CHAPTER I

INTRODUCTION

1. Backgrounds

In the last few decades, the change of technology influence played an essential role of human life. The change of technology means the development of technology has also made it easier for many people to carry out various activities flexibly, especially with the increasingly of the technology in internet. Almost all of human activities are unconsciously supported by the Internet. Indonesia is indeed not a country that actively supports innovation in technological developments (Harmony, 2021). However, Indonesia always follows the current trend of technological developments. Technology continues to enter the business sector so it gives a different atmosphere to the business world in Indonesia. It is supported by the survey of Asosiasi Penyelenggara Jasa Internet Indonesia (APJII) as follows :
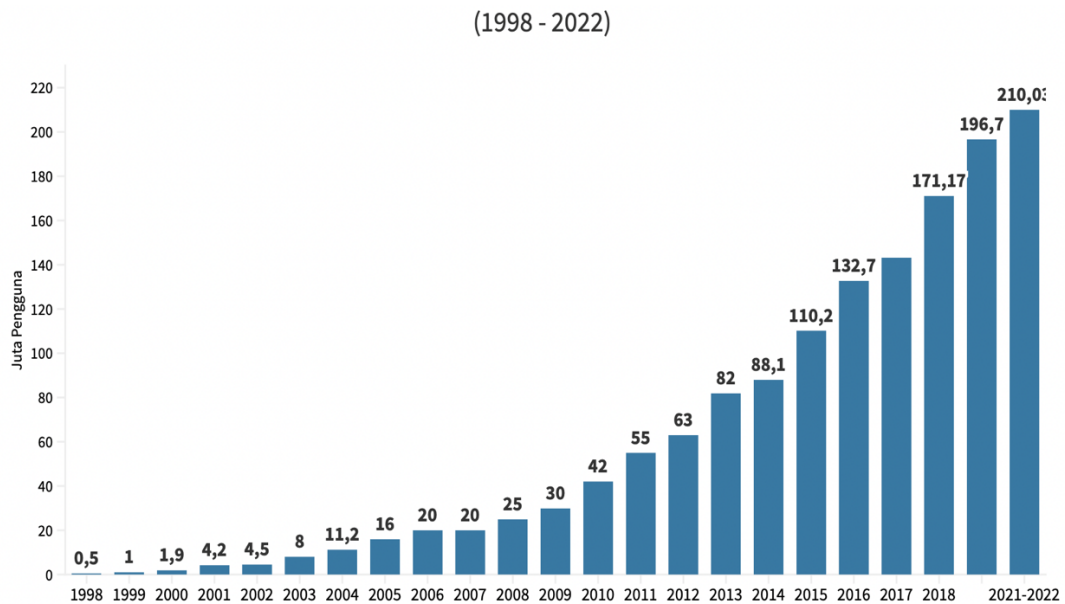
Figure 1.1 Number of Internet User in Indonesia

Source : APJII (https://dataindonesia.id/digital)

The number of internet users in Indonesia continues to increase every year. Based on the results of a survey by the Asosiasi Penyelenggara Jasa Internet Indonesia (APJII), there are 210.03 million internet users in Indonesia in 2021-2022 period. That number increased by 6.78% compared to the previous period in 2019-2020 which amounted to 196.7 million people. This also makes the internet penetration rate in Indonesia 77.02%. This is continues to increase compared to the previous years in 2018, which internet penetration in Indonesia was at 64.80%.

In Indonesia, the business sector is developing at a rapid pace, especially in internet-based businesses, also known as Marketplace. Marketplace is one of the providers of internet-based online media, where business activities and transactions are carried out

between buyers and sellers. Through the marketplace, buyers can find as many suppliers as possible with the criteria they want so that the products obtained are at market prices (Opiida, 2014). Marketplace is a place where sellers can sell their products through electronic media with the advantage that users don't need to create a personal website or online shop (Strauss & Frost, 2001). Nowadays, product selling, services, and information growing very rapidly through marketplace internet networks. Through this marketplace, we can reach customers not only from one country, but it can be from all over the world. There are more and more online shops that sell various products through marketplace. Marketplace makes customers easier to get goods and services without go to the store. Customers can do online shopping by just opening the website or the marketplace app. This simplifies the buying process and ordering process.

There are a lot of marketplace in Indonesia, namely Shopee, Tokopedia, Lazada, Bukalapak, and Blibli. All those 5 marketplace are the most visited in the last 3 months. The result shows that Shopee is the top marketplace besides the other. Based on the data on February 2022, Shopee dominates in 5 big cities in Indonesia, such as Jakarta, Surabaya, Medan, Bandung, and Makassar *(sindonews.com)*. Shopee is a Singapore-based marketplace under the Sea Group Ltd that was established in 2015. Shopee expanded its operations into other countries in 2015 including in Indonesia, as said to be the most important contributor in Shopee's income. Indeed, Shopee continues to be the leader in Indonesian marketplace even now, in 2022. Of course, this is inextricably linked to Shopee's marketing strategy. Many market strategies are implemented by Shopee, such as free shipping and discount. Shopee also continues to compete to provide the best offers

for its customers; this is also done to compete with other marketplace companies. The Shopee application is more in demanded because of the relatively low price and the promo that many young people are waiting for (Siahaan & Christiani, 2021).

There is also data proving that Shopee is chosen to be the top marketplace in Indonesia :

Table 1.1 Marketplace Country Rank Data 2022

No.	Marketplace	Traffic Share	Country Rank (Indonesia)
1.	Shopee	33.56%	#6
2.	Tokopedia	24.21%	#8
3.	Lazada	15.05%	#19
4.	Blibli	6.71%	#48
5.	Bukalapak	3.39%	#101

Source : https://pro.similarweb.com

Based on Table 1.1, the data shows that Shopee is number 1 top Marketplace based on Country Rank data in Indonesia. Traffic share means that it shows percentage of the traffic The Country Rank itself shows it calculated from the number of monthly visitors and with the number of page views across the desktop and mobile traffic. We can see that Shopee is in the 6th place and Tokopedia is in the 8th place. This shows that Shopee and Tokopedia are two of the most visited marketplace in Indonesia, followed by Lazada in the 19th, Blibli in 48th, and Bukalapak in 101.

