



The effect of price and service quality on the decision to choose Shopee e-commerce in Kibing Village Batam

Shandrya Victor Kamanda

Sharia Business Management Study Program, Institut Agama Islam Abdullah Said Batam

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ABSTRACT

Marketing is the tip of the horn of a business entity or company because with marketing a company can find out the number of sales from the marketing results carried out by a marketer. This study aims to determine the effect of service on the decision to choose Shopee e-commerce in Batu Aji Batam District. The population in this paper is 585 people. And the sample obtained was 87 people taken by random sampling method. The data analysis used is multiple regression and hypothesis testing and uses SPSS version 22. The conclusion obtained is that the price variable partially has a significant effect on the decision to choose, the service quality variable partially has a significant effect on the decision to choose. The price and service quality variables together have a significant effect on the decision to choose Shopee e-commerce in Kibing Village, Batam.

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Corresponding Author:

Shandrya Victor Kamanda,
Sharia Business Management Study Program,
Institut Agama Islam Abdullah Said Batam,
R. Soeprapto Street, Batam, Kepulauan Riau, 29422, Indonesia.
Email: shandy0193@gmail.com

1. INTRODUCTION

The development of technology throughout the earth makes competition sharper, especially e-commerce companies. This company has become famous throughout the world because it does not waste time to come to offline stores, prices are definitely affordable and service is faster. E-commerce companies must have quality services such as super fast and friendly responses (Darwin, 2020).

With all of that, of course, people will be satisfied with the products we offer and they decide to choose (Pradipta et al., 2021). However, in recent years, the largest e-commerce, especially those in Indonesia, has decreased, even though during a pandemic it is very good to use e-commerce to minimise the spread of disease outbreaks with physical contact (Fauzi, A. A., Kom, S., Kom, M., Budi Harto, S. E., Mm, P. I. A., Mulyanto, M. E., ... & Rindi Wulandari, 2020).

Therefore, companies must carry out marketing strategies to increase the number of visitors to each major e-commerce, especially Shopee, because there has been a decline in recent month.

This is the problem that is being faced by all e-commerce in Indonesia, especially Shopee, the trend of visits to e-commerce sites in Indonesia declined in early 2023. This happened to the 5 e-commerce sites with the largest visitors, namely Shopee, Tokopedia,

Lazada, Blibli, and Bukalapak. According to SimilarWeb data, during February 2023 the Shopee site only received 143.6 million visits. This figure is down about 16% compared to January 2023, even 25% less than the achievement at the end of last year. Thus e-commerce companies, especially Shopee, need to carry out marketing strategies in increasing the number of application users (Ahdiat, 2023).

Marketing is a tool used by a business entity or company to introduce the goods or services they produce for use by the public (Yunita et al., 2021). Marketing is an integrated effort that is carried out to meet consumer needs and provide profit to the company (Y. P. Sari et al., 2022). Marketing has a broader scope of activities than that. Marketing includes the formulation of the type of product desired by consumers, calculating how much the need for the product is, how to distribute the product to consumers, how high the price should be set for the product that is suitable for consumer conditions, how to promote to communicate the product to consumers, and how to overcome the competitive conditions faced by the company and so on (Salim et al., 2022).

Marketing strategy cannot be separated from the name marketing mix. For example, such as price, because price is something that consumers really think about whether or not to buy a good or service .

Price is the amount of money charged for a product or service or the amount of value that will be exchanged by consumers for the benefits of owning and or using the product or service (Cindy Magdalena Gunarsih, 2021). Price is the amount of money used to get a number or some combination of goods and services (Nurhadi, 2019).

Price is the amount of money charged for a good / service or the amount of money value that consumers exchange for the benefits of owning or using the product or service (Musa & Rotinsulu, 2019). Price is the amount of money a customer has to pay for that product. Based on the above definition, price is a value for a product or service so that it becomes something that is traded and exchanged for currency or other means of exchange (Kamanda et al., 2022).

Price is the amount of money charged for a product or service or the amount of value that will be exchanged by consumers for the benefits of owning and or using the product or service (Abdul Gofur, 2019). Price is the amount of money used to get a number or some combination of goods and services (Handoko, 2017). Apart from price, a marketing tool that is no less important is quality service (Silaban & Rosdiana, 2020).

Service quality is an effort to fulfil the needs and desires of consumers and the accuracy of their delivery in adjusting or balancing consumer expectations (Putra Setiawan & Frianto, 2021). Service quality can be realised through fulfilling customer desires and accuracy in delivery to match or exceed customer expectations (Farida & Mahfud, 2021).

