

The Effect of Cash On Delivery, Free Shipping Promos on Customer Reviews with Purchase Decisions as an Intervening Variable on the Shopee Marketplace Site in the Tangerang City Area

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Abstract

This study examines and analyzes the influence of cash on delivery, free shipping promos, on customer reviews with purchase decisions as an intervening variable. The purpose of this study is to find the influence of each variable. The research method used a quantitative approach with a sample of 115 respondents. The analysis tool uses Smart-PLS. The results of this study show that cash on delivery has an effect on customer reviews explaining that cash on delivery has an effect on customer reviews seen from the significance level of $0.015 < 0.05$ which means H1 is accepted. Cash on delivery has an effect on purchase decisions based on the results processed that the cash on delivery variable affects purchase decisions with a significance value of $0.000 < 0.005$. Therefore, it can be concluded that H2 is accepted. Customer reviews have an effect on purchase decisions based on the results of the study that customer reviews have a significance value of $0.033 < 0.05$, therefore it can be concluded that H3 is accepted. The free shipping promo affects customer reviews explaining that the free shipping promo affects customer reviews with a significance level of $0.000 < 0.05$ which means H4 is received. Customer reviews and free shipping promos are things to consider when buying goods online. The free shipping promo has an effect on purchase decisions based on research that is processed that the variable of free shipping promo with a significance value of $0.130 > 0.05$ which means H5. Cash on delivery affects customer reviews through purchase decision variables as intervening variables, based on research that the cash on delivery variable on customer reviews with a significance value of 0.010 which means H6 is accepted. The free shipping promo affects customer reviews through the purchase decision variable as an intervening variable, based on the research that the free shipping promo variable on customer reviews with a significance value of 0.040 which means that H7 is accepted.

Keywords: Cash on Delivery, Free Shipping Promo, Customer Review, Purchase Decision

INTRODUCTION

The rapid development of technology has led to the widespread use of the internet. The internet is not a new thing but has become a part of the lives of the people of Indonesia. Almost all groups of the Indonesia population have used the internet, starting from children to adults. The people of Indonesia use the internet as a means of communicating with others in seeking information and insights and thanks to technological advances today, people can shop through internet media. Advanced technology has made the internet a tool to inform people's interests, thus encouraging businesses to change the way they market in the direction of digital (Juniantan et al., 2023). Technology has made people more open to the digital world which is able to facilitate activities and support the smooth running of business activities through the marketplace. The development of technology has now made many changes to consumer shopping patterns where initially purchases made directly to the seller's store have changed to online sales, the statement was quoted by.

During the current Covid-19 pandemic, almost all Indonesia residents use internet technology as a medium for selling and shopping online. Quoted from the official website of kompasiana.com (2022), the Covid-19 outbreak prompted the government to issue an appeal to stay at home and reduce physical contact, which led to a significant increase in the frequency of online purchases of up to 400% since March 2020 as reported by ADA (Analytic Data Advertising). This increase is due to the increasing number of Indonesia people who know and use the internet actively. Online shopping is one of the parts of e-commerce where there are activities to purchase products and services through e-commerce media (Michael et al., 2023). E-commerce provides an opportunity for every human being to compete and succeed in doing business in cyberspace. The development of e-commerce has made many companies compete to create a marketplace site that is trusted and easy to use by consumers so that it has the potential to have a great impact on sales (Handayani, Putri, Pujiarti, 2024).

Marketplace is a place to buy and sell products and services for sellers and buyers in the form of a website or mobile application. Through marketplace services, consumers can order products from various locations and regions in an easy and practical way (Wahyuni, Sri, 2022). This makes consumers prefer to make purchases online rather than face-to-face with sellers until an agreement is reached between the seller and the buyer. In online shopping, there is no direct meeting between sellers and buyers. So with online shopping, consumers no longer need to come to the store to complete transactions related to the desired product or service, consumers only need to see photos and videos of products listed on the storefront and product descriptions on the marketplace site (Brittany, Ravena Gabriela, 2022). If consumers want to ask or bargain on product prices, they can do so through chat services with sellers so that consumers can save time, transportation costs, and labor (Winda, Chatarina Odilia, 2022).