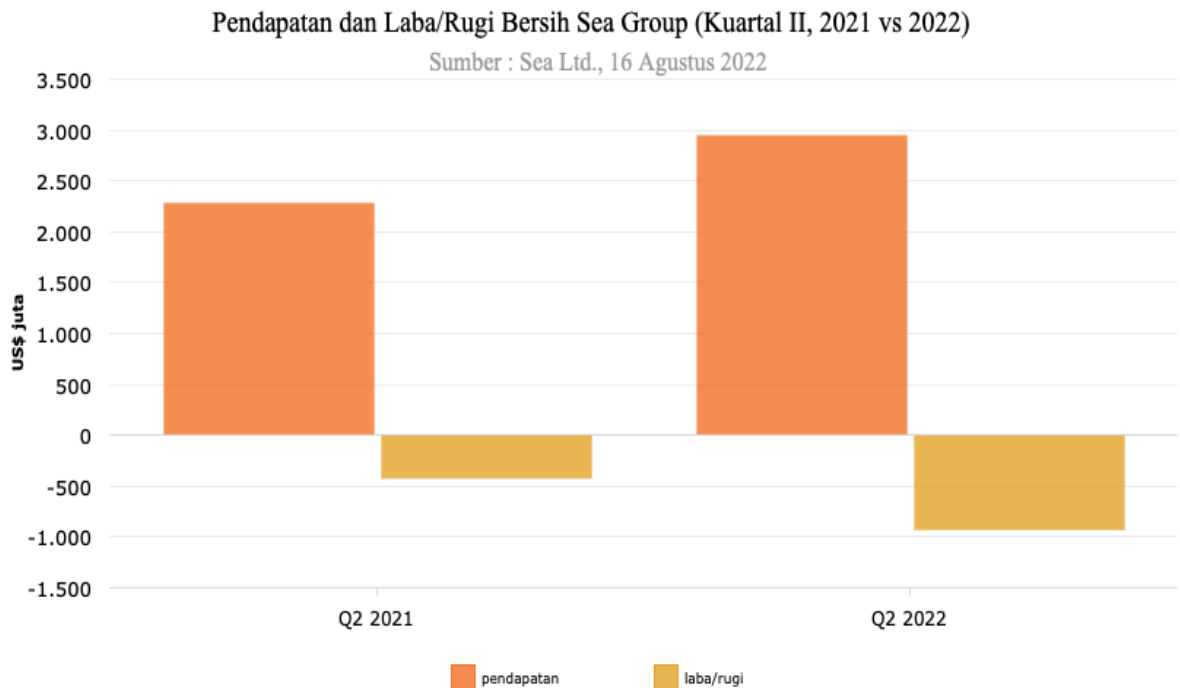**Table 1.2 Marketplace Website Performance**

(Q1 2021 – Q2 2022)

No.	Marketplace	Q1 2021	Q2 2022
1.	Tokopedia	157,233,300	158,346,667
2.	Shopee	132,776,700	131,296,667
3.	Lazada	24,686,700	26,640,000
4.	Bukalapak	23,096,700	21,303,333
5.	Blibli	16,326,700	19,737,667

Source : https://iprice.co.id/insights/mapofecommerce/

Based on Table 1.2, the data shows that Tokopedia is more superior compared to Shopee. It is shown that from Q1 2021-Q2 2022 Tokopedia's web visitors are increased. We can also see that Shopee's web visitors from Q1 2021 – Q2 2022 are decreased. It can also be seen that even Shopee's web visitors are decreased, Shopee still in the 2nd rank.

Figure 1.2

Shopee's Revenue & Loss (2021 – 2022)

Pendapatan dan Laba/Rugi Bersih Sea Group (Kuartal II, 2021 vs 2022)

Sumber : Sea Ltd., 16 Agustus 2022

Source : https://databoks.katadata.co.id

As we can see, Shopee's recorded revenue of US$2.94 billion in the 2nd quarter of 2022. This revenue increased 29% on an annual basis (year-onyear/yoy) from US$2.28 million in the same period last year in the 2021. Increased income was followed by the inlflated costs. Cost of revenue increased 37.2% (yoy), general and administrative expenses increased 96% (yoy), and research & development expenses increased 115% (yoy). This swelling expenses also made the Shopee's net loss doubled. The net loss increased 115% from US$433.7 million to US$931.2 million. Shopee also recorded a

positive EBITDA for the first time since its inception, which was US$ 196.1 during the fourth quarter of 2022. The e-commerce company recorded significant developments in revenue and operational costs. Positive EBITDA indicates that the company's operations have generated a profit, but have not taken into account interest expenses, taxes, depreciation and amortization (Gosta, 2023). This case is the reason why Shopee's visitors decreased from Q1 2021 – Q2 2022, and Shopee will continue to be Sea Group's main revenue.

One of Shopee's strategies to attract customers is by providing a "Free Shipping" program. Although it is not the only program implemented by Shopee, the free shipping program has its role in attracting customers' hearts. This free shipping program is an attractive offer; consumers are not charged more for shipping costs anymore. The free shipping campaign is a different type of sales promotion that employs a variety of incentives to encourage quick product purchases and raise the caliber of the goods consumers buy (Amalia & Wibowo, 2019)

Figure 1.3

Shopee's Free Shipping Implementation
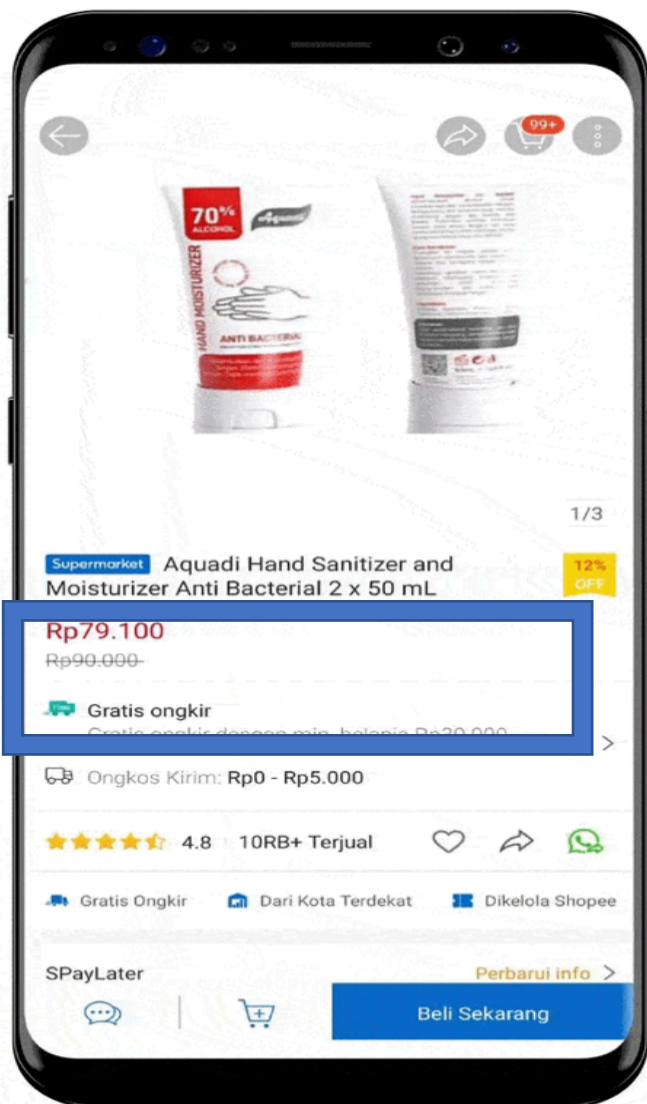
CARI TOKO BERTANDA **GRATIS ONGKIR XTRA**

