



The Effect Of Promotion And Free Shipping On Shopee Food Purchase Decisions In Medan, Indonesia

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Abstract

This study examines the impact of Shopee Food promotions and free shipping on Medan consumers' purchasing decisions. The authors of this study employed a quantitative research strategy. The study demonstrates that discounts positively and significantly impact consumer choices due to the use of Shopee Food as a food delivery service in Medan. Discount is the highest and most dominant variable that influences purchasing decisions. Besides discounts, customers' decisions to use Shopee Food are also affected significantly and positively by the company's free shipping policy. as a food delivery service in Medan. The second most influential factor in purchasing decisions is free shipping, customers' decisions to use Shopee Food services as a Medan food delivery service are strongly influenced by discounts and free shipping. This is because people in Medan think that discounts and free shipping will save more money and time to get the food or cuisine they want.

Keywords: Promotion; free shipping; buying decision; Shopee Food

Received: 19 Feb 2025

Revised: 11 Apr 2025

Accepted: 25 Apr 2025

I. INTRODUCTION

Technological developments make it easier for humans to meet all needs. Apart from making it easier for us to communicate, today's technology makes it very easy for us to buy what we need. In this way, everything is easy and practical. This practical matter can then change people's behavior in meeting all needs. In this case, consumers need to pay attention to online-based companies in fulfilling their needs or desires. It should be the duty of online-based companies to increase innovation that can attract consumers.

Shopping online can provide various conveniences for consumers, including saving energy, costs, and time. Consumers wait at home without leaving the house to shop for their needs and wants. In recent years, people have made it easy to buy ready-to-eat food online, commonly known as the culinary business. Because we don't have to leave the house to get the food we want, this is in high demand in the community.

However, the fact that there is currently an online-based company that provides food delivery services is not the only one. Shopee, which is known as e-commerce that offers products online, has also opened a Shopee Food program, where Shopee Food provides fast food delivery services. Thus the competition is very tight, so every company needs to show creative ideas to improve product purchasing decisions by using various ways such as bringing up advanced features, discounts (rebates), cashback, free shipping, special prices on specific dates, and others. . This is done with the aim that consumers do not think long when making decisions in buying products.

Discounts are one of the pricing strategies that can be used to influence consumer decisions and are also expected to impact the company positively. Discounts are one of the programs that consumers are interested in. Basu Swasta and Ibnu Sukotjo (2007) define a discount as a price reduction from the original price. One crucial factor that can influence the company's product demand and supply is product modification. Where product demand and supply can be affected by price changes, so businesses can measure the degree to which price changes affect demand and supply.

Apart from discounts, one of the promotions used by food delivery services such as Shopee Food to influence consumer purchasing decisions is to offer free shipping or free shipping. The Shopee Foodservice provides this service so that customers who want to shop online don't have to worry about shipping costs. (Tjiptono, 2018; Kotler and Keller, 2016).

The free shipping program means the seller no longer charges shipping for online items. Promoting online sales and purchases with free shipping is a common practice. This tactic demonstrates that promotions offering free shipping significantly boost business sales. The cost of shipping can sometimes be more expensive than the purchase price. Buyers only have to pay for the price of the goods they buy because shipping is free. Free shipping offers have the potential to dominate the market because of this.

Presently, the number of culinary businesses is developing very rapidly, which has made culinary business owners continue to innovate in their business so that they can face increasingly fierce competition. The convenience of delivering and serving food to customers is one of the innovations that food industry entrepreneurs must provide; one solution is food delivery services, which are increasingly in demand (Wijaya, 2018;2022 Ferawati). People are choosing this service more and more because they don't have to go to places and wait in lines; instead, they have to stay at home, and the food comes to them.

Culinary business actors with a marketplace through an online media service provider applicator offer free shipping. Although this policy benefits buyers and sellers who open stalls in the market, it does not mean that it is given away for free. (Amalia & Wibowo, 2019). As in the shop food application, discounts and free shipping programs can be claimed if the buyer has met the minimum shopping limit of 40 thousand rupiahs so that both business actors and the online platform can avoid losses.

Based on the background above, the authors are interested in a study titled "The Effect of Promotions and Free Shipping on Purchasing Decisions for Shopee Food in Medan" based on this background. The city of Medan was chosen because the author realizes that this city is a metropolitan city where many people use food delivery services such as Shopee Food.

II. REVIEW OF LITERATURE

2.1 Marketing strategy

Kotler and Armstrong (2008) state that a marketing strategy is a marketing logic by which business units hope to accomplish their marketing goals. That is why creating value and building strong relationships with customers are essential. In the book marketing strategy management by Nana H (2015), the role of marketing strategy is to solve every problem of determining a company, so it is very much needed in the business world, provided that the system is carried out in all ways that are lawful or honest. The concept in marketing has 3 (three) core types, namely needs, wants, and the ability to buy the product it wants.

