The Influence of E-Wom and Digital Marketing on Purchasing Decisions at Shopee Marketplace in Palembang City

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Abstract: The purpose of this study was to analyze the influence of Electronic Word of Mouth (E-WOM) and Digital Marketing on purchase decisions made by consumers on the Shopee marketplace, especially in Palembang City. The use of E-WOM and Digital Marketing has increased significantly with the development of social media and e-commerce. The research method used was a causality approach with quantitative data collected from 100 Shopee application users in Palembang City through an online questionnaire. The research results showed that E-WOM and Digital Marketing significantly influenced the purchasing decisions made on the Shopee marketplace. Every improvement in online reviews (E-WOM) regarding Shopee led to an increase in purchase decisions. Additionally, an effective Digital Marketing strategy also contributed positively to consumer purchase decisions. The use of technology and online media, particularly related to the Shopee marketplace, was recognized as an important factor in consumer behavior. This study helps to understand the importance of E-WOM and Digital Marketing in online marketing, with a focus on consumers in the city of Palembang. The practical implications of this study are that companies can improve their digital marketing strategies and manage online reviews effectively to positively influence consumer purchase decisions.
Keywords: Electronic Word of Mouth; Digital Marketing; Purchase Decision

INTRODUCTION

Liu and Tsai (2010), Advances in Internet Technology Drive Changes in Consumer Lifestyles. The relevant change is that consumers will change the way you buy a product. Consumers are now more interested in operating online stores (Putri & R.A.Marlien, 2022). E-commerce is a new concept which can be used as a sales process buy goods or services on Word Wide Internet web (Sari, Saputra, & Husein, 2017).

Based on information from Kotler and Keller Dafa et al (2021) e-WOM is an expression of a positive or negative nature written by actual customers, potential customers, and customers who have purchased a product, via online media Instagram, Facebook, Twitter and online media other (Firdausiah, 2021). Electronic trading is a general term for the buying and selling process supported by electronic means (Khoziyah & Lubis, 2021). Electronic word-of-mouth (E-WOM) is a new way of communication where people can convey

messages through the internet with the help of various media. E-WOM is an important aspect of marketing, especially on social media platforms. Social media is a popular tool that allows customers to easily reach the world and share their experiences with others. Gruen (2006) defines e-WOM as the sharing of information between consumers who are not acquainted, regarding a product or service. Gruen (2006) defines e-WOM as the sharing of information between consumers who are not acquainted, regarding a product or service (Adeliasari, Ivana, & Thio).

According to Trendjackers expert Rob Thompson, digital marketing is the use of devices supported by digital technology and internet access to achieve marketing goals (Aisyah, Imamsyah, Banurea, Supardi, & Bimantaka, 2023). With the development of technology, digital marketing has emerged as an essential aspect of online media. According to data published by We Are Social as of February 2022, there are 191 million social media users in Indonesia, which means around 68.9% of the Indonesian population actively uses social media. In February 2022, most Indonesians spent around 8 hours 36 minutes online and an average of 3 hours 17 minutes on social media every day (Riyanto, 2022). In this era of the internet, online marketing has become increasingly important, as more and more customers are using digital channels. E-commerce has also emerged as a new opportunity, with Shopee marketplace being one of the leading platforms. Every company is competing to get the best sales and promotions for their products. However, the main purpose of all sales promotions is to encourage customers to make a purchase. Companies need to convey clear and accurate information about their products, as this will be a crucial factor in the customer's decision to purchase.
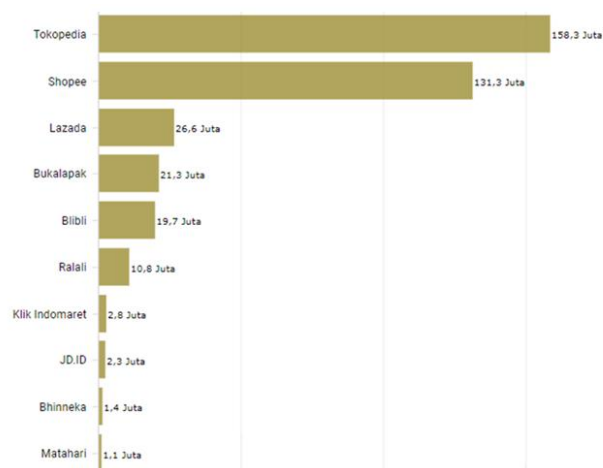