| JASA KIRIM	MIN. BELANJA	GRATIS ONGKIR	WILAYAH PENGIRIMAN
• Reguler	30RB	20RB	Pulau Jawa
• Hemat	30RB	30RB	Luar Pulau Jawa
• Ambil di Tempat	80RB	40RB	

Source : https://shopee.co.id

As we can see the image above, Shopee implements a free shipping program called "Gratis Ongkir Xtra". Free shipping can be obtained when buying products at stores that provide free shipping vouchers. From the data obtained, Shopee also divides free shipping categories based on the type of delivery namely Reguler, Hemat and Ambil di Tempat. Shopee also creates a free shipping category based on the minimum shopping at that store, the free shipping you will get, and based on the delivery area. If the user is on the island of Java, the free shipping voucher you get is a minimum spending of IDR 30,000 with a maximum of IDR 20,000 free shipping. Meanwhile, if the user is outside of Java, then if you use the Hemat shipping type, you will get a voucher with a minimum spending of IDR 30,000 with a maximum of IDR 30,000 free shipping. There is also "Ambil di Tempat" delivery type, where users will get a voucher for a minimum shopping of IDR 80,000 with a maximum of IDR 40,000 free shipping.

Discount is a price that given by the seller to the buyer as a reward for the activity certain of the buyer that is pleasing to the seller (Tjiptono, 2007). In the era of this

business competition, companies must pay attention to the price factor, because the size of the price greatly affects the ability to compete between companies and influence consumers to buy their products. The company will carry out a discount strategy to make their consumers stay. One of the main incentives for consumers to buy things is a discount (Novirsari, 2019).

Figure 1.4

Shopee's Discount Voucher

Source : https://shopee.co.id
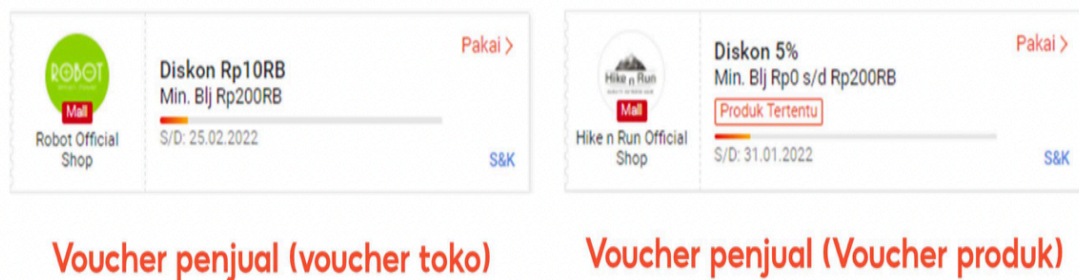
Consumers pay more attention to the product that provides a discount than the normal price, because big discount will make consumers feel interested, which determines their Purchase Decisions. Besides that, there are also monthly promotions that always awaited such as Big Ramadhan Sale promos, 9.9 Super Shopping Day, 10.10 Brands Festival, 11.11 Big Sale, 12.12 Birthday Sale, and ShopeePay 12.12 Birthday Deals *(kumparan.com)*.

Research titled "Pengaruh Diskon, Gratis Ongkir, Dan Ulasan Pembeli Terhadap Keputusan Pembelian Pada Toko Online Belia Cosmetic di Shopee" conducted by Risna Intani Shaubil Haq, Ayun Maduwinarti, Ute Chairuz M. Nasution in 2022 resulted that Discount and Free Shipping had a positive and significance influence on purchase decision on Belia Cosmetic on Shopee. Other research titled "Pengaruh Promosi Diskon dan Gratis Ongkir Shopee Terhadap Keputusan Pembelian Konsumen" conducted by Geofakta Razali, Dessy Andamisari dan Jun Saputra in 2022 resulted that Discount and Free Shipping simultaneously influence on Purchase Decision. Seeing the research of discount and free shipping on purchase decision in Shopee result, make the author interested knowing the impact if it's any possibilities to get the opposite result than the other research. The author conduct this research under the title **"The Effect of Shopee Discount and Free Shipping on Customer Purchase Decision in Semarang City"**

1.2 Problem Formulation

In today's era, online shopping is the top choice of many people because they are straightforward and efficient, we can also do online shopping anywhere. As one of the well-known marketplace sites in Indonesia, Shopee has also started to actively provide promotions such as giving many promos and placing advertisements on all social media and regions. Shopee had suffered loss because of the swelling expenses 115%, and decreasing on their web visitors from Q1 2021 – Q2 2022. When consumers purchase a product, they will consider between the positive and negative sides of a brand or looking for the best solution from the consumer perceptions after they evaluate the product.

Shopee's strategy to attract consumers is holding a discount, where the discount given is very attractive to consumers. Then the consumers will see a promo that provide by Shopee which is Free Shipping. This will make consumers interested to use the Free Shipping promo where the consumers will make a purchase and they will got free shipping cost. This is where they will make their purchase decision. Therefore, consumers are increasingly convinced that shopping at Shopee is very interesting to buy what consumers need at low prices without burdened by the shipping costs and consumers will often do online shopping at Shopee. Some potential online buyers at Shopee ask for the free shipping feature which they don't get even though they have shopped with the minimum nominal amount they should have *(news.detik.com).* It can be the factor that shopee had suffered some decreasing in web visitors.

