

Strategies to Improve Understanding of the Impact of Promotions and Discounts on Purchase Decisions

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ABSTRACT

This study trained the sample about the impact of promotions and discounts on consumer purchasing decisions via ShopeeFood, specifically among students in Medan. The research employs Deep Interview, Training, and Participatory methods to gather insights. In-depth interviews reveal consumer perceptions regarding how ShopeePay's promotions and discounts influence their purchasing choices. Training sessions aimed to educate users on the effective use of ShopeePay and to enhance their awareness of security measures, while participatory methods involved practical usage of ShopeePay in ShopeeFood transactions. Results from a 15-day community service initiative with 150 consumers indicate that a significant number of users experience issues such as slow transaction processing, lack of awareness about promotions, and technical errors. Additionally, some users were unfamiliar with proper ShopeePay usage. Training effectively improved user knowledge, loyalty, and awareness of promotions, leading to more practical and satisfying transactions. The analysis demonstrates that discounts have a substantial impact on purchasing decisions, with a high coefficient value indicating that price reductions are directly proportional to increased purchase likelihood. Although promotions also play a role in attracting consumer attention, discounts are more influential due to their immediate and understandable financial benefits, ease of price comparison, and direct impact on consumer decisions.

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1. INTRODUCTION

Information technology has advanced rapidly, impacting various aspects of society, including new information models and global business practices. Today, the internet is accessible anytime and anywhere, allowing people to access a wide range of needs. As consumer demands increase, especially

with the growing number of consumers, technology plays a crucial role in facilitating various aspects of life.

Over time, during the globalization period, technological advancements have become increasingly important as they simplify various life activities. As a result, people prefer practical solutions that make it easier to meet daily needs, such as food consumption. This practicality has transformed consumer behavior into an important aspect for companies to understand, as it reflects the goals of consumers in meeting their needs and desires.

The growing number of internet users in Indonesia (Lukito & Fahmi, 2020) has led to shifts and changes in various aspects of life. Indonesian lifestyles have evolved to be more modern, practical, and seeking convenience in all activities. Technological advancements significantly affect any business or venture, including the rise of e-commerce, which has seen substantial growth.

Technology, especially in the field of the internet, has removed barriers of distance, time, and cost. E-commerce has developed rapidly, with Indonesia ranking sixth globally in web usage. According to market research firm E-Marketer, Indonesia's internet population reached 83.7 million in 2020. Many large companies now compete by offering creative ideas such as advanced features, discounts, cashback, free shipping, promotional pricing on specific dates, and even daily special offers to keep potential buyers engaged and loyal.

The implementation of technology in enhancing business, sales, and product transactions includes the use of E-wallets. E-wallets are a type of financial technology that aids financial activities and facilitates transactions for the public (Trihanura Pranurti & Basmantra, 2023). E-wallets have grown rapidly in Indonesia, and the government has introduced regulations to manage the legality and transaction activities using electronic money to ease adaptation in the digital era.

The emergence of E-wallets began with mobile banking and has expanded to mobile payments such as OVO, DANA, Gopay, ShopeePay, LAZADAPay, and others. These E-wallets simplify transactions for consumers. Another advantage of using E-wallets is the numerous promotions offered, making them popular among the public.

One of the most widely used E-wallets is ShopeePay (Eva Yuniarti Utami et al., 2024). As outlined in Bank Indonesia Regulation No. 11/12/PBI/2009, now updated to PBI No. 18/17/2016, ShopeePay is a mobile payment launched in 2009 in Singapore and has expanded to countries such as Indonesia, Malaysia, Thailand, Vietnam, the Philippines, and Taiwan (Hasto, 2024).

Shopee's application provides several payment methods, including credit/debit cards, mobile banking, ATMs, and minimarkets like Alfamart and Indomaret. In addition to these methods, Shopee also functions as a fintech with ShopeePay. Digital technology has transformed the food industry and consumer habits, especially among students known for their high mobility and limited cooking time. Food delivery apps like ShopeeFood have become popular, offering convenience and a variety of culinary choices (Salsabilla et al., 2023). ShopeeFood, a major player in the online food delivery market, actively uses promotional strategies and discounts to attract and retain customers (Helda Monica, Taufik Nugraha Agassi, Ailsa Azalia, 2024). Promotions like cashback, discount vouchers, and free shipping are key attractions, particularly for price-sensitive students (Salsabilla et al., 2023).

