PARTIAL LEAST SQUARE: ANALYSIS OF IMPACT OF PROMOTION ON PURCHASE INTENTION (CONSUMER TRUST AS MEDIATION)

Vivi Iswanti Nursyirwan
Universitas Pamulang, South Tangerang, Indonesia, 15417

1. Introduction

Information and communication technology has grown rapidly and has had an impact on changes in various fields, including in the social, political, economic, cultural, lifestyle, consumer behavior, including consumption patterns and the community environment. This is in line with the development of the internet as part of the development of information technology.

Information data on the internet and social media trends in 2020 in Indonesia can be accessed in the following table:

Table 1. Information data on the internet and social media trends in 2020 in Indonesia

<table>
<thead>
<tr>
<th>No</th>
<th>Description</th>
<th>Year 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Population Total</td>
<td>272.1 million</td>
</tr>
<tr>
<td>2</td>
<td>Active Phone Connections</td>
<td>338.2 million</td>
</tr>
<tr>
<td>3</td>
<td>Users of Internet</td>
<td>175.4 million</td>
</tr>
<tr>
<td>4</td>
<td>Social Media Users Favorable</td>
<td>160.0 million</td>
</tr>
</tbody>
</table>

Source: Datareportal(2020)

The increase on the internet, the proliferation of social media platforms have also had an impact on the growth of e-commerce platforms and the various activities that have emerged on these e-commerce services, especially in Indonesia. People's behavior has changed tremendously, especially in using and looking for various products/services to fulfill their needs through e-commerce.

The following are activities using e-commerce in Indonesia in 2020:

Table 2. Information data on e-Commerce Activities in Indonesia (2020)

<table>
<thead>
<tr>
<th>No</th>
<th>E-Commerce Activities</th>
<th>Year 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Searched Online For a Product or Service To Buy (Any Device)</td>
<td>93%</td>
</tr>
<tr>
<td>2</td>
<td>Visited an Online Retail Store on the WEB (Any Device)</td>
<td>90%</td>
</tr>
<tr>
<td>3</td>
<td>Purchased a Product Online (Any Device)</td>
<td>88%</td>
</tr>
<tr>
<td>4</td>
<td>Made an Online Purchase Via a Laptop or Desktop Computer</td>
<td>25%</td>
</tr>
<tr>
<td>5</td>
<td>Made an Online Purchase Via a Mobile Device</td>
<td>80%</td>
</tr>
</tbody>
</table>

Source: Datareportal(2020)

Human life today cannot be separated from the internet. Various areas of life use the internet as a part that supports various business activities, ranging from the aspects of telecommunications, health, education, even lifestyle, shopping behavior cannot be separated from the role of the internet. This can be seen

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ABSTRACT
The purpose of this study is to assess the impact of promotion on consumer trust, the impact of promotion on consumer purchase intentions, the impact of consumer trust on purchase intentions, and the impact of promotion on purchase intentions with consumer trust as a mediating variable. This research is a case study on Shopee e-commerce, with the research population being Shopee visitors in 2019, as many as 90.7 million. Determination of the sample by purposive as many as 100 people. This study is different from several previous studies which only examined the effect of independent variables on the dependent variable. The novelty of this research is to present a mediating variable. The approach used in data analysis using Structural Equation Modeling with Partial Least Square. The research output explains that in Shopee e-commerce there is a significant positive impact at the 10% real level for promotional variables on consumer trust, as well as promotion on purchase intention, the same results are also shown for the impact of consumer trust on purchase intention, as well as on promotional variables on purchase intention with consumer trust as a mediating variable.

Keywords: Promotion, Trust, Purchase Intention, PLS
from the increasing number of registered e-commerce in Indonesia. 90% of the total population has visited online retail stores using any device (Datareportal, 2020). The number of internet users in Indonesia until the second quarter of 2020 reached 196.7 million or 73.7% of the total population. This number has increased by around 25.5 million users compared to 2019 (Apjii-1967-Million-Indonesian-Citizens-Already-Internet-literate @ Teknolo-gi.Bisnis.Com, n.d.). The increase in the number of internet users in Indonesia is getting higher, especially when the Covid 19 pandemic is still being felt by the world community, especially in Indonesia. As reported by Forrester, (2008) Business to Consumer (B2C), trade transactions managed to get a stable growth value (around 19% per year). This is a shopping pattern favored by many consumers. There is so much e-commerce in Indonesia, for example, Shopee, Lazada, Blibli, Tokopedia, etc. One e-commerce from Singapore which is very well known for its “free shipping” program has entered the Indonesian market since 2015. Currently, the platform is reaching the top of the list for ten consecutive years based on rankings on the Appstore and Playstore. This is evidence of the rapid growth of the online market in the not-too-distant past. The concept of the consumer to the consumer in e-commerce has now made sales and buying activities enter a new industry targeting active internet users, namely teenagers. Teenagers are an active consumer group who are the targets of commerce in e-commerce. One example is the undergraduate student of the Accounting Department of Pamulang University, which has the second-highest number of students after the Department of Management (Kemendikbud, 2019).