From the statement above it can be concluded that the problems that we have are caused by the Discount voucher and Free Shipping Voucher. Based on the formulation of the research problem, the research questions are as follows :

    i.   Is there any effect of discount have influence customer purchase decision?

    ii.   Is there any effect of free shipping have influence customer purchase decision?

    iii.   Is there any effect of discount and free shipping have influence customer purchase decision?

1.3 Research Objectives

The purpose of this research, is to determine how big is "*The Effect of Shopee Discount and Free Shipping on Customer Purchase Decision".* In conducting this research, a research objective must be known so that researcher does not lose direction, so they will get the expected results. The objective of the research is mentioned as follows:

1. To analyze the effect of discount influence on customer purchase decisions.

2. To analyze the effect of free shipping influence on customer purchase decisions.

3. To analyze the effect of discount and free shipping influence on customer purchase decision.

1.4 Research Purposes

This research is to determine the effect of discount and free shipping on customer purchase decision. This research expected to provide benefits for researchers, companies, and the general public are as follows:

a. **For Researcher**

This study is hoped to bring new insight and information to the field of education about the impact of shop-free shipping on consumer purchase decisions.

b. For Company

The report is intended to include more information about the field of e-commerce and the promotion of free shipping and discount to businesses.

c. For Others

Hoped that this report would include guides on subjects such as e-commerce, consumer purchasing decision, e-commerce discount, and e-commerce free shipping promotions for future researchers.

1.5 Theoretical Framework

The theoretical framework in this research contains of my basis explanation of theories to be analyze from the problem in this study such as *Discount*, *Free Shipping,* and *Customer Purchase Decision.*

1.5.1 Grand Theory (Management Marketing)

This research grand theory is using Management Marketing theory. Marketing management is a combination of the art and science of selecting target markets and building profitable relationships with them (Kotler & Keller, 2012). The American Marketing Association formal definition is marketing is the activity, set of institutions, and processes for creating, communiting, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large (Kotler & Keller, 2016). This research topic is about consumer behaviour on deciding purchase decision. According to Kotler, consumer behaviour is the study of how individuals, groups, and organizations

choose, buy, use, and how goods, services, ideas, or experiences to satisfy their needs and wants. This research analyze the process of purchase decision from the effect of discount and free shipping. Based on the scope of this research, this study is using consumer behaviour as a theoretical basis.

Understanding the influence of consumer behavior on purchase decision is the main problem. According to (Engel et al., 1994) external factors that influence consumer buying behavior are as follows :

a. **Culture :** the values, ideas, artifacts and symbols others that are meaningful to help individuals communicate, interpret and evaluate as members of society. Culture is a comprehensive concept because culture includes almost everything that influences human preferences in making decisions and even how they perceive the world around them.

b. **Social Class :** refers to a hierarchy or social status by which groups and individuals are distinguished in terms of esteem and prestige. Social groups can be grouped into upper class, middle class, working class and lower level.

c. **Personal Influence :** people who have a close relationship with us who can become a comparative reference group and can function as opinion leaders.

d. **Family :** a collection of several people who are related by blood, marriage, or adoption who live together.

e. **Situation :** is the influence that arises from the factors specific to a specific time and place that is not related to consumer characteristics and product

characteristics. The factors and character of the situation include: physical environment, social environment, time, task and antecedent conditions.

1.5.2 Factors Affecting Purchase Decision

The definition of a decision is the selection of two or more alternative choices (Schiffman & Kanuk, 2008). Purchase decision processes often involve several decisions, a decision involves a choice between two or more alternative courses of action. According to Kotler & Keller in 2012 factors of consumer behavior that affect purchase decision are as follows :

1. **Cultural Factors :** Cultural factors include culture, subculture, and social class have particularly important influences on consumer buying behavior. Culture is the fundamental determinant of a person's wants and behavior. Each culture consists of smaller subcultures that provide more specific identification and socialization for their members. Subcultures include nationalities, religions, racial groups, and geographic regions. Social class is developed by the exhibit of social stratification that is hierarchically ordered and with members who share similar values, interests, and behavior.

2. **Social Factors :** such as reference groups, family, and social roles and statuses affect the buying behavior.Person's reference groups are all the groups that have a direct or indirect influence on their attitudes or behavior. The family is the most important consumer buying organization in society, and family members constitute the most influential primary.

3.   **Personal Factors :** Personal characteristics that influence a buyer's decision include age and stage in the life cycle, occupation and economic circumstances, personality and self-concept, and lifestyle and values

Pricing policy is very decisive in marketing a product, because price is the only element of the marketing mix that provides revenue for an organization or company (Kotler & Keller, 2007). Discounts in the retail industry are often used by sellers to attract consumers to buy their products. The word "discount" on the product offered makes consumers tempted to buy the product thinking that the product is cheap. Discounts that give consumers the perception that the price paid is cheaper than it should be. But consumers will feel trapped if it turns out that the discount is just a trick of the seller to increase his turnover (Syarif, Adil, & Rini, 2013). The discount program is one of the pricing strategies that can be used as a means to influence consumer decisions and is also expected to have a positive impact on the company. Changes to a product are one of the important factors that can affect product demand and supply in the company. Providing discounts made by companies to consumers is a useful tool to influence consumers to buy a product or service offered, this is reinforced by research conducted by Denok where researchers state that the application of discounts has an impact on consumer buying interest in clothing products (Ary Dwi Anjarini, 2021).

Free shipping promos are another form of sales promotion that uses various incentives to stimulate immediate product purchases and increase the quantity of

products purchased by consumers (Amalia & Wibowo, 2019). The free shipping promo is Shopee's flagship marketing strategy which functions to inform, persuade and influence consumer perceptions until a purchase action occurs (Mira Istiqomah, 2020). Most consumers are often hesitant to shop online because of the burden of shipping costs that they have to pay so that the goods purchased online can reach their homes. Consumers feel heavy having to pay shipping costs which sometimes the amount can be greater than the price of the goods they buy. With the free shipping promo by providing free shipping to buyers so that consumers do not feel objections to making purchases so that consumers will make consumer decisions (Geofakta Razali, 2022).