In Medan, with a large and diverse student population, ShopeeFood has significant market potential. ShopeeFood frequently offers various promotions and discounts to its users. According to Boyd et al. (2000), promotions are a crucial element of the marketing mix designed to inform, persuade, and remind consumers about products or services. Kotler and Armstrong (2016:582) describe four main types of promotions: Advertising, which involves presenting non-personal information about a product, brand, company, or store through paid means; Sales Promotion, which provides direct incentives to consumers to encourage purchases, such as exhibitions, samples, coupons,

contests, and gifts (Lukito & Fahmi, 2020); Personal Selling, which involves direct personal interaction between sellers and buyers; and Publicity, which is communication about a company, product, or brand that does not require payment like advertising, although there may be small costs involved (Octavianus Calvin, 2022).

These four types of promotion are part of a strategically managed marketing mix. Discounts, as a form of sales promotion, are used by companies like Shopee to increase consumer interest. Discounts can be applied as percentage reductions or nominal decreases from the regular price of a product. According to Stanton (as cited in Novirsari, 2019), discounts are reductions from the base price, listed price, or registered price, and can include price reductions or concessions such as free items. However, the effectiveness of promotional and discount strategies in influencing students' purchase decisions has not been extensively researched.

This article aims to fill this gap by analyzing the impact of promotions and discounts on online food purchase decisions via ShopeeFood among students in Medan. The study will focus on ShopeePay users, Shopee's digital wallet integrated with ShopeeFood, due to its convenience and additional incentives. Understanding how promotions and discounts affect student purchasing behavior will help ShopeeFood optimize its marketing strategies and increase its market share in this segment. Additionally, this article is expected to contribute to the development of consumer behavior literature in the digital era.

2. METHOD

This article employs Deep Interview, Training, and Participatory methods. Through in-depth interviews with consumers, deeper insights were gained regarding their views on how ShopeePay's promotions and discounts influence purchasing decisions. Additionally, the training method was used to educate users on how to use ShopeePay, and the participatory method was employed to practice using ShopeePay in ShopeeFood transactions. The data in this article are primary, with the population consisting of students in Medan who are ShopeePay users, with a sample size of 150.

3. RESULTS AND DISCUSSION

Results

After conducting a 15-day community service and interacting with 150 consumers, it was found that 135 consumers still complained about the ShopeePay system, citing issues such as slow transaction processing, lack of awareness about available promotions, and frequent technical errors. Additionally, 15 consumers were found to be unfamiliar with the correct use of ShopeePay.

Therefore, training was conducted for ShopeePay users with the theme "Optimizing ShopeePay Usage: Minimizing Technical Errors and Enhancing Transaction Security." This training aimed to provide practical guidance on using ShopeePay effectively and to raise awareness about security measures to protect accounts from potential breaches. Practical sessions were also conducted to help users better understand each step.

Following the training, the results showed that ShopeePay users became more knowledgeable about the features of ShopeePay, more loyal to the platform due to its practicality, and more aware of available promotions. Users also became more cautious with their accounts, making transactions on ShopeeFood more practical, beneficial, and comfortable.

Discussion

The analysis results show that discounts have a highly significant impact on consumer purchasing decisions. A high coefficient value indicates that each price reduction (discount) is directly proportional to the increased likelihood of the product being purchased. This aligns with the intuition that consumers generally prefer lower-priced offers. Although discounts are the primary factor influencing purchasing decisions, promotions also play an important role, albeit with less impact compared to discounts. Promotions, such as bonuses, gifts, or opportunities to obtain exclusive products, are still significant in attracting consumer attention. Discounts are more dominant in influencing purchasing decisions for several reasons: first, price psychology indicates that consumers are more sensitive to price changes than to non-price changes like promotions. Second, discounts offer a directly visible and easily understood benefit, namely, monetary savings. Third, discounts facilitate consumers in comparing the prices of products with competing products, which reinforces the purchasing decision.

4. CONCLUSION

Based on the community service results, to influence purchasing decisions for ShopeeFood through ShopeePay transactions, consumers prefer transactions accompanied by discounts. These discounts provide direct benefits to consumers, thus increasing their appeal and motivation to make purchases. Additionally, attractive promotions can enhance consumer loyalty to ShopeePay and encourage them to use the service more frequently. By offering special deals and discounts, ShopeePay can create added value for consumers, improve their satisfaction, and strengthen purchasing decisions on ShopeeFood.

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