Figure 1 counts shopee site visitors during in 2022

According to Databoks, figure 1 indeed presents the market situation in 2022, and according to it, Shopee occupies the second position with a visitor count of 131.3 million per month. However, this number is still lower than the number of visitors on Tokopedia, which

was 158.3 million during the same period (Ahdiat, 10 E-commerce dengan Pengunjung Terbanyak Kuartal II 2022, 2022).
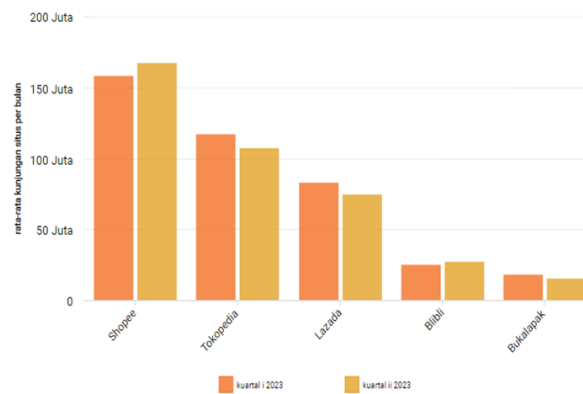

Figure 2 Total shopee site visitors during in 2023

According to Databoks, marketplace Shopee experienced a 20.4% enhancement in 2023 compared to the previous year. It ranked first among e-commerce platforms in Indonesia, with 158 million visitors in the first quarter and 166.9 million visitors in the second quarter, respectively. Shopee's experience enhancement in the second quarter was 5.7% higher than in the previous quarter (Ahdiat, Pengunjung Shopee dan Blibli Naik pada Kuartal II 2023, E-commerce Lain Turun, 2023).

Setiadi believes that purchasing decisions are an integration process consisting of combining knowledge to choose one of two or more alternative behaviors. That's why companies are required to increase the promotion of their products, one of which is utilizing technology in their business (Irham, 2016). Research by (Putri & R.A.Marlien, 2022) found that digital marketing has a positive and significant influence on online purchasing decisions. However, research by (Purnamasari & Kadi, 2022) suggested that digital marketing does not influence purchasing decisions. Another study by (Y & Rustam, 2023) in 2023 found that electronic word-of-mouth (e-WOM) influences purchasing decisions. According to research by (Dewi & Inayati, 2022) research shows Digital marketing, E-WOM, and Lifestyle have a positive and significant influence on purchasing decisions in the Shopee Indonesia Marketplace. While several researchers have studied the influence of e-WOM and digital marketing on Shopee in general or in specific cities, there is a lack of consumer-focused research on Shopee in Palembang city.

Therefore, the goal of this study is to understand the influence of digital marketing on purchasing decisions and whether e-WOM can influence purchasing decisions on Shopee in Palembang city. The study aims to expand marketing knowledge and provide additional insights for readers and researchers alike on how e-WOM and digital marketing can influence purchasing decisions. Additionally, the findings can help companies understand consumer purchasing decisions and improve their product quality and promotion to stay ahead of their competitors.

RESEARCH METHODS

Research design

This research uses a causal design, according to Malhotra 2007 this study aims to establish a cause-and-effect relationship between independent variables (e-wom and digital marketing) and dependent variables (purchase decisions) using causal design (Bhebeb Oscar, 2019). According to Sugiyono 2021, the research method used is quantitative in nature used to determine the effect of the independent variable (treatment) on the dependent variable (outcome) under controlled conditions (Hikmawan, 2022). The study will distribute an online questionnaire using Google Forms to respondents who use the Shopee app for shopping. The questionnaire will then be shared through WhatsApp.