Based on the results of the author’s observations to several students of undergraduate accounting economics at Pamulang University, they are often interested in buying products in the e-commerce shopee if the e-commerce service has interesting promotions, including: free shipping, as well as other promotions. Students are often interested in buying products because there is a promo on the product discount. However, from the author’s observations, not all students have an interest in shopping at Shopee e-commerce. This is because students have felt disappointed with the products/services received that do not match the specifications in the picture. There are also students who only hear about the experiences of their friends who feel disappointed with the products/services of the Shopee e-commerce service, then become worried in transacting on the e-commerce. Of course this problem is the main attraction for researchers to find out how the influence of buying interest in e-commerce services, especially in e-commerce which is cur-rently rising in popularity.

The growth of the online market has triggered research to find out what factors can influence consumer behavior, especially about the intention to shop. Purchase intention is a behavior that arises as a result of a response to an object and the desire to make a purchase (Kotler, 2005). In online transactions, consumer trust is more important than conventional transactions in the real world. This condition is due to the characteristics of internet cyber transactions, namely: blind, borderless, can occur 24 hours a day 7 days a week, and is not instant (payments can occur several days or weeks before delivery is complete), this can make consumers to worry if the seller does not comply with obligations, transactional. Thus, trust in internet business is focused on the transaction process (Kim et al., 2004), this is different from conventional transactions involving physical stores so that trust tends to be focused on face-to-face, personal relationships. The key to success in internet business is the process of establishing trustworthy transactions, namely, e-sellers can create an environment in which potential consumers can feel relaxed and confident in every prospective transaction (Grabosky, 2001). This is because trust tends to play an important role in online transactions, it is important to identify antecedents of consumer trust in the context of Internet transactions (Kim et al., 2007).

Promotion is a distinctive blend of advertising, sales promotion, public relations, personal selling, and direct marketing tools applied by companies in terms of communicating customer value in a persuasive manner and for developing customer relationships (Kotler and Arm-strong, 2008). Based on an analysis of the right marketing strategy, shopee.co.id can take advantage of the demographic bonus of undergraduate accounting students at the Faculty of Economics, Pamulang University to become consumers at shopee.co.id. This is inseparable from the need for relevant marketing strategies to foster buying interest. The variables used by researchers to determine consumer purchase intentions are promotion and consumer trust. This study is different from previous studies such as research conducted by Mansori et. al (2012) which focuses on the variables: perceived benefits, website characteristics, risk perception, price perception, and product and service attributes on purchase intention. In con-trast to the research conducted (Iskamto, 2020) which focuses on products, product quality, product types, product utilization, and product resistance to consumer decisions to buy these products. Marketing activities are an essential part of the business. Kotler and Arm-strong (2014: 27) in the literature (V. I. Nursyirwan et. al., 2020) is a process where companies create value for customers and build strong customer relationships to capture value from customers in return. The importance of marketing in business activities and by adding mediating variables is what differentiates this study from previous research. This study took a research project on Shopee e-commerce. This is because shopee e-commerce from Singapore has been quite competitive in Indonesia since 2015. This study aims to assess the impact of promotion on consumer confidence, the impact of promotion on consumer purchase intentions, the impact of consumer trust on purchase intentions, and the impact of promotions on purchase intentions with trust of consumers as a mediating variable.
2. Literature Review

2.1 Theory of Planned Behavior

Due to the salient limitations of the Theory of Reasoned Action (TRA) in dealing with voluntary behavior, the Theory of Planned Behavior (TPB) exists as an extension of the TRA (Ajzen & Fishbein, 1980; Fishbein & Ajzen, 1975). Theory of Planned Behavior (TPB) explains that behavior is not fully controlled so it is voluntary (Ajzen, 1991). In TRA, it is explained that a person’s positive attitude along with individual thoughts is a person’s behavioral intention. However, the TPB model better explains the behavioral model in that a person is assumed to perform certain behaviors if that person has actual control over the behavior (Ajzen, 1991). Thus, if a person has preferred purchase attitudes and norms, and with the acceleration of control and perceived behavioral intentions, that person will carry out the actual behavior (Ajzen, 1991; Caulfield, 2012). The TPB model explains that behavioral beliefs are expected to influence attitudes, in the end, normative beliefs affect subjective norms while control beliefs are the basis of behavioral control (Ajzen, 1991).