1.5.3 Discount

Discounts are a marketing strategy made by selling actors to market their products tp attract buyers. According to Cambridge Dictionary, a Discount is a reduced price of a product from the usual price. Another understanding from Oxford Dictionary, a discount is the taking of an amount of money or the price of an average cost.

The following is the definition of discount stated by several experts, such as:
- Phillip Kotler (2003) discount is a direct reduction in the price of goods on purchases stated at a particular time.
- Tjiptono (2007) discount is a price given that given by the seller as a reward for the buyer that can please the seller

The Discount system is often used by sellers in increasing their sales because discount is very attractive to buyers to get the goods they need. The benefit for the sellers is that selling in large quantities will reduce the cost of producing each unit. While the benefit for the buyer will reduce ordering costs and lower unit price payments than usual. But the disadvantage that can arise is the swelling of storage costs because larger orders will increase the inventory. According to (Tjiptono, 2008), the main objectives of pricing, especially in price cuts or discounts, are as follows:

1) **Profit-Oriented Goals:** The assumption of the classical economic theory states that every company always chooses the price that can generate the highest profit, known as profit maximization. Pricing can usually be done cheaply or expensively. The greater the purchasing power of consumers, the greater the desire for sellers to set higher prices.

2) **Volume Oriented Goals:** In addition to profit-oriented goals, there are also companies that set prices based on certain volume-oriented objectives or commonly known as volume pricing objectives.

3) **Image Oriented Goals:** The image of a company can be formed through a pricing strategy. Companies can charge high prices to establish or maintain a prestigious image.

4) **Price Stabilization Goals:** In a market where consumers are very price-sensitive, if a company lowers its price, its competitors must lower their prices as well.

5) **Other Goals :** Prices can also be set with the aim of preventing the entry of competitors, maintaining customer loyalty, supporting resale, or avoiding government interference.

According to (Isnaini, 2008)**,** the benefits of giving discounts on products and services include the following:

1. Encourage buyers to buy in large quantities, so that sales volume is expected to increase. Giving discounted prices will have an impact on consumers, especially in consumer purchasing patterns which in the end also has an impact on the sales volume obtained by the company.
2. Purchases can be focused on the seller so that this can increase or maintain the subscription of the seller in question. Holding this discount is one of the seller's strategies in attracting buyers.

The relationship between discount and purchase decision, are as follows:

If a company uses a discount on every product sold, it will attract buyers to make purchasing decisions. where buyers are looking forward to a price reduction (discount) from the initial price that has been determined, because it will reduce expenses in every purchase transaction. This will increase customer purchasing decisions to buy a product. According to the previous research, shows that discount for customer has a positive and significant affect on purchase decision (Syarif, 2013). From the definitions above, it can be concluded that a discount is

a reduction made by the buyer. The price list provided by the selling actor has experienced a price reduction for a product and has been agreed upon by the seller himself with a specific marketing function. Discount also encourage the buyer to buy the products more than one, and discount also impacting customers. It can be followed with a hypothesis as follows :

H1 : It is expected that there is a positive and significant affect of discount on customer purchase decision on Shopee's consumer in Semarang city.

1.5.4 Free Shipping

In buying and selling online, when a customer wants to buy a product, usually the cost to be paid will be added with shipping costs according to the quantity, weight, size of the product, and delivery distance. Shipping costs are the cost of sending goods or services that the seller withdraws from the customer during the buying and selling process, with shipping being charged to the customer (Himayati, Eksplorasi Zahir Accounting, 2008). One of the things offered by online business managers is to provide free shipping. This free shipping of course, means that shipping costs are waived for the buyer, so the buyer does not need to add more costs for shipping goods. The previous explanation could say that all online businesses have implemented this method to attract buyers. It is proved that free postage promos are very effective in increasing business sales. By eliminating shipping costs, buyers automatically only need to pay the price of the goods they buy (Widya, 2018) Shipping costs are calculated based on the

quantity, weight, product size, and distance traveled for delivery. The more the quantity of the product, the heavier and larger the product, or the longer the distance traveled shipping, shipping costs will be more expensive.

The relationship between free shipping and purchase decision :

The value of shipping fees has been illustrated by the rise of the e-commerce market, according to (Lewis et al., 2005). He discovers that shipping fees have a significant impact on order incident rates, and that phased shipping fees have a significant impact on total expenses. Furthermore, the research shows that order size bonuses affect customer growth more than base shipping fee thresholds, while base shipping fee levels influence customer retention more. According to the previous research (Mira Istiqomah, 2020), found that free shipping has a positive and significant affect on purchase decision. In addition, a profitability study indicates that shipping policies that reward greater order sizes can outperform free shipping promotions and regular fee structures. Based on the definitions above, it can be followed by the hypothesis as follows :

H2 : It is expected that there is a positive and significant affect of free shipping on customer purchase decision on Shopee's consumer in Semarang City.

1.5.5 Customer Purchase Decision

The decisions made by the customer when buying a product are based on the accumulated collection of their decision (Kotler & Armstrong, 2010). The purchasing process is divided into three stages: pre-purchase, service encounter, and post-service encounter (Rendika, Farida, & Sandra, 2018). Consumer decision making combines knowledge to evaluate two or more possibilities and select one (Peter & Olson, 2005).

Purchase Decision Process

Figure 1.5

Problem Recognition	→	Information Search	→	Evaluating Alternatives	→	Purchase Decision	→	Post Purchase Decision
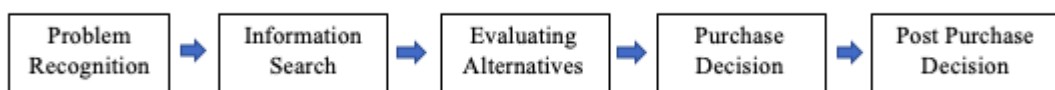
According to (Kotler & Keller, 2011), consumers usually go through the five stages before finally making a purchase. The five stages are as follows :

- **Problem Recognition :** Problem recognition is the buying process begins when the buyer aware of a problem or need that is trigerred by a stimulus internal or external. If the need is known, the consumer will understand needs that do not need to be fulfilled immediately. So, it is at the stage that the buying process begins conducted.

- **Information Search :** This is a stage of the decision-making process where consumers have been interested in searching more consumer

information may only increase the attention or may be actively searching information.

