

THE EFFECT OF SOCIAL MEDIA AND VIRAL MARKETING TOWARD PURCHASE DECISION AT SHOPEE

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Abstract: *Technology opens a new channel namely E-commerce that allows its consumers to make purchase decisions through mobile phones. Shopee revenue was reported to fluctuate and decrease from the fourth quarter of 2021 to the first quarter of 2022. The company also experienced an increase in losses in the first quarter of 2020, the first quarter of 2021, and the first quarter of 2022. This research aims to understand the effect of social media and viral marketing on purchase decisions at Shopee. This research uses quantitative data which uses a questionnaire from the sample of 100 Diponegoro University Students who use Shopee. This research is using nonprobability sampling and data analyzed using SPSS. The discussion showed that the social media variable has a positive significant influence on the purchase decision, the viral marketing variable has a positive significant influence on the purchase decision, and the social media and viral marketing variables simultaneously have a positive significant influence on the purchase decision. The company is recommended to increase social media and viral marketing also for further research it is recommended to explore more about the respondent identity.*

Keywords: *Purchase Decision; Social Media; Viral Marketing*

Introduction

Technology influences people's behavior regarding the habit and the need of the use of mobile phones. Based on the survey conducted by Hootsuite WeAreSocial (2021) showed that a total of 195.3 million Indonesians use mobile internet devices, with a penetration of 96.4 percent of total internet users. DeLone & McLean (2004) explain the growth of information technology (IT) is now driving businesses and markets leading to substantial changes in traditional industries and companies. The development of technology opens new channels namely electronic commerce or E-Commerce. Makelainen (2006) defined the online marketplace business concept as a business model by implementing a Consumer to Consumer or People to People scheme where vendors provide a platform for people who want to sell online by helping to bring together sellers and buyers.

E-commerce makes it easy for consumers to access and evaluate products that can be done anywhere and anytime by searching for information or making comparisons between products. Purchase decisions will occur when consumers are aware of a problem or need for a desired product (Syahidah, 2021). The consumer decision-making process is affected by internet penetration, where consumers are increasingly facilitated when comparing online shopping to traditional shopping (Sreerekha, 2019). Kotler & Keller (2016) explain that purchase decisions are influenced by several factors which are Cultural Factors, Social Factors, and Personal Factors. With rapid technological development, the opportunity for e-commerce to grow is even greater thus also means the competition in the marketplace is also increasing. In Indonesia, there are many options of the marketplace to choose one of which is Shopee. Shopee is a Singaporean multinational technology company that specializes in e-commerce under the subsidiary of Sea Group. The company was launched in Singapore in 2015. In the same year of 2015, the company expanded abroad to Indonesia, Malaysia, Thailand, Vietnam and Philippines.

Shopee revenue reported to be fluctuate in the last five quarters (databoks, 2022). Shopee's revenue continues to increase throughout 2021, but in the first quarter of 2022, shopee revenue seems to be decreased in the fourth quarter of 2021. The data that was published by Databoks in 2022 is based on the report issued by Sea Company, the holding company of Shopee. Based on this data, it can be seen that Shopee's losses per quarter first in the last five years have fluctuated quite a bit. Sea Company as the holding company of Shopee experiencing losses which means a minus on its revenue. Its biggest loss occurred in 2019 and was successfully suppressed in 2020, but in the following years, Shopee has again experienced an increase in losses.

Companies that once had a large market share, as well as a wide marketing area, are now required to work more efficiently and effectively and responsively anticipate the markets they will enter both now and in the future (Lustono & Laila Cahyani, 2020). In the new economy, the Internet has become a powerful and ubiquitous communication mechanism to facilitate the consummation and processing of business transactions (Mc Lean, 2014). Shopee uses a lot of social media as its promotional media. The company has official social media accounts on the top-ranked social media apps in the Google Play Store and Apple Play Store namely TikTok, Facebook, Instagram, and Twitter. The phenomena of social media along with viral marketing which is another form of word of mouth, or “word of mouse,” encourages consumers to pass along company-developed products and services or audio, video, or written information to others online (Kotler & Keller, 2012). Saripudin et al., (2022) argue that viral marketing is not just an internet-era replacement for word-of-mouth advertising, but turns customers into a marketing force that will initiate and deliver positive messages about products or services.

The pra survey conducted by the author it is resulted that 100% of the respondents ever made purchase through Shopee, 56.3% of respondents became aware of Shopee because of seeing Shopee advertisements, and 78.1% of respondents most often see Shopee promotions through social media. From the result of a survey conducted for this research, the authors concluded that people who have made purchases through Shopee may be affected by social media and viral marketing.