Shopee is an online buying and selling platform that makes it easier for its users to carry out transaction activities. Shopee is available in the form of a mobile app and website that offers various types of products (Calistia & Andy, 2022). Shopee is a marketplace that was first launched in Singapore in 2015 and is led by Chris Feng who has also led Zalora and Lazada. Shopee has now expanded its market area to Taiwan and almost all countries in Southeast Asia, including Indonesia, with different applications and websites according to their countries. Shopee offers 25 categories of products and services as well as various promotions (Gilang Ginanjar, 2021).

The Shopee application has a variety of features that are easy to use and many Indonesia people like and use the application. Shopee has a display that can attract buyers with a store banner that can display product photos and videos, can display successively related to important information for buyers on the store page, displays products by category, displays the best-selling products, has the best offer display, there are discount packages and economical combos

and there is text for product descriptions that make it easier for consumers to dig up information about the products offered.

Shopee offers a variety of payment systems with many options. One of the payment systems owned by Shopee is cash on delivery which facilitates buying and selling transactions where consumers can pay for products or services in cash on the spot. This payment system is very useful for buyers who do not want or still do not understand payments using electronic money (e-money) or bank transfers. The cash on delivery payment system is a payment method that is made when the goods arrive at the address that has been determined by the consumer. Online transaction activities in practice are directly related to trust. The cash on delivery program aims to reach potential consumers who still lack confidence in shopping online. Cash on delivery payments are usually made face-to-face between sellers and buyers, but in the Shopee cash on delivery system, it is done by paying directly on the spot in cash after the buyer receives the order from the expedition courier. For the cash on delivery payment method, there is a handling fee that applies to Shopee users with various provisions.

Shopee is superior to its competitors because of various attractive promos. One of the most popular programs in the community is the free shipping program. The free shipping program allows sellers to offer free shipping specifically for their consumers. Free shipping is Shopee's mainstay marketing tactic that always appears on the main page to incite and convince potential consumers to make a purchase. Shopee will bear the cost of free shipping in accordance with the existing terms and conditions. The free shipping voucher can be combined with the additional store voucher provided by the seller.

Shopee free shipping promos are available every day with various types of delivery services that have certain terms and conditions, such as the minimum number of product purchases and geographical location. Indonesia is an archipelagic country where various regions in Indonesia are separated by the sea and straits, this can certainly cause high shipping costs. Therefore, the free shipping promo is very attractive to consumers and potential consumers because consumers will get a discount on shipping costs so that consumers do not have to pay for products at a fairly high price because of the long delivery distance between the seller and the buyer. Unconditional free shipping promos are usually available on certain events and twin dates, such as 2.2, 9.9, and so on, 17.8 Merdeka Sale, Shopee Birthday Sale, Big Ramadhan Sale, Shopee Mantul Sale every month from the 25th to the 27th.

Buying online is easy to do just by looking at the product images and descriptions in the seller's storefront. However, it is undeniable that online shopping still has many risks such as products that are destroyed when received, products that do not reach consumers (lost during delivery), and products that are sent that do not match the pictures/videos and descriptions displayed by the seller. Therefore, before deciding to buy a product or service, consumers must dig up information related to the products and services to be purchased.

One way to dig up this information is to look at reviews from consumers about the product starting from product specifications, product quality, price to delivery. Customer reviews are important for potential consumers when deciding to buy a product. Product reviews can be used as a reference for potential buyers who want to know whether the product is in line with their expectations or not. Positive reviews will encourage consumers to buy the product. Customer Reviews are reviews or opinions in the form of shopping experiences provided by buyers from services and products that are obtained from neutral, positive, and negative reviews.

Shopee has a product review feature on the product detail page to make it easier for consumers to decide to buy a product. By providing product reviews, consumers can also give an assessment or rating of the product based on satisfaction after receiving the product from the

seller. To measure the level of satisfaction with consumer purchases and shopping experiences, Shopee uses a star-shaped scale, ranging from the lowest star (1) to the highest star (5). The more reviews and stars that consumers give, the better the seller's rating will be. With customer reviews accompanied by product ratings, sellers can also identify and evaluate their business performance. Consumer purchasing decisions are often influenced by the number of stars that consumers give for the products they buy. If the stars given to the product are less than 5 (five), then consumers will usually reconsider buying the product.