- **Evaluating Alternatives :** This is a stage in the decision-making process where buyers and consumers use information to evaluate various alternative service providers.

- **Purchase Decision :** Purchasing decisions are individual activities that directly involved in making a decision to make a purchase regarding the products offered by the seller.

- **Post Purchase Decision :** Post purchase decision is the consumer will also be involved in actions after purchase and use of the product or services that will be put interest to the marketers. The job of a marketer will not end when a service is sold, but will continue lasts until the post-purchase period so that consumers can make a repeat on purchase decision.

According to the previous research of (Widiatmoko & P. Hadi, 2015), purchase decision following indicators are as follows :

1. **Self Purchase :** use the question list mainly about the consumer active in seeking information.

2. **Purchase of Product Advantage :** this indicator mainly about the consumer activity in evaluating the product and the consumer satisfaction to the brand purchase.

3. **After Purchase Behavior :** this indicator produces several question lists which are the consumer satisfaction of the product about the price paid and the wants to recommend the product to others.

    From the previous research with the title *"The Effect of Discounts and Free Shipping on Shopee Marketplace Purchase Decisions with Advertising as Intervening Variable"* conducted by (Nurainun & Syamsuri, 2022) shows that Discount have a positive and significant impact on purchasing decisions. Free shipping has a positive and significant impact on purchasing decisions. It can be followed with the hypothesis as follows :

    H3 : It is expected that discount and free shipping may have positive effect on influence customer purchase decision.

1.6 Previous Research

Previous research is used as a reference for researchers in conducting this research. There are several supporting studies conducted by previous researchers, namely as follows:

Table 1.3 Previous Research

No.	Researcher And Year	Title	Variables	Research Methods	Results
1.	Quandizza Batrisyia Ekwina, Sinari Maydena, 2021	Impact of Free Shipping Promotion on Product Purchase Decision in E-commerce Shopee During Covid-19 Pandemic	Independent: Free Shipping Promotion Dependent: Purchase Decision	Method: Descriptive Quantitive method Technic: Validity & Reliability test, Multiple Linear regression	The result showed that Free Shipping variable had a positive influence to the Purchase Decision variable.
2.	Ika Barokah Suryaningsih, Lilik Farida, Obilia Revanica, A. Ahsin Kusuma M, 2019	The effect of coupon sales promotion, online customer review and perceived enjoyment on repurchase intention in e-commerce shopee	Independent: Coupon sales promotion, Online customer review, Perceived enjoyment Dependent: Repurchase Intention	Method: Quantitive method Technic: Use multiple linear regression using SPSS 24,	The result showed that Coupon sales promotion variable, Online customer review variable, and Perceived enjoyment variable had a positive and significant effect on Repurchase intention variable.
3.	Heru Ependi, Reza Widhar Pahlevi, 2021	Keputusan Pembelian Mahasiswa pada produk online shop Shopee dan faktor penentunya	Independent: Keputusan pembelian mahasiswa Dependent: Produk online shop shopee, Faktor penentu	Method: Descriptive Qualitative	The result showed that Purchase decision variable had a positive effect on Defining factor of Product in Shopee
4.	Hutomo Atman Maulana,	Analisa Pengaruh Promo Gratis Ongkos Kirim	Independent: Promo gratis ongkos kirim	Method: Explanatory Research,	The result showed that Free shipping variable had a

		terhadap keputusan pembelian pada e-commerce oleh Generasi Z di daerah pedesaan	Dependent: Purchase Decision	Quantitive analysis Technic : Using spss 25 to analyze the data	positive effect on Purchase decision variable.
	Yunelly Asra, 2019				
5.	Nuraini, Abd. Rasyid Syamsuri, 2022	The Effect of Discounts and Free Shipping on Shopee Marketplace Purchase Decisions with Advertising as Intervening Variable	Independent: Discount, Free Shipping, Advertising Dependent: Purchase Decision	Method: Quantitive method Technic: Validity and Reliability testing, Structural Equation Model Analysis	The result showed that 1) free shipping has a positive and sigmificant impact on advertsing; 2) Discounts have a negative and insignificant impact on advertising; 3) Free shipping has a positive and significant impact on purchasing decisions; 4) Discounts have a positive and significant impact on buying decisions; 5) Advertising has a positive and significant impact on buying decisions.

Source : Various Journals www.google.com

Research positions among previous research above are as follows :

1.   This research focus on Shopee Marketplace in finding effects of discount and free shipping.

2.   This research using discount and free shipping as independent variable, and purchase decision as dependent variable.

3.   This research not using intervening variable, that may have a different result from other research that is using intervening variable.

4.   This research conduct in 2023 that may have different conclusions and results from previous research and previous year.

1.7 Hypothesis

(Sugiyono, Metode Penelitian Kuantitatif Kualitatif dan R&D, 2008) suggests that the hypothesis is the answer while on the formulation of research problems, therefore the formulation of the research problem is usually structured in the form of a question sentence. It says a while because the answers given are only based on empirical facts obtained through data collection. So, the hypothesis is also expressed as theoretical answers to the formulation of research problems, not empirical answers.

This research will investigated about The influence of Free Shipping and Discount towards customer purchase decisions. Figure 1.1 shows that free shipping program and discount will become the independent variable of the research while customer purchase decision becomes the dependent variable of the research.

Figure 1.6
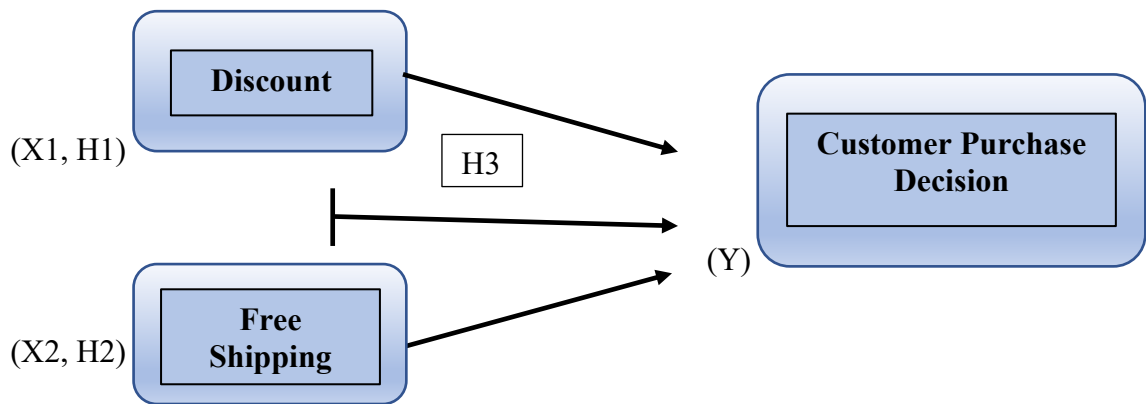
Based on the working theory and the framework above, the hypothesis proposed in this study are as follows:

H1 : Discount may have positive effect on influence the customer purchase decision at Shopee to Fisip Diponegoro University Semarang Students

H2 : Free shipping may have positive effect on influence customer purchase decision in Shopee to Fisip Diponegoro University Semarang Students

H3 : Discount and free shipping have positive effect on influence customer purchase decision in Shopee to Fisip Diponegoro University Semarang students.

