



AMAR (Andalas Management Review)
Vol. 8, No. 2 (2024) Halaman 73 – 82
The Management Institute, Faculty of Economics, Universitas Andalas
ISSN (Print) 2476-9282 | ISSN (Online) 2548-155X

The Effect of *Sales Promotion, Electronic Word of Mouth and Online Customer Experience on Repurchase Intention (Case: Shopee Marketplace Users in Padang, Indonesia)*

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Abstract

The increasingly rapid development of technology and accompanied by consumer behavior tends to buy and sell online to meet their daily needs. One of which is through an online marketplace. This research aimed to observe the effect of sales promotion, electronic word of mouth and online customer experience on repurchase intention. This research used a hypothesis test method with a research sample of 230 Shopee's customer in Padang taken by non-probability sampling technique. The research data processing was carried out to see the influence between the independent and the dependent variable with the SmartPLS version 3.3.3 program. The results of this research indicated that sales promotion had a positive but not significant effect on repurchase intention. Meanwhile, electronic word of mouth and online customer experience had a positive and significant effect on repurchase intention.

Keyword: *Sales Promotion, Electronic Word of Mouth, Online Customer Experience and Repurchase Intention.*

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1. INTRODUCTION

Economic globalization is a situation where economic and commercial activities around the world have created an integrated and need each other market system without any territorial boundaries of a country. It means that every country is free to buy and sell without having to go directly to the seller or vice versa. In addition, the development of economic globalization is also supported by technology and information. With the development, many companies have sprung up and take advantage of this condition to conduct online business activities since they are seen as more effective and efficient.

In addition, the Covid-19 pandemic that has occurred since the end of 2019 has also caused people to be more inclined to choose online shopping rather than going to the market/store directly to avoid physical contact with many people. Since the government regulation on the implementation of PSBB (Large-Scale Social Restrictions) which has limited community activities. With this phenomenon, several marketplaces in Indonesia are trying to carry out sales strategies to attract consumers to shop.

The latest data in July 2020 or in the second quarter of 2020 regarding the number of marketplace platform visitors in Indonesia was occupied by Shopee with the highest number of 93,440,300 visitors/month (iprice.co.id, 2020). Shopee is one of the marketplaces in Indonesia, headquartered in Singapore, which was established in 2009 under the auspices of the SEA group formed by Forrest Li. Shopee managed to expand its market to a number of countries such as Taiwan, Thailand, Malaysia, Vietnam, the Philippines, and even Indonesia in 2015.

Repurchase intention is an individual assessment of repurchase with services that are designated as products, either goods or services to be considered and reused and have factors that refer to the level of business and company profits (Noyan & Simsek, 2012). Repurchase intention is defined as consumers who have the intention to repeat purchases in the future based on past experience also based on satisfaction after using a company's product which can meet consumer expectations (Rhisa Ayu Ismasari, 2016).

According to (Lovelock & Wright, 2007 160) sales promotion is a type of promotional activity given to customers in the form of short-term incentives to stimulate the purchase of products, either goods or services. According to (Tjiptono, 2008:229) states that sales promotion is a form of direct persuasion (invitation) through incentives that can be arranged to immediately stimulate product purchases or increase the number of products purchased by customers. According to Machfoedz (in Setyaningrum, 2013) sales promotion is an activity or material, using techniques in its application and under the direction of the seller/manufacturer who communicates persuasive information that can influence purchasing decisions.

Sales promotion is a financial incentive given by sellers to consumers in the form of discounts, prizes, sweepstakes, coupons, buy one get two, and so on. Usually, companies offer sales promotions to increase sales during certain periods such as school holidays, new year's moments, to achieve year-end sales targets. But sales promotions can also be given for the purpose of increasing customer loyalty. For example, the company offers a special discount on a customer's birthday. Or the company provides discounts if consumers buy in certain quantities. Previous research has proven that sales promotion has a significant effect on customer loyalty.