The objectives of establishing service quality are customer focus, efficient service, good relationship with customers, respect for customers, information to customers, informing the service to be provided and helping customers (Juliani et al., 2022). To improve service quality are listening, reliability, basic service, service design, recovery, surprising customers, being fair, teamwork, employee research, servant leadership (Saputro, 2017).

From the explanation of price and service quality above, consumers will decide to buy a good or service offered by the company. Purchasing decisions are a selection of two or more alternative purchasing decision options, meaning that someone can make a decision must be available several alternative choices (S. P. Sari, 2020). This allows business functions to run without obstacles, if individual decisions as consumers match producer expectations (Hasan & Marketing Sekolah Tinggi Pariwisata AMPTA Yogyakarta, 2017).

Every consumer makes various kinds of decisions about searching, purchasing, using various products and brands every certain period (Uly Mabruroh Halida, 2020).

Consumers make decisions every day or every period without realising that they have made decisions and understand what factors influence and are involved in making these decisions (Khafidin, 2020).

The reason the researcher chose Shopee as a refinement of e-commerce is because the Shopee application is the most widely used by consumers. This is evidenced that Shopee has been downloaded more than hundreds of millions of times and has more eight million followers.

The problem that Shopee is facing is the reduced number of visits on average every month, and many customer reviews continue to indicate the services provided are less than optimal. It is hoped that the method used can identify which customer service quality variables should be maintained or improved to solve this problem.

2. RESEARCH METHOD

The type of research in this article is causality research, which is a study designed to examine the possible causal relationship between variables (Suparmun, 2020). With a survey method that aims to determine the price and quality of service on the decision to choose Shopee e-commerce in the Batam Kibing village. Next, measuring these variables in a questionnaire using a Likert scale. And data analysis using quantitative analysis. quantitative research is a type of research that basically uses a deductive-inductive approach. This approach departs from a theoretical framework, the ideas of experts, and the understanding of researchers based on their experience, then developed into problems and solutions proposed to get justification / assessment. The population of this study is the people of Kibing Batu Aji Batam village who use the Shopee e-commerce application with a population of 585 Shopee e-commerce users. The sampling technique used in this study is random sampling, where if the population has members or elements that are not homogeneous and are proximally abstract (Hermawan & Amirullah, 2021).

In quantitative research, there are 2 (two) main things that affect the quality of research data, namely the quality of research instruments and the quality of data collected (Purwanto, 2017). The quality of the research instrument concerns the validity and reliability of the instrument and the quality of data collection concerns the accuracy of the method used to collect data (Priadana & Sunarsi, 2016). This study used a questionnaire as a data collection tool and used a Likert scale (Fauzi & dkk, 2022). The data analysis process is an activity after all data has been collected from respondents including grouping data based on variables and types of respondents, tabulating data based on variables from all respondents, performing calculations to answer problem formulations and performing calculations to test hypotheses that have been proposed (Haryono, 2012). Things that need to be stated in data analysis techniques, types of data analysis, computer techniques for processing data (Rochaety et al., 2019). In this study, the authors took data analysis techniques, types of data analysis, statistical techniques, formulas, hypothesis testing criteria, and also to find out when using computer programs to process data (Hikmawati, 2017). In this study, the authors took data analysis techniques using descriptive analysis, classical assumption test, validity test, reliability test, t test and f test. In analysing the data, this study used the SPSS version 22 statistical test tool (Pandjaitan, D., & Ahmad, 2017).

3. RESULTS AND DISCUSSIONS

Based on the tabulated data and then processed with statistical test tools, the results can be seen in the next explanation. From the processed data for the validity test of each variable, the value of r_{table} 0.213 is obtained so that it is declared valid. In reliability, each variable has a Cronbach Alpha value > 0.60 so that it can be declared reliable.

Table 1. Multicollinearity Test Results

Model	Collinearity Statistic		
		Tolerance	Bright
1	Price	.672	1.492
	Service Quality	.549	1.826

Source: Primary Data Processed

Based on these results in table 1 above, it is obtained that the VIF value for each independent variable is less than 10. The VIF value for the price variable is 1,492, while the service quality variable is 1,826. the tolerance value for each independent variable is greater than 0.10. The price variable is 0.672 and the service quality is 0.549. So that in this study it can be concluded that there is no multicollinearity between the independent variables.