A purchase decision is an individual's final decision to purchase a product or service after going through various considerations. Therefore, companies must be able to influence consumers to make the best decisions regarding the products and services offered so that consumers can make repeat purchases.

Research Outline

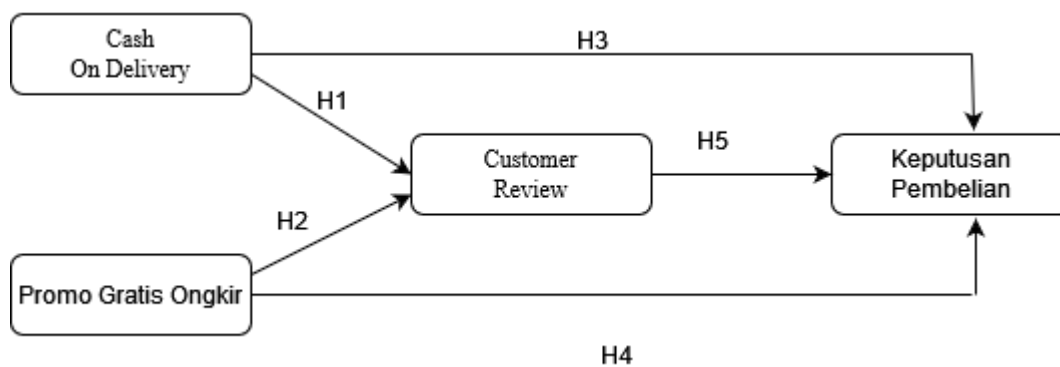


Figure 1
Research Outline

Hypothesis

The hypothesis in this study is as follows:

- H1: It is suspected that the cash on delivery variable affects the customer review
- H2: It is suspected that the free shipping promo variable affects the customer review
- H3: It is suspected that the cash on delivery variable affects the purchase decision
- H4: It is suspected that the variable of the free shipping promo affects the purchase decision
- H5: It is suspected that the customer review variable affects the purchase decision
- H6: It is suspected that the cash on delivery variable affects customer reviews through the purchase decision variable as an intervening variable
- H7: It is suspected that the variable of the free shipping promo affects customer reviews through the purchase decision variable as an intervening variable

Type of Research

It can be seen that in this study the researcher uses a type of quantitative method research.

Population and Sample

Researchers can take the population from all Shopee consumers in Tangerang City and the number of users of the application cannot be counted because the number is too large. A sample is a part of the population that has characteristics that need to be observed. Due to the unlimited and very large population, the population is automatically unknown. In this study, the author used a random sampling technique of 115 respondents to determine the number of samples because the population used was consumers who made purchases through Shopee whose exact number was unknown.

Data Collection Methods

This study uses a questionnaire data collection method distributed through google forms. The distribution of this questionnaire will be applied to Shoope consumer respondents through measurement with a Likert scale, which intends to measure the opinions, views, and attitudes of a person towards a certain event. Then it can be seen that the chart of the likert ratio is used to calculate the respondents' answers to the questionnaire.