Population, Sample, Sampling

The study population for Shopee application users in the city of Palembang consisted of 100 people, chosen through a purposive sampling method. This research was conducted in the city of Palembang. The sample criteria included the following:
1. Respondents who are aware of the Shopee marketplace.
2. Respondents who use the Shopee application.
3. Respondents who have made at least one purchase on the Shopee marketplace.

The data was collected through a questionnaire and analyzed using various tests such as quality test (reliability and validity), data requirements test (normality, multicollinearity, heteroscedasticity, and multiple analysis), hypothesis test (t-test), and model test (coefficient determination and F-test) (Mahfudz, Winahyu, & Rahayu, 2023).

Procedure intervention

This study collected data through an online questionnaire using Google Forms, distributed on WhatsApp. After collecting the data, the researcher analyzed it.

Instrument

This study employed a questionnaire as an instrument. The researcher conducted validity and reliability tests on the instrument before distributing the questionnaire. The validity test results showed that E-WOM, Digital Marketing, and Purchasing Decisions had a calculated r value > r table 0.1966 with a level of significance that was not less than 0.05. This indicates that all question items were considered valid. Moreover, the reliability test results showed that the three variables were considered reliable, as Cronbach Alpha was greater than 0.60.

RESULTS AND DISCUSSION

Technological development now heading in an all-digital direction. Humans today have a different lifestyle that cannot be separated from gadgets or electronic devices The era of change has entered shifting people's shopping styles from conventional activities to practical activities, namely online sales sites, and gave birth to many online buying and selling sites. (Pamungkas & Sigit, 2022). Shopee Indonesia was officially launched in Indonesia in December 2015 under the auspices of PT Shopee International Indonesia. Since its launch, Shopee Indonesia has grown very rapidly. Even according to databox, throughout 2022 the application has been downloaded by more than 210 million users. Shopee provides a live chat feature makes it easier for sellers and buyers to interact with each other easily and quickly. Shopee provides a live chat feature makes it easier for sellers and buyers to interact with each other easily and quickly. Shopee Indonesia as a buying and selling facility that provides various products to support daily activities including fashion, gadgets, cosmetic equipment, electronic equipment, hobbies and collections, photography, sports equipment, automotive, vitamins and supplements, home equipment, food and drinks, souvenirs and parties, to shopping vouchers (Kartika & Ganarsih, 2019). Challenges and competition are increasingly sharp in capturing market share, companies are required to be able to utilize their resources effectively and efficiently so that companies can have a competitive advantage. Every corporate organization hoped that they can develop a marketing strategy to survive in the face of competition, one of which is having a marketing strategy in the form of a marketing mix with digital marketing (Saputra & Ardani, 2020). E-WOM or electronic word of mouth is a new strategy within the scope of word of mouth caused by the increasingly skyrocketing development of the internet. Through the media online, there is an exchange of information, both positive and negative, which means WOM is nothing new in the world of marketing (Rachmah & Madiawati, 2022).

This study examines the characteristics of respondents, including their gender and age. A table will provide additional information about their identity.

Characteristics of respondents based on gender

Table 1 Respondents Based on gender

Gender	Total	Percentage
Male	52	52%
Female	48	48%
Total	100	100%

Source: Processed questionnaire data, 2023

According to Table 1, there were 52 male and 48 female respondents. This indicates that men are more frequent shoppers on Shopee.

Characteristics of respondents based on age

Table 2 Respondents Based on Age.

Age	Total	Percentage
17	2	2%
18	5	5%
19	21	21%
20	39	39%
21	18	18%
22	9	9%
23	2	2%
25	2	2%
28	1	1%
45	1	1%
Total	100	100%

Source: Processed questionnaire data, 2023

According to Table 2, the majority of respondents in terms of age were 20 years old, with a total of 39 respondents and a percentage of 39%. This indicates that the most common age group that shops on the Shopee marketplace is 20 years old.

Test instrument

Validity test

According to Table 1, it is evident that the validity test results for all statements of variables including E-wom, digital marketing and purchase decisions have been declared valid. This can be supported by the fact that the calculated r-value is greater than the r-table.