2.2 Sales promotion

Sales promotion For researchers, sales promotion is a tactic applied by companies to increase sales of a company. So, promotion is communicating product information to the public by advertising it attractively. According to Rangkuti (2010), the promotion aims to seek profit by modifying consumer behavior, informing information about company promotions, persuading, and informing directly or indirectly. Sales promotion is the voice of the company to create a relationship with the community to foster a sense of interest in buying. Sales promotions can be in the form of coupons, vouchers, discounts, and so on.

The company must consider several factors, namely determining and selecting sales promotions based on objectives, the number of incentives, the promotion period, the total existing sales budget, competition, and market conditions. Considering these factors, companies must first evaluate the nature of the market, available funds, product characteristics, and promotional media so they can read the market correctly. (Thamrin, 2018)

2.3 Free Shipping

According to Lamb (2009), free shipping is free shipping, meaning that the seller no longer adds shipping costs for goods purchased online. One way to promote online transactions is to offer free shipping. This tactic demonstrates that promotions providing free shipping significantly boost business sales. The cost of shipping can sometimes be more expensive than the purchase price. Buyers only have to pay for the price of the goods they buy because shipping is free. Free shipping offers have the potential to dominate the market because of this.

2.4 Purchase Decision

A process known as the purchasing decision involves the consumer identifying the issue, seeking information about a specific product or brand, and evaluating how effectively each of these alternatives can address the issue before making a purchase decision—Andy Tjiptono in Katrin et al. (2016).

In addition, Amrullah argues in Prasetyo & Purbawati (2017) that decision-making is the process of evaluating and selecting one option that is thought to be the most profitable from several alternatives that are in line with the interests of particular interests.

Based on the preceding definition, the purchase decision is the most effective decision-making process undertaken by the consumer, in which he selects one of several alternative options. Navigation is a singular action that is straightforwardly associated with acquiring and utilizing the merchandise advertised.

III. RESEARCH METHODS

The authors of this study employed a quantitative research strategy, which can also be interpreted as a strategy that aims to test theories, construct facts, and test predetermined hypotheses, Sugyono (2008). The participants in the study are Shopee Food customers in Medan. The sampling method makes use of the incidental sampling technique, in which anyone who meets the criteria, in particular, has used online media services, like Shopee food in the Medan, to buy things they need every day, especially food. Collecting the questionnaire took two weeks, and 50 respondents were selected for the sample. While a questionnaire was used as a data collection technique and a survey was used as a research instrument, The Google Form application feature was used to distribute the questionnaire online. The distribution employs a questionnaire link distributed through several social media applications, including WhatsApp, Instagram, and others social media.

The authors of this study used the Multiple Linear Regression technique to find out how price and service quality affected consumers' choices to use Shopee Food as a food delivery service in Medan. With the following regression equation:

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

Information:

Y = Purchase Decision

X1 = Discount X2 = Free shipping

a = Constant

b1, b2 = Regression coefficient

e = Standard Error

3.1 t-test

The purpose of the T-test is to find out how price and the quality of the service influence consumers' decisions to use Shopee Food as a food delivery service. The t-count and t-table values are compared in this test with a level of significance below 0.05.

3.2 F. Test

The hypothesis test in this study will see the effect of the independent variables on the dependent variable and the F test. The purpose of simultaneous testing is to determine how price and service quality influence whether or not customers choose to use Shopee Food as a food delivery service. The F-count and F-table are compared in this test, with a significance level =0.05.

3.3 Correlation and Determination Coefficient Test (R2)

1) Correlation Coefficient Test

A correlation coefficient test is used to determine how closely the independent variable (X) and the dependent variable (Y), also known as r, are related to one another.

2) Test the Determination Coefficient

The coefficient of determination test determines the percentage of R square the independent variable has on the dependent variable.

IV. RESULTS AND DISCUSSION

4.1 Research result

a. Instrument Test

A research instrument variable is considered reliable during data reliability testing if its Cronbach Alpha value is > 0.60.

Table 1. Reliability Test Results

Variable	Cronbach Alpha	Reliability Standard	Description
Discount (X1)	0.840	0.60	Reliable
Free Shipping (X2)	0.842	0.60	Reliable
Buying Decision (Y)	0.737	0.60	Reliable

Source: Processed data (2022)

The results of the reliability test are presented in table 1 and show that every variable has a Cronbach Alpha value greater than 0.60. It's possible to conclude that the question items from the questionnaire variable discount, free shipping, and purchasing decisions are declared reliable, which means that the questionnaire is suitable for measuring.

b. Regression with Multiple Lines

To determine whether discounts affect (X1) and free shipping (X2) on consumer decisions (Y) to use Shopee Food as a food delivery service. The following table displays the outcomes of data processing with the SPSS program for Windows version 20.0:

Table 2. Test Results from Multiple Linear Analysis

Model	Unstandardized Coefficient	Standardized Coefficient
	B	Beta
	Std. Errors	

Constanta	3.678	.631	
Discount (X1)	.600	.042	.803
Free Shipping (X2)	.086	.030	.161

Source: Processed data (2022)

In processing the data from the outcomes of multiple linear regression tests. The equation for multiple linear regression can be obtained in the following manner:

$$Y = 3.678 + 0.600 X1 + 0.086 X2 + e$$

(1) The constant / a is 3.678 (positive), meaning that if there are no discount and free shipping variables, then the buyer decides to use Shopee Food as a food delivery service is 3.678.