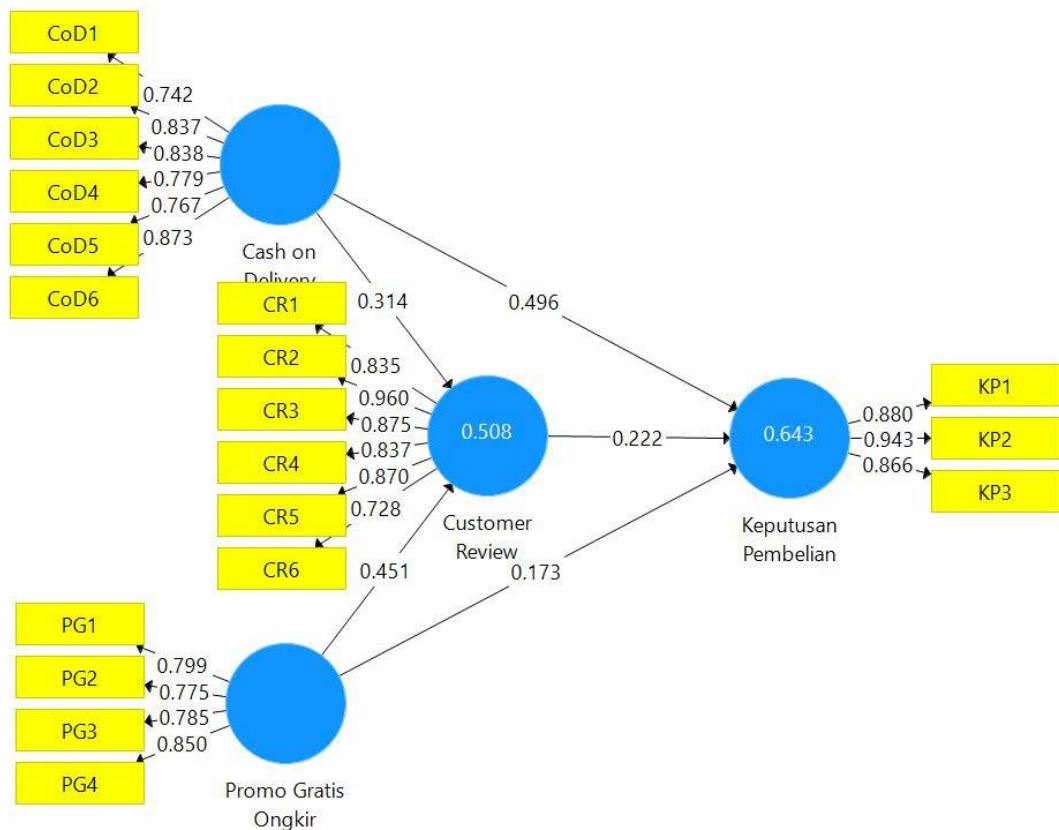
Table 1
Variable Indicator

Variable	Sub Variables	Source
Cash on Delivery	<ol style="list-style-type: none"> 1. Ease 2. Effective 3. Minimizing fraud 4. Security 5. Privacy 6. Belief 	(Crismon & Andy, 2022)
Free Shipping Promo	<ol style="list-style-type: none"> 1. Attention 2. Attraction 3. Motives and motivations 4. Strong desire 5. Adjust the delivery distance 6. Various delivery service options 	(Angelia Isabel Huwae, 2023)
Customer Review	<ol style="list-style-type: none"> 1. Uses 2. ExpertiseLeave a review 3. Timeliness 4. Sum 5. Strength 6. completeness 	(Brittany, Ravena Gabriela, 2022)
Purchase Decision	<ol style="list-style-type: none"> 1. Product variations 2. Brand habits 3. Distributor location 4. Quality of service 5. Purchase term 6. Wide selection of payment methods 	(Calistia & Andy, 2022)

This research involves validity tests, reliability tests with Cronbach's Alpha, and normality tests to check the distribution of data. In addition, a multicollinearity test was carried out to assess the correlation between independent variables, a heteroscedasticity test to identify error variability, multiple linear regression analysis to measure the influence of independent variables, and a hypothesis test with a t test and an F test to determine the significance of the influence of independent variables on dependent variables.

RESULT

Figure 1
Line Model



From figure 1 of the path model, it can be seen that each variable has met the path model because the indicator value for the variable is above 0.5 so that the result has met the requirements for further testing.

Convergent Validity

Table 2
Convergent Validity

	Cash on Delivery	Customer Review	Purchase Decision	Free Shipping Promo
CR1		0,835		
CR2		0,960		
CR3		0,875		
CR4		0,837		
CR5		0,870		
CR6		0,728		
CoD1	0,742			
CoD2	0,837			
CoD3	0,838			
CoD4	0,779			
CoD5	0,767			
CoD6	0,873			
KP1			0,880	

KP2			0,943	
KP3			0,866	
PG1				0,799
PG2				0,775
PG3				0,785
PG4				0,850

To test the validity of convergence use the outer loading value or the loading factor. A value above 0.7 then this study passes the convergence validity. Based on the value of the loading factor using 115 data and the result of the value of the loading factor > 0.7 , which means that the data in this study is said to be valid.