1.8 Conceptual Definition

Concept definition is the stage of providing an explanation of reading and understanding that needs to be observed, in order to understand the problems discussed. The definition of the concept of each variable in this study is as follows:

1.8.1 Discount (X1)

Discounts are a sales promotion tool (Kotler & Keller, 2012) define that discount is a price reduction to buyers who pay bills promptly. *Discounts* are a marketing strategy made by selling actors to market their products tp attract buyers. According to Cambridge Dictionary, a Discount is a reduced price of a product from the usual price. Another understanding from Oxford Dictionary, a discount is the taking of an amount of money or the price of an average cost.

1.8.2 Free Shipping (X2)

Shipping costs are the cost of sending goods or services that the seller withdraws from the customer during the buying and selling process, with shipping being charged to the customer (Himayati, 2008). One of the things offered by online business managers is to provide free shipping. This free shipping of course, means that shipping costs are waived for the buyer, so the buyer does not need to add more costs for shipping goods. The previous explanation could say that all online businesses have implemented this method to attract buyers. It is proved that free postage promos are very effective in increasing business sales. By eliminating shipping costs, buyers automatically only need to pay the price of the goods they buy (Widya, Perencanaan & Komponen dalam Mmanajemen Bisnis yang Harus Anda Ketahui, 2018)

1.8.3 Customer Purchase Decision (Y)

The decisions made by the customer when buying a product are based on the accumulated collection of their decision (Kotler and Amstrong, 2010).

1.9 Operational Definition

The operational definition is an indication of how a variable is measured. The operational definition of variables from this research are:

1.9.1 Discount (X1)

Discount is Shopee's ability to provide service and satisfaction to FISIP Undip students. Based on research conducted by Baskara in 2018, the indicators of discount are as follows :

1. Size of price reduction
2. Price reduction period
3. Type of products

1.9.2 Free Shipping (X2)

Free Shipping is Shopee's ability to guarantee how customer satisfy with this service . Based on research conducted by Sari in 2019, the indicators of free shipping are as follows :

1. Attention
2. Desire purchase decision
3. Encouraging
4. Attractiveness

1.9.3 Customer Purchase Decision (Y)

The customer purchase decision is a consumer decision of FISIP Undip in buying or purchasing an item on the Shopee marketplace. Based on research conducted by Galih Widiatmoko and Sudharto Hadi in 2015, the indicators of purchase decision are as follows :

- Self purchase

- Purchase because of the product advantage

- After purchase behavior

1.10 Research Methodology

1.10.1 Type of Research

The type of research used by researchers in this study is explanatory research with a quantitative approach. Explanatory research is a type of research that aims to explain the variables to be studied and the relationship between one variable and another and to test hypothesis that have been prepared previously (Sugiyono, 2016). The following variables are as follows :

a. Independent : Discount (X1) and Free Shipping (X2)

b. Dependent   : Purchase Decision (Y)

1.10.2 Population and Research Sample

1.10.2.1 Population

A population, according to (Sugiyono, 2015, p. 80), is a generalization field made up of objects or subjects with unique attributes and characteristics chosen by researchers to be analyzed and concluded. All data that is the focus of a researcher's interest within a fixed reach and time is referred to as the community. The population is linked to numbers; if a person receives data, the population's size or percentage will be equal to the number of individuals (Margono, 2004). The population in this study will be students Shopee consumer in Semarang city who have made at least one purchase on the Shopee app. This study will employ a survey questionnaire circulated through social media platforms such as Google Form, Instagram, Whatsapp, and Line.

1.10.2.2 Sample

Sample is a part or representative of the population that has the same nature and character and meets the population that has the same nature and character and meets the population under investigation (Sugiyono, 2016). In determining the number of samples, the theory of (Cooper & Emory, 1997) is used which states the basic formula in determining the sample size is assumed to have an unidentified population. It can be concluded that 100 are eligible to represent the entire population. Therefore the research sample of this study is is 100 Shopee consumers in Semarang City.

The sample criteria needed for this research are as follows :

- Shopee consumer

- Live in Semarang

- Have made a purchase in Shopee Marketplace at least once

1.10.3 Data Types and Data Sources

This type of research is explanatory research. Explanatory research is research that aims to analyze the relationships between one variable and another or how one variable affects other variables (Umar, 1999). The independent variables in this study are Discount and Free Shipping which affect the dependent variable in the form of Customer Purchase Decision Variables.

1.10.3.1 Data Types

The data used in this study is quantitative data, which is the type of data that can be measured or calculated directly, in the form of information or explanations expressed in numbers or in the form of numbers. The type of data used is the assessment of Semarang city shopee user regarding the level of Customer Purchase Decision, Discount, and Free Shipping.

1.10.3.2 Data Sources

Sources of data used are primary and secondary data. Primary data is data obtained directly from Shopee consumers, and Secondary data is data obtained through other

sources such as from various writings from books, journals, internet, and FISIP Undip documents related to this research.

1.10.4 Data Collection Technique

Data collection techniques used in this study are :

1.   Questionnaire

Using closed-ended questions to Shopee user in Semarang city, using the Likert scale.

2.   Literature review

This collection technique aims to obtain theories or concepts that are related to the research to be carried out obtained from journals or books.

