects of the exogenous web design variable on the dimensions of the purchasing decision endogenous variable are as follows: First, The effect of web design on product selection is $0.732 \times 0.735 = 0.538$ which falls in strong effect. Second, The effect of web design on brand selection is $0.732 \times 0.860 = 0.629$ which falls in strong effect. Third, The effect of distribution selection web design is $0.732 \times 0.497 = 0.363$ which falls in moderate effect. Fourth, The effect of web design on buying time is $0.732 \times 0.843 = 0.617$ which falls in strong effect. Fifth, The effect of web design on payment method is $0.732 \times 0.839 = 0.614$ which falls in strong effect.

Discussion

The goal of the research is to prove that the web site design affect the purchasing decision. The web design is a latent variable with its indicators, namely 1) product, 2) payment method, 3) navigation menu, and 4) customer service. While the indicators of the purchasing decision latent variable are 1) product selection, 2) brand selection, 3) distribution selection, 4) buying time, and 5) payment method. The hypothesis testing is to prove whether the web site design latent variable with its indicators affect the purchasing decision latent variable with its indicators as well. Based on the hypothesis testing above it is proved that the web site design latent variable with its indicators affect the purchasing decision latent variable with its indicators. Moreover the exogenous web design latent variable itself affects on endogenous purchasing decision variable without their respective indicators.

Theoretical Implications

The results of the study prove that the web design of Tokopedia online store significantly affects the consumer purchasing decision. This means that Tokopedia has run their online business successfully and correctly. A good model of web design will contribute to the success of e-commerce as (2010) said Loudon. Furthermore, Loudon said that business transactions via the Internet are technically referred to as digital business transactions. The digital business can be done successfully when consumers can access the web easily and quickly. That is why the role of the navigation menu is important. With this menu, consumers will be able to choose the products they want to buy more easily. Research proves this theory that according to consumers, web navigation menus are important. This is also in line with the research result that has been conducted by Tang, M & Zhu, J (2019) showing that the web site features contributes to the word of mouth campaign. This finding, moreover, is strengthened by the research result that has been carried out by Giao et.al. (2020) that web site quality affects the customer loyalty that finally produce word of mouth done online. This finding is also strengthened by the study that has been

conducted by Akram U et.al. (2018), namely the web site design quality has significant effect on online impulse buying behavior. Similarly, study that has been conducted using the Australian students shows that the web site interactivity enhances the intention to buy online (Islam, H. et,al. 2019).

Practical Implications

Tokopedia has created a category on brands as top brands and trending brands for their market segmentation. The results of the study have proven that web design contributes to the greatest effect on brand dimensions. This enhances that Tokopedia's web design has led to the successful sale of their products. This is also related to the research conducted by Nugroho and Sari (2016) stating that the “usability, quality of information, and interaction services” of the Tokopedia website have fallen into the good category. Recent study that has been conducted by Lestari, R. et.al. (2021) in Jakarta shows that web site quality has significant effect on purchase decision in Shopee and Tokopedia. Similarly, the research that has been carried out by Arilaha, M.A. et.al. (2021) reveals that e-service quality, including web site design has positive effect on customer perception which finally affects on the online buying.

CONCLUSION

The conclusions of this study are as follows: First, The model of the variable relationship under study is valid. Second, The web design of Tokopedia online store significantly and positively affects the consumer purchasing decision. Third, The biggest effect of exogenous indicators on the purchasing decision latent variable is the navigation menu. The second is the payment method and is then followed by customer service. The last one is the product. Fourth, The greatest effect of the latent variable of the web design is on the brand selection dimension, and is then followed by buying time. The third is on the payment method. The fourth is on product selection. The last one is on distribution selection. The majority of the effects fall into strong category.

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