Composite Reliability

Table 3
Composite Reliability

	Cronbach's Alpha	rho_A	Composite Reliability
Cash on Delivery	0,893	0,901	0,918
Customer Review	0,924	0,929	0,941
Purchase Decision	0,878	0,885	0,925
Free Shipping Promo	0,816	0,824	0,879

From table 3 above, it can be explained that the data is considered reliable if the reliability composite value > 0.7 and Cronbach alpha > 0.6 . Based on the reliability test, the composite reliability value > 0.7 and Cronbach alpha > 0.6 which means the data is reliable.

Average Variance Extracted (AVE)

Table 4
Average Variance Extracted (AVE)

	Cronbach's Alpha	rho_A	Average Variance Extracted (AVE)
Cash on Delivery	0,893	0,901	0,652
Customer Review	0,924	0,929	0,729
Purchase Decision	0,878	0,885	0,804
Free Shipping Promo	0,816	0,824	0,645

From table 4 above, it can be explained that the data is considered reliable if the AVE value must > 0.5 . Based on the reliability test, the AVE value > 0.5 which means the data is reliable.

Validity of Crimes

Table 5
Cross Loading

Variable	Cash on Delivery	Customer Review	Purchase Decision	Free Shipping Promo
CR1	0,548	0,835	0,531	0,561
CR2	0,590	0,960	0,642	0,632
CR3	0,492	0,875	0,611	0,520
CR4	0,565	0,837	0,650	0,559
CR5	0,563	0,870	0,483	0,612

CR6	0,526	0,728	0,419	0,597
CoD1	0,742	0,364	0,516	0,461
CoD2	0,837	0,480	0,618	0,499
CoD3	0,838	0,514	0,669	0,604
CoD4	0,779	0,489	0,561	0,617
CoD5	0,767	0,566	0,613	0,555
CoD6	0,873	0,647	0,695	0,747
KP1	0,701	0,615	0,880	0,619
KP2	0,721	0,626	0,943	0,669
KP3	0,629	0,520	0,866	0,545
PG1	0,543	0,540	0,535	0,799
PG2	0,641	0,472	0,505	0,775
PG3	0,550	0,510	0,539	0,785
PG4	0,609	0,642	0,610	0,850

From table 5 above, it can be explained that the validity value of the crime must be greater than 0.7. It can be concluded that the decriminalization value for all indicators is said to be valid because it is greater than 0.7.

R Square

The R Square test is commonly referred to as a determination test. Based on data management, the following results were obtained:

Table 6
R Square Test

	R Square	R Square Adjusted
Customer Review	0,508	0,499
Purchase Decision	0,643	0,633

Based on the table, the R-Square value for customer reviews is 0.508 or 50.8%, which means that the customer review variable of 50.8% can be explained by the variables in this study, namely cash on delivery and free shipping promos and the remaining 49.2% is influenced by other variables that affect customer review variables outside this study.

The purchase decision variable is 0.643 or 64.3%, which means that the purchase decision variable of 64.3% can be explained by the variables in this study, namely cash on delivery and free shipping promos and the remaining 35.7% is influenced by other variables that affect the purchase decision variable outside this study.

F Square

F-square test categories are as follows:

- An F-square value of 0.02 – 0.14 is categorized as a weak influence
- The F-square value of 0.15 – 0.34 is categorized as medium influence
- An F-square value above 0.35 is categorized as a strong influence

Table 7
F Square Test

	Cash on Delivery	Customer Review	Purchase Decision	Free Shipping Promo
Cash on Delivery		0,094	0,296	
Customer Review			0,068	
Purchase Decision				
Free Shipping Promo		0,194	0,033	

Based on F-square, cash on delivery has a weak influence on customer reviews (0.094) and has a moderate effect on purchase decisions (0.296). Customer reviews have a weak influence on

purchase decisions (0.068). Free shipping promo has a moderate effect on customer reviews (0.194) and has a weak effect on purchase decisions (0.033).