Electronic word of mouth (E-WOM) refers to positive or negative statements made by potential, current or former customers about a product or company. Individuals and institutions can obtain this information from the internet (Jalilvand et al., 2011). Ewom has a definition as a communication method used to share information about products or services that have been consumed between consumers who do not know each other and have met before (Gruen et al., 2006).

According to (Helson, 1964) suggests that in considering something, individuals tend to look at three aspects; Past experiences, background context, and stimuli. Web-shopping is still relatively new to consumers, so online purchases are still considered riskier than in-person purchases (Laroche et al., 2005). Therefore, web-shopping consumers depend on the quality of experience that can be obtained from previous experiences (Kwek et al., 2010).

The rapid development of information technology today has led to the rapid dissemination of information, especially through social media (e-WOM). For companies, the existence of social media is like a double-edged sword. This means, on the one hand, positive news about the company can quickly spread widely in the community in a short time so this is very profitable for the company. On the other hand, through social media negative news about the company can also spread quickly which may exceed the speed of spreading positive

information. Of course, if this happens then in a short time the company's reputation will drop drastically. In the context of this research, we examine how the dissemination of positive information through social media (e-wom) affects their intention to repurchase. Several empirical studies have proven that e-wom has a significant effect on repurchase intention.

RESEARCH METHODS

Research design

This research is included in quantitative research used 4 variables; Sales promotion, electronic word of mouth, online customer experience and repurchase intention. Based on the objectives of the research, this research used hypothesis testing. Based on the type of investigation, this research used correlational. Research instruments were adapted from previous research. Variable of repurchase intention is measured with 6 indicators developed by (Şahin et al., 2012). The indicators are as follows: Brand is the first choice; will continue to be loyal; will repurchase the product; promotion of competitors will not affect the intention to repurchase this product; will choose this product if getting any product for free.

Instrument of sales promotion for monetary variable are adapted from (Salelaw & Singh, 2016). The indicator of sales promotion for monetary aspect are as follows: like price offers like discounts; like a very high discount; remember the last price offered; often offer pricing offers; price discount seems reasonable; price discounts are offered more often than competing brands; many discounted prices offered. Instruments for non-monetary variables are adapted from (Salelaw & Singh, 2016). The indicator of sales promotion for non-monetary aspect are as follows: like non-price offers like rewards; high opinion on non-price offers like prizes; remember the last non-price offer; non-price offers such as gifts are often offered; non-price offers such as prizes are emphasized more; think non-price offers such as gifts are more common; non-price offers such as gifts are presented too often.

Instruments for electronic word of mouth variables are adapted from (Jalilvand & Samiei, 2012). The indicator of electronic word of mouth are as follows: read reviews of other consumers' to find out what products/brands make good impression; often read reviews of other consumers' to make sure to buy the right product/ brand; consult with online product review to choose the right product/ brand; collect information from customers' online reviews before buying certain products; read the consumers' online product reviews when a person worried about his/her decision; reviewing the product online makes a person believe on his/her buying decision.

Instruments for online shopping experience are adapted from Nilsson et al., (2017). divided into 7 dimensions namely security, fulfillment, reliability, customer service, store offerings, ease of use (Nilsson et al., 2017). Survey research has applied to 230 Shopee's customer in Padang by using purposive sampling technique. The respondents who has read consumer review of Shopee's are eligible for respondent of this study. The method used to collect the data was survey research, by distributing questionnaires directly to respondents.

RESULTS AND DISCUSSION

The first part of this research result explain about respondent characteristics. As many as 230 valid data from research respondents were analyzed in this study. Of the 230 respondents in this study, the

majority (72,2%) were between the ages of 21 and 25 years. In terms of job, the majority of respondents (58,3%) are collage students. In terms of gender, the majority of respondents (57.8%) in this study were female. Meanwhile, from the income aspect, the majority (83,9%) of the respondents in this study had an income equal or less than 3 million rupiah per month.