2.2 Purchase Intention

The intention is an indicator of a person to what extent they are willing to approach a certain behavior and how much effort is made to do this particular behavior (Ajzen, 1991). Research by Dehua et al. (2008) explained that the lack of intention to buy online is a major obstacle in the growth of electronic commerce.

Kotler (2005: 15) explains purchase intention as a basis for predicting consumer behavior before purchasing a product. Various e-commerce studies show that buyer’s intention to engage in online transactions is a significant factor of consumers’ actual participation in e-commerce transactions (Pavlou and Fygenson, 2006). Kim et al., (2007) in their research proved that purchase intention is a strong predictor of consumer behavior.

2.3 Promotion

According to Kotler and Armstrong (2008), Promotion is a specific guide to do advertising, sales promotion, public relations, personal selling, and direct marketing that use for communicating and creating relationships with customer. Kotler dan Keller (2012) divided the promotional mix into five groups, such as: (1) Advertising, is all the expenses that must be incurred to make non-personal presentations and promotions in the form of ideas, goods or services, (2) Personal selling, is a personal presentations by salesperson in order to make sales successfully and build relationships with customers, (3) Sales promotion, is a short-term incentives to encourage the transaction, (4) Public relation, is creating a good relationship with the public to build a corporate image and handle all the bad things happened with the company, (5) Direct marketing, is a direct communication with target customers to get immediate responses.

2.4 Promotion and Consumer Trust

Based on May, et al (2015), “The Privacy DYAD Antecedents of promotion and prevention focused online privacy behaviors and the mediating role of trust and privacy concern”, it was concluded that trust is influenced by the company’s reputation and the quality of its communication which described as promotion.

Based on the description above, the research hypothesis is as follows:

H1= The impact of promotion on consumer trust will be positive and significant

2.5 Promotion and Purchase Intention

Research conducted by Phong et al (2018) with the title: “Factors affecting mobile shopping: a Vietnamese perspective” states that The results of this study have proved the predictive power of TRA in exploring consumer behavior in the context of mobile shopping. Also, both promotion and barrier variables have significantly im-pacts on the intention to adopt mobile shopping.

According to research by Duffett (2014) about Facebook advertising’s influence on intention-to-purchase and purchase amongst Millennials said that advertising on Facebook has a positive influence on the buy behaviour (intention-to-purchase and purchase) of Millennials who reside in South Africa.

Based on the explanation above, the research hypothesis is:

H2= The impact of promotion to purchase intention will be positive and significant

2.6 Consumer Trust and Purchase Intention

Several researchers have shown a direct relationship between trust and willingness to buy online from Internet vendors (Bhattacherjee, 2002; McKnight et al., 1998). Trust is an important variable in electronic commerce Kim et al., (2007) and also states that consumers will tend to make purchases via the internet when trust is high (direct effect). Research by Kim et al., (2007) succeeded in explaining the direct and indirect effects of trust on consumer intention to buy. Kwek et al. (2010) in his research “The Effects of Shopping Orientations, Online Trust and Prior Online Purchase Experience toward Customer’s Online Purchase Intention” found that the consumer’s trust had a positive and significant impact to purchase intention.

Trust is a critical variable in electronic commerce transactions which also states that consumers can tend to buy on internet sites if the level of trust is high (direct effect). They have successfully examined the direct and indirect effects of trust on a consumer's intention to purchase. The consumer’s trust toward the selling party or entity will also increase his intention to purchase indirectly by reducing his or her perceptions of risk (indirect effect). Mayer et al (1995) classified three component of consumer’s
trust, such as: (1). Ability, is trust in the seller ability to fulfill consumer needs. (2). Integrity, is the trust level of seller’s honesty on keeping up with their promises. (3). Benevolence, is the trust level of seller’s honesty on doing well-behaved and giving good services.