1.10.5 Measuring Scale

The scale used in this study is the Likert scale, which is used to measure attitudes, opinions, and perceptions of a person or group of people about social phenomena (Sugiyono, 2009, p. 132). Determination of the scores given to measure Consumer Interest using a Likert Scale, as follows:

1   Score 5 if Very Support Statement

2   Score 4 if Support Statement

3   Score 3 if Enough Supports the Statement

4   Score 2 if it does not support the Statement

5   Score 1 if Strongly Disagree Statement

Alternatives answers will be adapted to the needs of the research data and the types of questions in the questionnaire. After being scored, it is made into tabulated list and ready to be statistically tested. This data will be presented in a master table. Then the table is presented to be tested statistically with SPSS.

1.10.5.1 Validity Test

The validity test is intended to determine whether the instrument used to obtain data is valid or not. If it is valid, it means that the instrument can be used to measure the variables to be measured, and vice versa. A questionnaire is said to be valid if r count is greater than r table (r count > r table), it is invalid if r count is less than r table (r count < r table) (Ghozali, 2009: 49).The validity test is calculated by the product moment correlation formula:

$$r = \frac{n\sum XY - (\sum X)(\sum Y)}{\sqrt{\left(n\sum (X)^2 - (\sum X)^2\right)\left(n\sum (Y)^2 - (\sum Y)^2\right)}}$$

Explanation :

r = Product moment correlation coefficient

N = Number of respondents

Y = Total score of items tested for validity

X = Score of items tested for validity

1.10.5.2 Reliability Test

Reliability test is intended to test an instrument can be trusted or not. Reliable instruments will produce reliable data as well. If the data is indeed true according to reality, then no matter how many times it is taken it will still be the same.

Reliability is calculated by Cronbach's Alpha formula:

$$r_i = \frac{k}{k-1} \left\{ 1 - \frac{\sum Si^2}{St^2} \right\}$$

Explanation:

k = Mean Square between subjects

$\sum Si^2$ = Mean square of error

St^2 = Total Variance

A construct or variable is said to be reliable if it gives a Cronbach Alpha value > 0.60.

1.10.5.3 Correlation Coefficient Test

The correlation coefficient test is intended to show the strength of the relationship between two variables and can be known based on the r value of the correlation analysis results. To provide an interpretation of the value of the correlation coefficient used a guideline. To determine the closeness of the relationship/correlation coefficient between these variables, the following guidelines are as follows :

Table 1.4 Variables Closeness Guidelines

Interval Nilai R	Interpretation
0,00-0,199	Very low correlation
0,20-0,399	Low correlation
0,40-0,599	The correlation is quite strong
0,60-0,799	Strong correlation
0,80-1,000	Very strong correlation

Resources : Sugiyono, 2009

1.10.5.4 Coefficient of Determination Test (r)

After the regression can be continued by calculating the coefficient of determination (Sugiyono, 2009:185). The coefficient of determination is used to determine the percentage contribution between variables.

$$KD = (r^2) \text{ x } 100\%$$

Description:

KD = Coefficient of Determination

r = Correlation Coefficient

To find out how far the structural assurance and perceived reputation variables for trust can best explain purchase intention, it can be seen from adjusted r2, if adjusted r2 is close to 0 then the variable chosen between structural assurance or perceived reputation for trust is not able to explain the purchase intention variable. Then, if the adjusted r2 is

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close to 1, the selected variables such as structural assurance and perceived reputation for trust can explain the purchase intention variable well.

1.10.5.5 Regression Model

This research use linear regression analysis to to predict the value of a variable based on the value of another variable. Linear regression is an analysis that is useful for knowing the effect of of one independent variable on one dependent variable based on a functional or causal relationship (Sugiyono, 2017) .This research use two type of linear regression analysis namely simple linear regression and multiple linear regression. The linear regression type used in this research are described as bellow :

1. Simple Linear Regression

   Simple linear regression is a common technique for estimating coefficients of linear regression equations which describe the relationship between one or more independent quantitative variables and a dependent variable. The formula bellow can be presented in simple linear regression :

$$Y = a + bX + e$$

   Where :

   Y   = Dependent Variable

   a   = Constant number

   b   = Regression Coefficient

   X   = Independent Variable

2.   Multiple Linear Regression

Multiple Linear Regression is a simultaneous regression model where there is a causality model presented in the form of tiered causality. (Sugiyono, 2019) explains that multiple linear regression analysis is an analysis that aims to predict the state (increase or decrease) of the dependent variable, and two or more independent variables as predictors that are manipulated. The model as described bellow can be presented in the form of a multiple regression equation as follows:

$$Y1 = a + b1\ X1 + b2\ X2 + e$$

Where :

Y   = Dependent Variable

a   = Constant number

b   = Regression Coefficient

X   = Independent Variable

1.10.5.6 The T-Test

The t-test is a test of individual partial regression coefficients used to determine whether the independent variable (X) individually affects the dependent variable (Y). The steps used are as follows:

The hypothesis is tested statistically so that the form becomes as follows :

Ho : b = 0, there is no significant effect between discount and purchase decision (Study on Shopee consumer in Semarang City)

Ha : b ≠0, there is a significant effect between discount and purchase decision (Study on Shopee consumer in Semarang City)

T test was used for the significance of the relationship between variables. The steps used by Sugiyono (2009) are as follows :

$$t = \frac{r\sqrt{(n-2)}}{\sqrt{1-r2}}$$

Where : t = t-count

n = number of sample respondents

r = magnitude of correlation

(note: t-table for 5% error rate and N=100)

   a. The basis for decision making is:

      By comparing t-table and t-count:

1) If t-count > t-table, then Ho is rejected and Ha is accepted

2) If t count < t table, then Ho is accepted and Ha is rejected

1.10.5.7 The F Test

That is testing the significance of the equation used to determine how much influence the independent variables (independent) X1 and X2, namely Structural Assurance and Perceived Reputation, together (simultaneously) on the intervening variable (Z), namely Trust.

The test steps:

Formulate a hypothesis

Ho = b1, b2 = 0

This means that the structural assurance and perceived reputation variables together

do not have a positive and significant influence on trust.

$$Ha = b1, b2 \neq 0$$

This means that the structural assurance and perceived reputation variables together

have a positive and significant influence on the trust variable.

Level of Significant

Error rate 5% = 0.05%

Test criteria:

Ho is accepted if F count < F table

Ho is rejected if F count > F table

F value calculation

$$F = (R^2/(k))/(1-R^2/(n-k-1))$$

Where:

R2 = coefficient of determination

K = Number of independent variables

n = number of sample