The second part of this research result is the evaluation of measurement model. The measurement model for this study was evaluated using validity and reliability tests. Evaluation of the reliability test includes assessment the value of the indicator loading and composite reliability. The details evaluation of validity test include convergent validity (AVE) and discriminant validity (Forner Larcker Criterion).

Convergent Validity Test

The convergent validity test was carried out to determine the validity of the relationship between each indicator used in the research. An indicator with a large outer loading value of 0.7 means that the indicator was considered to have a high level of validity. The construct validity is indicated by the AVE value that is equal or greater than 0.5 (Hair et al, 2017).

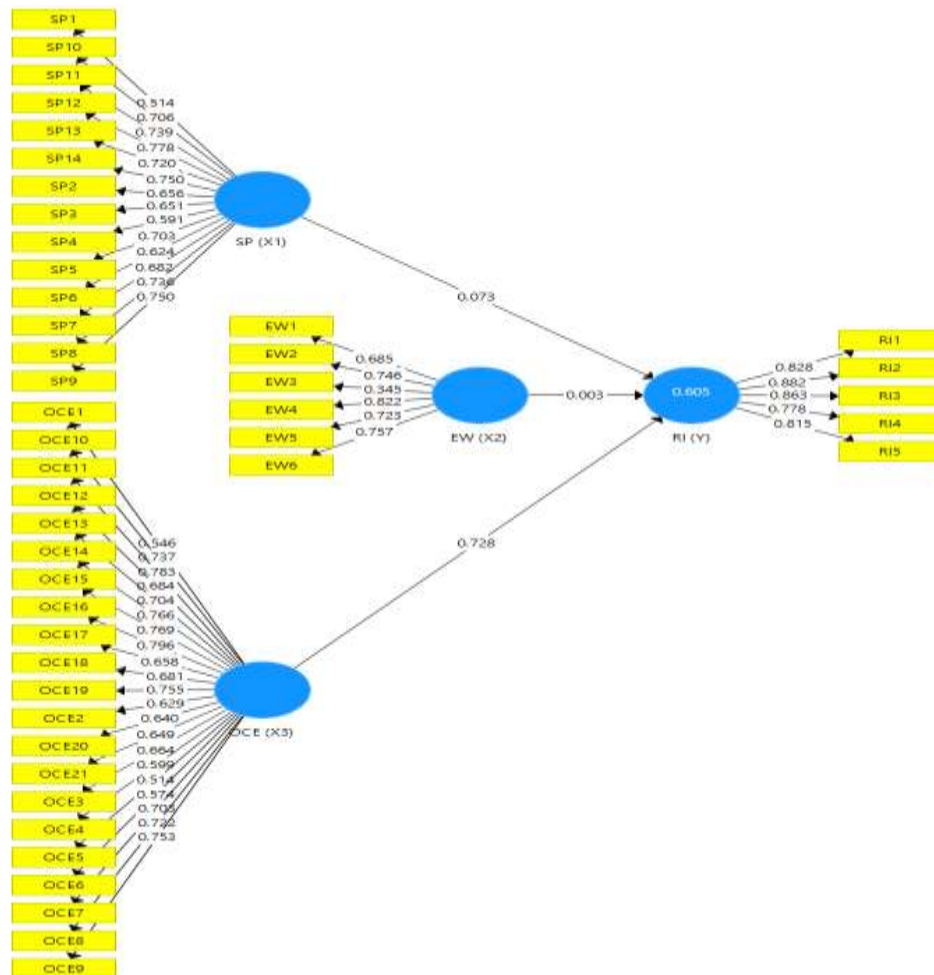


Figure 1 Initial Outer Loading

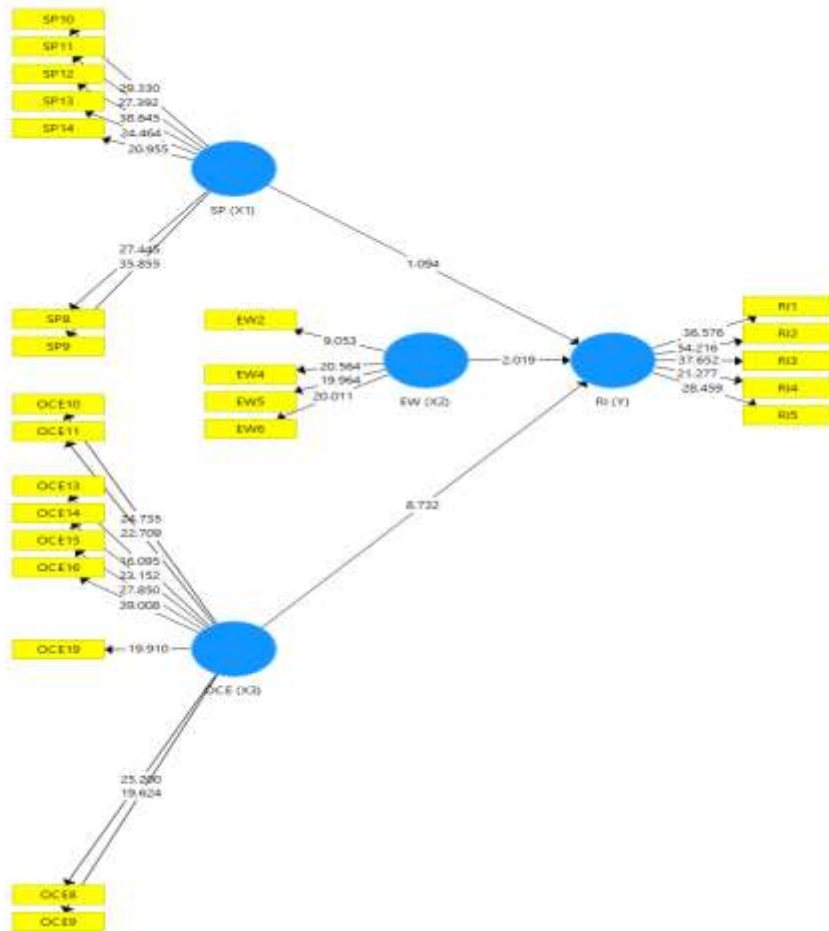


Figure 2 Final Outer Loading

Based on the requirement of indicator reliability above, some indicators for sales promotion (SP) such as: SP1, SP2, SP3, SP4, SP5, SP6, SP7; some indicators for online customer experience (OCE) such as: OCE1, OCE2, OCE3, OCE4, OCE5, OCE6, OCE7, OCE12, OCE17, OCE18, OCE20, OCE21 and some indicators for electronic word of mouth (EW) such as: EW1 dan EW3 are deleted since have squared loading value below than 0,7. After the invalid indicators were removed from the test, then retesting was carried out so the outer loading value of all above 0.7 indicators, thus the indicator was declared to be valid. To check construct convergent validity, it can be seen in the following AVE values:

**Table 1
AVE Results**

Variable	AVE
SP	0.681
EW	0.621
OCE	0.612
RI	0.696

Based on Table 1 above, the AVE value for all indicators had met the indicator requirements, it could be said to be valid where the value was above 0.5. This proved that this research had met the requirements for convergent validity.

Discriminant Validity Test

Discriminant validity testing was carried out to determine the relationship between one construct and another. A construct with a good level of validity if the correlation value of the construct with its indicators was greater than the correlation value with other constructs. The table below shows the root value of the AVE Latent Variable Correlation on the Fornell-Larcker Criterion.