Based on the above explanations, it was proposed that:
H₃ = The impact of consumer trust to purchase intention will be positive and significant

2.7 Promotion and Purchase Intention (with consumer trust as mediating variable)

Research conducted by (Bella et al., 2016) shows that there is an influence between consumer trust and purchase intention. Research that has been conducted (Satria, 2017) shows that the promotion variable has a significant positive effect on purchase intention.

Based on previous research, the following hypotheses can be derived:
H₄ = The impact of promotion to purchase intention with consumer trust as mediating variable will be positive and significant

3. Research Method

The research employed exploratory research which the cause effect correlation between variables (independent and dependent) through hypothesis test.

3.1 Techniques of Data Collection

This research was conducted on students of economics at Pamulang University. The sample is determined through a non-probability sampling approach, namely purposive sampling. The sample selection is based on: being a student of S1 Accounting from Pamulang University and having shopped at Shopee e-commerce at least once. The use of the Slovin formula in sample calculations, with an error rate of 10%, uses the following calculations.

\[ n = \frac{N}{1+N(k)^2} = \frac{90.7 \times 10^6}{1+90.7 \times 10^6(0.10)^2} = 99.99888975 \approx 100 \] (the minimum number of research samples)

About:
\( n \) (the total number of samples)
\( N \) (population)
\( k \) (the error rate used which is 10%)

3.2 The Technique of Analysis Data

The data analysis of this study used an external model, in the form of convergent validity and reliability, then used an internal model and hypothesis testing. Henceforth, Structural Equation Modeling is set through the Partial Least Square approach.

4. Research Result

4.1. Data and Analysis

The process of modeling data processing, measuring loading factors, checking the level of significance between latent variables using the Smart PLS version 3.1.6 application.

Picture 1. Preliminary Research Model

Source: Research Data (2020)

4.2. Running Structural Equation Model-Partial Least Square (SEM-PLS)

4.2.1 Outer Model

To measure the outer model, it can be seen from the CR score on all variables if it is more than 0.7, then the construct is reliable, and if the Average Variance Constructed (AVE) value on all variables is more than 0.5, it means that the construct is valid. Table 3 explains that the CR and AVE scores for all variables.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Composite Reliability (CR)</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Intention</td>
<td>0.953</td>
<td>0.650</td>
</tr>
<tr>
<td>Promotion</td>
<td>0.954</td>
<td>0.617</td>
</tr>
<tr>
<td>Consumer Trust</td>
<td>0.979</td>
<td>0.855</td>
</tr>
</tbody>
</table>

Source: Research Data(2020)

From table 3 the value of Composite Reliability (CR) shows a value above 0.7. The value of Composite reliability (CR) on the Purchase Intention variable: 0.953, the value of Composite reliability (CR) on the promotion variable: 0.954, and the value of Composite reliability (CR) on the consumer trust variable: 0.979. This means that all variables can be said to be reliable.

4.2.2 Inner Model

Table below(4) showed that R Square were 0.810 for purchase intention and 0.731 for consumer trust. Both purchase intention and consumer trust had 0.483 and 0.578 for Q². This study has predictive relevance, because the value of Q²>0.
Table 4. R Square dan Q² predictive relevance

<table>
<thead>
<tr>
<th>Variabel</th>
<th>R Square</th>
<th>Q² predictive relevance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Intention</td>
<td>0.810</td>
<td>0.483</td>
</tr>
<tr>
<td>Consumer Trust</td>
<td>0.731</td>
<td>0.578</td>
</tr>
</tbody>
</table>

Source: Research Data (2020)

To measure the significance of the research model, a bootstrap procedure was performed. Table 5 explains that the bootstrap value, path coefficient, and indirect influence on the research model are at the 10% real level.

Table 5. Bootstrapping Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Original Sample (O)</th>
<th>Sample Mean</th>
<th>Standard Deviation (STDEV)</th>
<th>T-Statistics (t-STAT)</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion → Consumer Trust</td>
<td>0.855</td>
<td>0.857</td>
<td>0.036</td>
<td>23.786</td>
<td>0.000</td>
</tr>
<tr>
<td>Promotion → Purchase Intention</td>
<td>0.488</td>
<td>0.463</td>
<td>0.118</td>
<td>3.799</td>
<td>0.000</td>
</tr>
<tr>
<td>Consumer Trust → Purchase Intention</td>
<td>0.486</td>
<td>0.473</td>
<td>0.119</td>
<td>4.097</td>
<td>0.000</td>
</tr>
<tr>
<td>Promotion → Purchase Intention (Consumer Trust as Mediating Variable)</td>
<td>0.416</td>
<td>0.403</td>
<td>0.095</td>
<td>4.388</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Source: Research Data (2020)