Table 2. Results of the t-test

Model	Coefficients ^a					
	Unstandardized Coefficients	Std. Error	Standardized Coefficients Beta	t	Itself.	
1	(Constant)	10.517	4.312		2.440	.018
	Price	.681	.114	.450	6.045	.000
	Service Quality	.461	.139	.278	3.345	.001

a. Dependent Variable: Choosing Decision

Source: Primary Data Processed

The t_{table} value for the 0.05 probability in degrees of freedom ($df=87-4=83$) is 1.989. thus the results of partial hypothesis testing can be explained as follows: (a) The t_{count} value for the price variable is $6.045 > 1.989 t_{table}$ and the sig. is $0.000 < 0.05$. Based on the results obtained, H_1 is accepted for the price variable, thus partially the price variable has a significant effect on the decision to choose. (b) The t_{count} value for the service quality variable is $3.345 > 1.989 t_{table}$ and the sig. is $0.001 < 0.05$. Based on the results obtained, H_2 is accepted for the service quality variable, thus partially the service quality variable has a significant effect on the decision to choose.

Table 3. F Test Results

Model	ANOVA ^a					
	Sum of Squares	df	Mean Squares	F	Itself.	
1	Regression	1300.428	3	433.477	62.488	0.000 ^b
	Residual	568.830	83	6.938		
	Total	1869.257	86			

a. Dependents Variable: Choosing Decision

b. Predictors: (Constant); Price, Service Quality

Source: Primary Data Processed

Based on the results in table 3 above, it shows that F_{count} is $62.489 > 2.72 F_{table}$ and significance $0.000 < 0.05$, then the decision taken is H_3 accepted. The conclusion is that simultaneously the price variable (X_1) and the service quality variable (X_2) have a significant effect on the decision to choose (Y), meaning that price and service quality can explain the decision to choose Shopee e-commerce in Kibing Village Batam.

Table 4. Determination Test Results

Model	Model Summary ^b			
	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.835 ^a	.697	.686	2.63382

a. Predictors: (Constant); Price, Service Quality

b. Dependent Variable: Choosing Decision

Source: Primary Data Processed

Based on the results of table 4 above, the value of the R number is 0.835, meaning that the correlation between the price and service quality variables on the decision to choose is 83.5%. The value of determination (R^2) obtained is 0.697, this means that the percentage contribution of the price and service quality variables in the regression model is 69.7% and the relationship that occurs is strong, while the remaining 30.3% is explained by other variables not examined or not included in this study. Based on the results of the analysis above, it can be concluded that price and service quality together are able to make a large or strong contribution to the decision to choose Shopee e-commerce in Kibing Village, Batam.

The result of this study is that there is a product variable that has a t_{count} value of $6.045 > t_{\text{table}} 1.989$ and a significance of $0.000 < 0.05$, which means that the decision H_1 is accepted, the conclusion is that the price partially has a positive effect on the decision to choose Shopee e-commerce in Kibing village Batam. This result is obtained because customers consider that the price offered has advantages for the community, does not disappoint, is superior and is the first choice, so this will make the decision to choose can increase. This research is in line with research (Hydari et al., 2020).

Furthermore, there is a service quality variable with a t_{count} of $3.345 > t_{\text{table}} 1.989$ and a significance of $0.001 < 0.05$, the decision H_2 is accepted, the conclusion is that service quality partially affects the decision to choose Shopee e-commerce in Kibing village Batam. These results are obtained because customers get good service, can provide a sense of security to the community and provide excellent service, so that this can make the decision to choose can be maintained. This research is in line with (Febrianti et al., 2021).

4. CONCLUSION

Based on the results and discussion above, it can be concluded that price has a positive and significant effect on the decision to choose Shopee e-commerce in Kibing Village, Batam. Service quality has a positive and significant effect on the decision to choose Shopee e-commerce in Kibing Village, Batam. Price and service quality together have a positive and significant effect on the decision to choose Shopee e-commerce in Kibing village, Batam.

Based on the research results, the authors provide suggestions, namely Prices in Shopee e-commerce are the top choice for the community in terms of affordable prices, it is hoped that the people of Kibing Batam village will always prioritise prices that provide benefits to the community and there is convenience for the community in obtaining goods/services. Services in Shopee e-commerce have quality services so that people feel comfortable and it is hoped that the services provided can focus on clarity of information to the community so that community demand can be maintained properly. Shopee e-commerce is always involved as a sponsor in television programmes. It is hoped that in the momentum as a sponsor, Shopee e-commerce is really aggressive in order to attract public attention and it is hoped that Shopee e-commerce will focus on convincing the public not to move to competitors. The community in deciding to choose an item / service is based on various considerations, therefore it is hoped that Shopee e-commerce will provide a lot of funds in accommodating all community requests.

For future researchers, it would be nice to expand the observed variables. For example, by adding trust variables, brand image, features and so on. With the hope that the results of further research can be better.

The population and research sample are more expanded, not only among urban villages but also among sub-districts, cities and provinces, so that the results of further research can be better.

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