Table 2
Results of Fornell-Larcker Criterion

	EW	OCE	RI	SP
<i>Electronic Word of Mouth</i>	0.788			
<i>Online Customer Experience</i>	0.488	0.782		
<i>Repurchase intention</i>	0.449	0.728	0.834	
<i>Sales Promotion</i>	0.177	0.528	0.420	0.825

The Table 2 above shows that the square root of AVE values (diagonal value) are higher than the correlation value in the left side and below diagonal value. In other words table above show that correlation of certain variable with itself is higher than the correlation with other variable.

Reliability Test

The reliability test is to measure or increase the level of consistency of the questionnaire data used in the research. The reliability test was carried out by looking at the value of the research instrument based on Cronbach's alpha and composite reliability of the indicator block that measures the construct. A variable can be said to be reliable if it meets the criteria of Cronbach alpha and composite reliability greater than 0.70 (Hair et al., 2017).

Table 3
Result of cronbach alpha and composite reliability

Variable	Cronbach's Alpha	Composite Reliability	Description
<i>Sales Promotion</i>	0.922	0.937	<i>Reliable</i>
<i>Electronic Word of Mouth</i>	0.795	0.867	<i>Reliable</i>
<i>Online Customer Experience</i>	0.921	0.934	<i>Reliable</i>
<i>Repurchase intention</i>	0.89	0.919	<i>Reliable</i>

Based on Table 3 above, it can be seen that the value of Cronbach's Alpha and Composite Reliability has met the requirements where the magnitude of 0.70 and 0.60. From the results of the processed data, it is concluded that this research has a high level of reliability.

Structural Model Test

Validity and reliability test were conducted to test the structural model on the research indicators so it can be said to be valid. To test the model, the first assessment must be done by looking at the value of R square.

Table 4
R Square Result

Variable	R Square
Repurchase intention	0.545

Table 4 above shows that the value of R Square on the repurchase intention variable is 0.545 or 54.5%. This value states that 54.5% of repurchase intention variables are influenced by sales promotion, electronic word of mouth and online customer experience variables. Then the rest, that is equal to 0.455 or 45.5% is influenced by other variables that are not examined in this research.

Hypothesis testing

To see whether the proposed hypothesis was acceptable or not, a hypothesis test was carried out. This could be done by looking at the output path coefficient in this research by using bootstrapping in the SmartPLS 3.3.3 data processing application program. The condition for accepting a hypothesis or rejected was that the T-statistic was greater than the T-table. The result of hypothesis testing can be seen in Table 5. The T-table in this research was 1.656 with a confidence level of 95% and a significance level of 5% or equivalent to 0.05.

Table 5
Path Coefficient Results

Relationship	Original Sample	T - Statistic	P - Value	Hypothesis
Sales Promotion → Repurchase Intention	0,064	1,094	0,274	Rejected
Electronic Words of Mouth → Repurchase Intention	0,130	2,019	0,044	Accepted
Online Customer Experience → Repurchase Intention	0,631	8,732	0,000	Accepted

In making a decision whether the hypothesis was accepted or rejected was to look at the original sample value, T-Statistics and P-Value. If T-Statistics > T-Table or P-Value < 0.05 then the hypothesis was accepted.

The Effect of Sales Promotion on Repurchase Intention on the Shopee Marketplace

Based on the research results, it was stated that sales promotion had a significant effect on repurchase intention to be **rejected**. Based on the results of the T test, it showed that the independent variable (X_1) sales promotion had no effect on the dependent variable (Y), namely

repurchase intention. This can be proven by the result that the T-statistic value was smaller than the T-table value ($1.094 < 1.656$). In addition, the significance level (P Value) obtained was 0.274 (larger than 0.05), which means that the sales promotion variable had no significant effect on repurchase intention even though it had a positive effect. This proved that repurchase intentions of the Shopee users in Padang were not influenced by sales promotions. This study is not inline with previous study that found that sales promotion has significant effect on repurchase intention (Rosalina & Kusumawati, 2018; Umamah & Arif Wibowo, 2018).