Hypothesis Test

Hypothesis testing is used in this study to determine the effect between the t-test that can be seen on the p-value where if the p-value < 0.05 is declared significant or influential or vice versa if the p-value > 0.05 is not significant or has no effect. The results are as follows:

Table 8
Hypothesis Test

	Original Sample (O)	P Values	Result
Cash on Delivery -> Customer Review	0,314	0,015	H1 accepted
Cash on Delivery -> Purchase Decision	0,496	0,000	H2 accepted
Customer Reviews -> Purchase Decisions	0,222	0,033	H3 accepted
Free Shipping Promo -> Customer Review	0,451	0,000	H4 accepted
Free Shipping Promo -> Purchase Decision	0,173	0,130	H5 rejected
Cash on Delivery -> Customer Review -> Purchase Decision	0,070	0,010	H6 accepted
Free Shipping Promo -> Customer Review -> Purchase Decision	0,100	0,040	H7 accepted

Based on table 8 of the hypotheses, the results show that H5 is rejected, and H1 to H7 are accepted. The O value in this table is the original sample value where if the number in the O table is positive, then the variable has a unidirectional effect. Meanwhile, if the value in the O table is negative, then the variable has the opposite effect.

Discussion

1. Cash on delivery variable affects customer reviews

Explaining that cash on delivery has an effect on customer reviews seen from the significance of $0.015 < 0.05$ which means H1, because consumers in buying goods online pay attention to reviews from consumers who have bought at the online store, and can be a consideration for consumers to buy goods online. Customer reviews are a special consideration for potential buyers so that they are not deceived before making a transaction, good reviews of a product will make consumers buy the item in the online shop.

2. Cash on delivery variables affect purchase decisions

Based on the results processed, the cash on delivery variable has an effect on the purchase decision with a significance value of $0.000 < 0.005$. Therefore, it can be concluded that H2 is received, which means cash on delivery affects the purchase decision.

3. Customer review variables affect purchase decisions

Based on the results of the study, Customer Review has a significance value of $0.033 < 0.05$. Therefore, it can be concluded that H3 is accepted, which means that customer reviews have an effect on the purchase decision.

4. Free shipping promo variable affects customer reviews

Explaining that the free shipping promo has an effect on customer reviews with a significance level of $0.000 < 0.05$ which means H4 is received, and is a reference for consumers to buy goods online, so that later they will not be charged additional fees in shipping goods. Customer reviews and free shipping promos are things to consider when buying goods online.

5. The variable of the free shipping promo affects the purchase decision
Based on the research processed, the variable of free shipping promo with a significant value of $0.130 > 0.05$ which means H5 is rejected which means that the free shipping promo has no effect on the purchase decision. Explaining that the free shipping promo against the purchase decision is not because of the benefits but their shopping interest in online shopping for other reasons.
6. The cash on delivery variable affects customer review through the purchase decision variable as an intervening variable
Based on the research processed, the cash on delivery variable on customer reviews with a significance value of 0.010 which means H6 is accepted, and it can be concluded that cash on delivery affects customer reviews through the purchase decision variable as an intervening variable
7. The variable of free shipping promo affects customer reviews through the purchase decision variable as an intervening variable
Based on the research processed, the variable of free shipping promo to customer reviews with a significance value of 0.040 which means H7 is accepted, and it can be concluded that free shipping promo has an effect on customer reviews through the purchase decision variable as an intervening variable

CONCLUSION

Based on the analysis and discussion carried out in this study, it can be concluded that: cash on delivery has a positive and significant effect on customer reviews, cash on delivery has a positive and significant effect on purchase decisions, customer reviews have a positive and significant effect on purchase decisions, free shipping promos have a positive and significant effect on customer reviews, free shipping promos have a positive but not significant effect on Purchase decisions, Cash on Delivery affects customer reviews through purchase decision variables as an intervening variable has a positive and significant effect, free shipping promos have an effect on customer reviews through purchase decision variables as an intervening variable has a positive and significant effect.

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