4.3. Discussion of Hypotheses

4.3.1 The Impact of Promotion on Consumer Trust

The results of the path coefficient on the promotion and consumer trust variables: 0.855, the t-statistic result 23.786 > 1.64 at the significance level α = 0.1, this explains the significant positive impact on the pro-motion and consumer trust. This shows that if the higher the promotion, consumer trust will also increase. This study proves H₁ = accepted. These results are relevant to research (Nursyirwan et al., 2020) that explains that promotion has a significant positive effect on consumer trust. It illus-trates the promotional activities undertak-en by Shopee e-commerce effect on stu-dent trust in Shopee e-commerce.

This research is also in line with the research of May et al. (2015) which states that promotion has a significant positive effect on trust. This research is an important point for marketers to always carry out promotional functions that are relevant to the products/services offered because consumers have their own confidence if the marketer can promote their products/services well.

4.3.2 The Impact of Promotion on Purchase Intention

The value of the path coefficient on the promotion and purchase intention variables: 0.488 has a t-statistic of 3.799 > 1.64 (significance level α = 0.1). This explains the significant positive effect of promotion on purchase intention. The results showed that the higher the level of promotion, the higher the purchase intention. H₂ = accepted. The results of this study are supported by Phong et al. (2018) which explains that promotion has a significant effect on purchase intention. This shows that promotional activities carried out by e-commerce Shopee have an effect on student purchase intentions.

This study also proves that the existence of promotional activities has a significant positive effect on the formation of consumer buying interest, the greater the promotion used will also have an impact on the high consumer interest in shopping at e-commerce shops. This aspect is so important for marketers on Shopee’s e-commerce services to increase-by provide promotions that are relevant to the products/services offered because high promotional activities will trigger high consumer buying interest in shopee e-commerce services.

4.3.3 The Impact of Consumer Trust on Purchase Intention

The result of the path coefficient on the variable trust of consumer and purchase intention: 0.486, t-statistic 4.097 > 1.64 (significance level α = 0.1). These results indicate a significant positive impact on the consumer trust variable on purchase intention. This research shows that the greater the consumer’s trust in an e-commerce site, the higher the consumer’s purchase intention. H₃ is accepted. The results supported by Kwek et al. (2010) explained that the consumer trust had a positive and significant impact on consumer purchase intention.

This research confirms that consumer trust can influence purchase intention. This aspect is important for marketers to always increase the variable of consumer confidence, so that target market buying interest can be achieved, especially marketing through e-commerce consumers do not meet physically, but virtually. It is an important point for marketers to become a consumer trust. The higher the consumer’s trust, the higher the people’s buying interest in shopping at Shopee e-commerce.

4.3.4 Impact of Promotion on Intention to Buy (Consumer Trust as a Mediating Variable)

Path coefficient value for promotion and intention to buy variables: 0.416, t statistic 3.436 > 1.64 (significance level α = 0.1). These results indicate a significant positive impact for the promotion variable on purchase intention with consumer trust as a mediating variable. In other words, H₄ = accepted.
This study shows that if the promotion is carried out through mediating variables in the form of consumer trust, it will be able to influence people's buying interest in shop e-commerce services. This study also confirms the research conducted by Pratama (2017) which states that promotion and security have a simultaneous effect on buying interest with trust as an intervening variable.

5. Conclusion

5.1. General

Based on data analysis and discussion of research results, the conclusions of this study include that the promotion has a significant positive impact on consumer trust at the real level of 10%. The promotion has a significant positive impact on purchase intention at the 10% real level. Consumer trust has a significant positive impact on purchase intentions at the 10% level. There is a significant positive indirect impact between promotion on purchase intention and consumer trust as a mediating variable at the 10% level.

5.2. Limitation and Suggestions

Despite the potential contributions mentioned earlier, this research is subject to a few limitations. The first short-coming is that the use of students as respondents in the survey makes the research results less realistic than when actual consumers were employed. Although an increasing number of college students today are online consumers themselves, the range of products they buy online is somewhat limited. Second, the research model may have overlooked other antecedents to purchase intention, such as perceived benefit, perceived risk, perceived price, reputation, etc. Third, the next research can be carried out with a larger sample size. Fourth, further research can be carried out on other e-commerce sites that have never been studied.

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