(2) b1 of 0.600 (positive) indicates that the discount variable influences consumer choices positively and significantly to use Shopee Food as a food delivery service in Medan. Thus, if the discount variable is increased, the buyer's decision to use Shopee Food as a food delivery service in Medan will increase by 0.600, assuming other variables remain.

(3) b2 is 0.086 (positive). This indicates that the free shipping variable significantly influences purchasing decisions. If the free shipping variable is increased, the buyer's decision to use Shopee Food as a food delivery service in Medan will increase by 0.086, assuming other variables remain constant. The beta coefficient shows that the discount variable influences consumer choices the most to use Shopee Food as a food delivery service in Medan (by 0.600) compared to other variables.

c. Correlation and Determination Coefficient (R2)

Table 3. Test results for the determination coefficient

Model	R	R Square	Adjusted R Square	Std. Error of The Estimate
1	.876a	.768	.762	0.568

Source: Processed Data (2022)

In table 3, The correlation coefficient (r) came out at 0.876, demonstrating that discounts and free shipping for using Shopee Food as a food delivery service in Medan have a reasonably strong influence, namely 87.6%. The coefficient of determination, also known as R square (r²), returned a value of 0.768, indicating that 76.7 % of consumer choices to use Shopee Food as a food delivery service in Medan are influenced by discounts. The remaining 0.232, or 23.2%, free shipping is influenced by other variables that were not part of this study.

d. T-Test Results (Partial)

The t-statistic (t-test) determines whether the proposed hypothesis is accepted or rejected. H₀ is accepted, and H_a is rejected if t count < t table, indicating no significant effect. On the other hand, if t count > t table, H₀ is accepted, and H_a is received, meaning that there is a considerable effect. If the significance level is less than 0.05, then H_a is accepted, and H₀ is rejected. It is known that the t_{table} with a significance level (α) = 5%, so a stable value of 1.662 is obtained.

Table 4. T-test outcomes

Variable	T Count	T Table	Sig.
Discount (X1)	13.697	1.642	0.000
Free Shipping (X2)	2.772	1.642	0.000

Source: Processed Data (2022)

The results can be seen in Table 4, where the T-test on the discount variable (X1) has a count of 13.697 while the ttable value is 1.642. Thus the count (13.697) > table (1.642) with a significant level of 0.000 < 0.05. This demonstrates that discounts significantly influence buyer decisions for Shopee Food as a food delivery service in Medan.

While the results of the free shipping variable (X2) have a count value of 2,772, while the ttable value is 1,642. Thus, the value of count (2.772) > table (1.642) with a significant level of 0.007 < 0.05. This shows that free shipping considerably affects Shopee Food's consumer decisions as a food delivery service in Medan.

e. Count F test

Table 5. F. Test Outcomes

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	64.702	2	23.350	62.495	.000
Residual	23.294	43	.516		
Total	87.996	45			

Source: Processed Data (2022)

It is evident from the F value test results that the significant value is 0.000 < 0.05. Thus, based on the hypothesis (H1) proposed in the study, Discount Variables (X1), The Purchase Decision variable (Y) is significantly impacted simultaneously by Free Shipping Promotions (X2).

4.2 Discussion

Based on the finding of this research, discounts significantly influence consumers' purchasing decisions because they can make them interested, and they can influence consumers' decisions to use Shopee Food as a food delivery service in Medan. In addition, the free shipping promo also affects purchasing decisions because the free shipping promo is because buying food through food delivery saves more money and time, and does not need to make purchases offline. This research is in line with a previous study by Kapriani and Ibrahim (2022).

Additionally, discounts had a positive impact on purchasing decisions. According to the findings of the study, this proves that if the discount increases, the purchase decision will increase, and the discounts provided by Shopee Food are more significant than offline purchases, where Shopee Food often holds discounts at a minimum spend of 40 thousand rupiahs, you will get a discount of 60%. Therefore, the role of discounts greatly influences consumers to purchase online. This statement is in line with Assauri's theory (2018) and Yaterno's research (2021)

From the aftereffects of the review, it was likewise observed that there was an impact of free shipping promos on purchasing decisions. Thus, consumers thought that Free Shipping Promotion saved more costs and time, so they only needed to spend additional money on shipping costs once they reached the consumers. Because Shopee Food has provided free shipping to buyers, this statement is in line with Maulana and Asra's research (2019).

V. CONCLUSION

Based on the findings of research and discussion, partial discounts have a positive and significant impact on consumer decisions to use Shopee Food as a food delivery service in Medan. Discount is the highest and most dominant variable that influences purchasing decisions. In addition to discounts, Free Shipping also partially influenced significant and positive consumer decisions to use Shopee Food as a food delivery service in Medan. The second most influential factor in purchasing decisions is free shipping. Customers' decisions to use Shopee Food as a food delivery service in Medan are significantly influenced by discounts and free shipping simultaneously.

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