Table 1 Validity Test Results

NO	Variable	Statement items	R table	R count	Information
1.	E- wom (X1)	E-wom1	0.1966	0.629	Valid
		E-wom2	0.1966	0.618	Valid
		E-wom3	0,1966	0,726	Valid
		E-wom4	0,1966	0,785	Valid
		E-wom5	0,1966	0,724	Valid
2.	Digital marketing (X2)	Dm1	0,1966	0,770	Valid
		Dm2	0,1966	0,839	Valid
		Dm3	0,1966	0,829	Valid
		Dm4	0,1966	0,531	Valid
3.	Purchase Decision (Y)	Kp1	0.1966	0.707	Valid
		Kp2	0.1966	0.738	Valid

Kp3	0.1966	0.659	Valid
Kp4	0.1966	0.758	Valid
Kp5	0.1966	0.518	Valid

Reliability Test

Table 2 Reliability Test Results

Variable	Cronbach Alpha	Information
E- wom	0.733	Reliable
Digital Marketing	0.739	Reliable
Buying decision	0.703	Reliable

According to Table 2, the reliability test results of the three variables indicate reliability as Cronbach Alpha is greater than 0.60.

Test Data Requirements

Normality test

Table 3 Normality Test Results

	Unstandardized Residuals
N	100
Statistical Tests	0.060
Exact. Sig (2-tailed)	0.200

After analyzing table 3, it can be concluded that the data is normally distributed with a p-value of 0.200, as the significance level is greater than 0.05.

Multicollinearity Test

Table 4 Multicollinearity Test Results

Model		*Unstandardized Coefficients*		*Standardized Coefficients*			*Collinearity Statistics*	
		B	*Std. Error*	Beta	t	Sig.	*Tolarance*	VIF
1	(*Constant*)	7,862	1,722		4,565	,001		
	E-wom	0.253	0.113	0.241	2,234	,028	0.517	1,936
	Digital Marketing	0,461	0,109	0,456	4,237	,001	0,517	1,936

Based on table 4 is known that mark *tolerance* for variable *E- wom* (X1) and variables *Digital Marketing* (X2) is amounting to 0.517 more big from 0.10. Temporary For the VIF values of X1 and X2 are amounting to 1,936. This matter means No happen multicollinearity between variable *E- wom* (X1) and variable *Digital Marketing* (X2).

Heteroscedasticity Test

Table 5 Heteroscedasticity Test Results

Variable	Sig	Information
(Constant*)*	0.012	
E-wom	0.651	Heteroscedasticity Free
Digital Marketing	0.113	Heteroscedasticity Free

According to Table 5, it can be seen that the obtained significance mark for the variable E-wom (X1) is 0.651, which is greater than 0.05. Similarly, the significant value for the variable Digital Marketing is 0.113, which is also greater than 0.05. Therefore, it can be concluded that there is no heteroscedasticity in either of the variables.

Multiple Linear Test

Table 6 Multiple Linear Test Results

Variable	B	Error	Beta	Q	Sig
Constant	7,862	1,722		4,565	0.001
E- wom	0.253	0.113	0.241	2,234	0.028
Digital Marketing	0.461	0.109	0.456	4,237	0.001

Based on Table 6, the equality regression in this study can be stated as follows:

$$Y + a + bX1 + bX2 + e.$$

Information:
Y = variable dependent (decision purchase)
a = constant variable
b1 = e-wom coefficient
X1 = variable independent e- wom
b2 = digital merkat coefficient
X2 = variable independent digital marketing
e = standard error

Result of Eq regression is:
Y = 7.862 + 0.253X1 + 0.461X2 + e

So, you can conclude that:
a) Without E-wom and digital marketing, the purchase decision level amounts to 7,862.
b) Coefficient variable E-wom (X1) is 0.253, indicating that a one-unit increase in E-wom will lead to a 0.253 unit decrease in the decision to purchase, assuming that other variables were not studied in this research.
c) Coefficient variable for Digital Marketing (X2) is 0.461, which shows that every enhancement in digital marketing will influence the purchase decision by 0.461, assuming other variables are not researched in this study.