The Effect of Electronic Word of Mouth on Repurchase Intention on the Shopee Marketplace

Based on the research results, it was stated that electronic word of mouth had a positive effect on repurchase intention to be accepted. Based on the T test, it showed that the independent variable (X_2) of electronic word of mouth had a positive influence on the dependent variable (Y), namely repurchase intention. This can be proven by the results of the T-statistical value test which was greater than the T-table value ($2,019 > 1,656$) with a significance level of $0.000 < 0.05$. So, hypothesis 2 was accepted, which means that the electronic word of mouth variable had a significant effect on repurchase intention in the Shopee marketplace. This proves that repurchase intentions of Shopee users in Padang was influenced by electronic word of mouth. This study is inline with previous study that found that electronic word of mouth has significant effect on repurchase intention (Anggi et al., 2018; Winda, 2017).

The Effect of Online Customer Experience on Repurchase Intention on the Shopee Marketplace

Based on the research results, it was stated that online customer experience had a positive effect on repurchase intention to be accepted. Based on the results of the T test, it showed that the independent variable (X_3) online customer experience had a positive influence on the dependent variable (Y), namely repurchase intention. This could be seen from the test results that the T-Statistic value was greater than the T-Table value ($8.732 > 1.656$) with a significance level of $0.000 < 0.05$. Therefore, hypothesis 3 was accepted which online customer experience had a significant effect on repurchase intention in the Shopee marketplace. This proved that repurchase intentions of Shopee users in Padang was influenced by online customer experience. This study is inline with previous study that found that sales promotion has significant effect on repurchase intention (Foster, 2017; I Wayan & Made, 2019)

CONCLUSIONS AND IMPLICATIONS

Based on the hypothesis test described in the previous chapter of this research, the researcher can infer the following conclusions:

1. Sales promotion has no significant effect on repurchase intention of Shopee users in Padang. This indicates that sales promotions carried out by Shopee do not influence users to have repurchase intentions on the Shopee marketplace.
2. Electronic word of mouth has a significant effect on repurchase intention on Shopee marketplace users in Padang. This indicates that word of mouth marketing through electronic media plays an important role in increasing repurchase intentions by Shopee users in Padang.

3. Online Customer Experience has a significant effect on repurchase intention of Shopee marketplace users in Padang. This indicates that the online shopping experience by consumers is able to influence consumers to have repurchase intentions on the Shopee marketplace.

The implications of the research results are as follows:

1. Regarding the gifts offered by Shopee, Shopee only focuses on giving gifts to new Shopee users, so Shopee only opens the opportunity once. Shopee should also give gifts to customers who have often shopped as a form of reward to customers and as a form of appreciation for consumer loyalty.

2. Shopee must take advantage of the reviews in the review column to see what deficiencies can be used as the basis for correcting existing deficiencies and can reduce negative reviews in the review column and will later raise Shopee's own image in the customers. Shopee must pay attention to all forms of reviews, both positive and negative because it will affect the intention of a consumer who will buy a product at Shopee.

3. Shopee must focus on convincing consumers about the security of transacting with credit cards. Shopee can educate and involve related parties such as credit card issuing banks so the consumers are more confident and willing to use credit cards, as well as provide special offers or discounts for credit card users. In addition, Shopee must always see competition in the online buying and selling industry strictly and Shopee must maintain services, facilities, convenience, and security so the customers feel satisfied. In addition, companies must continue to innovate in providing features to improve the online shopping experience more attractive.

5. Shopee must focus more on concrete efforts to improve significant variables (E-WOM and online customer experience). In the E-WOM variable, Shopee encourages consumers to interact/discuss with other consumers about Shopee's products/brands. While on the online customer experience variable, Shopee should focus on efforts to increase security in transactions with credit cards, security regarding personal information at Shopee, ease of product return procedures/policies, ease of contact person with Shopee companies, especially to overcome problems experienced by consumers when transacting with Shopee.

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