Hypothesis testing

T Test

Table 7 t test results

Variable	T Count	T Table	Criteria
E- wom	2,234	1,984	Influential
Digital Marketing	4,237	1,984	Influential

According to Table 7, it can be seen that the calculated t-value of the E-wom variable is greater than the t-table value, which is 2.234 and 1.984 respectively. This suggests that the E-wom variable has a significant influence on purchasing decisions on the Shopee marketplace in Palembang city. Therefore, hypothesis 1 is accepted. Additionally, the calculated t-value of the Digital Marketing variable is greater than the t-table value, which is 4.237 and 1.984 respectively. This indicates that the Digital Marketing variable has a significant influence on purchasing decisions on the Shopee marketplace in Palembang city. Hence, hypothesis 2 is accepted.

Model Test

Coefficient Test Determination

Table 8 Coefficient Test Results Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,647	0,419	0,407	2,35465

According to Table 8, the R value is 0.647 and the Adjusted R Square value is 0.407 or 40.7%. This indicates that the variables of E-wom and Digital marketing together account for 40.7% of the variation in the dependent variable, while the remaining variation is explained by other variables that were not studied in this research.

F test

Table 9 F Test Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	387,505	2	193,752	34,946	,001
	Residual	537,805	97	5,544		
	Total	925,310	99			

According to Table 9, the Anova output has a significance value of 0.001. This value is less than 0.05, indicating that the hypothesis can be accepted. Moreover, the calculated f value in the Anova results is 34.946 which is greater than 3.090, further confirming the acceptance of the hypothesis.

Influence *Electronic Word of Mouth* on Purchase Decisions on the Shopee *Marketplace* in Palembang City.

Based on the results of the hypothesis test, we calculated that the t-value of the variable E-wom is equal to 2.234, which is greater than the t-table value of 1.984. This study shows that as the number of online reviews (E-wom) for the Shopee marketplace increases, the likelihood of making a purchase also increases.

Influence *Digital Marketing* on Purchase Decisions on the Shopee *Marketplace* in Palembang City.

According to the results of a hypothesis test, the variable of digital marketing obtained a calculated t-value of 4.237, which is greater than the critical t-value of 1.984. This means that it can be concluded that the variable of digital marketing has a significant influence on the purchasing decisions made on the Shopee marketplace in Palembang city. The research results show that the more digital marketing is carried out by Shopee, the more the decision to purchase increases.

Influence *E- wom* and *Digital Marketing* Regarding Purchase Decisions on the Shopee *Marketplace* in Palembang City.

It has been concluded that both E-wom (X1) and Digital Marketing (X2) have a significant influence on purchasing decisions, based on the results of the F-test and ANOVA output. The significance level obtained from the ANOVA output is 0.001, which is less than 0.05. Additionally, the calculated F-value on the ANOVA results is 34.946, which is greater than 3.090. Therefore, it can be concluded that the hypothesis is accepted for both E-wom (X1) and Digital Marketing (X2), indicating their simultaneous influential role in purchasing decisions.

This research has similar findings to the study conducted by Titik Inayati, Mohamad Johan Effendi, and Ayu Safika Dewi in 2022. It suggests that both digital marketing and

electronic word of mouth have a positive and significant impact on purchasing decisions, both individually and collectively.

CONCLUSION

After analyzing the results and discussion, it can be concluded that e-WOM (electronic word-of-mouth) has a positive influence on purchase decisions in the Shopee Marketplace in Palembang City. Digital Marketing has a positive influence on purchase decisions in the Shopee Marketplace in Palembang City. The more online reviews there are about Shopee, the more likely people are to make a purchase. Additionally, an increase in digital marketing carried out by Shopee will also lead to an increase in purchase decisions. This study is expected to be a reference for future research. If further research is conducted on the Shopee marketplace, it is recommended to add independent variables to see the influence of other factors on purchase decisions.

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