Theoretical Framework

Social Media (X1)

Social media is the integration of media and social communication; it is a collection of online tools that facilitate interaction and communication between users (As'ad & Alhadid, 2014).

Viral Marketing (X2)

Viral marketing is word of the Internet version of advertisement, which has a relationship with creating an e-mail or marketing methods that are so contagious that consumers or customers are willing to or want to share and pass it on to their friends (Kotler & Keller, 2012).

Purchase Decision (Y)

Purchase decision is part of consumer behavior which is how individuals, groups, and organizations select, buying, using, and how goods, services, ideas or experiences to satisfy their needs and wants (Kotler & Armstrong, 2018).

Research Indicators

This study uses several indicators for each variable. Each indicator has each question item presented that is described as follows:

Table 1. Indicators

Variables	Indicators	Question Item
Social Media	Online Communities	A company or business is able to exploit the social media to form a community related to its business
	Interaction	A social media account can notify all its followers of specific subject quickly and simultaneously (Facebook, Instagram, TikTok, Twitter)
	Sharing of Content	Consumer interchange on spreads and accepts content in a social media setting
	Accessibility	The social media is easily reachable
	Credibility	Social media content succeed to delivering message in a clear way
Viral Marketing	Brand Knowledge	Sources of consumer information about brands
		Consumer knowledge about the advantage of the brand
	Product Popularity	Information clarity about the product Attractiveness of product information
	Product Clarity	Product information trustworthiness Product information talk and shares Product purchase intention
Purchase Decision	Self Purchase	Consumer confidence in purchasing the product
	Purchase because of Product Advantage	Consumer activeness in evaluating the brand Consumer satisfaction to the brand purchase.
	After Purchase Behavior	Consumer satisfaction of the product about the expected product Consumer want to recommend the product to other

Method

Based on the background and problem formulation existing data explained above, this research uses the quantitative method under the type of explanatory research. The variables used in this research are social media (X1) and viral marketing (X2) as independent variables and purchase decision (Y) as dependent variables. The population used in this study is students at Diponegoro University Semarang. Therefore the research sample of this study is 100 Shopee consumer students of Diponegoro University. The sampling technique of this research is using non-probability sampling which is a method of selecting units from a population using a subjective or non-random method. The researcher used quantitative data which use a questionnaire from the respondents. Quantitative data can be measured or calculated directly, in the form of information or explanation expressed in numbers or the form of numbers. The data will be processed with the SPSS program as a data calculation tool.

Result

Validity Test

A questionnaire is said to be valid if r count is greater than r table ($r \text{ count} > r \text{ table}$), it is invalid if r count is less than r table ($r \text{ count} < r \text{ table}$). In this research r count is calculated by using SPSS, while the value of r table is obtained by calculating the degree of freedom ($df = n - 2$). This study used 100 samples, so $df = 100 - 2 = 98$, with a probability level of 5%, so it is known that the r table

is amounting to 0.1654. The validity test of this research resulting that all question items of all variables are valid.

Reliability Test

A construct or variable is said to be reliable if it gives a Cronbach Alpha value > 0.60. Based on the table the Cronbach Alpha value for the social media, viral marketing, and purchase decision variable are greater than 0.60 which means that all variables researched are reliable.

Categorization of Social Media, Viral Marketing, and Purchase Decision Variable

The categorization of social media variable is high with the highest score obtained by the good category with the value of forty seven percent (47%). The categorization of viral marketing variable is high with the highest score obtained by the good category with the value of forty nine percent (49%). The categorization of purchase decision variable is high with the highest score obtained by the good category with the value of forty eight percent (48%)

Regression Analysis

Table 2. Ordinary Least Square Analysis of Social Media Toward Purchase Decision

Model	Coefficients ^a			t	Sig.
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta		
1 (Constant)	15.090	1.442		10.462	.000
TOTAL X1	.296	.072	.385	4.127	.000

a. Dependent Variable: TOTAL_Y

Source : Primary data processed (2023)

The value of constant number (a) is 15.090 and the value of the regression coefficient is 0.296. So, the regression equation is obtained $Y = 15.090 + 0.296 X + e$. Increasing the purchase decision variable can be done by increasing the social media variable, which means that the greater the social media the greater the purchase decision.

Table 3. Ordinary Least Square Analysis of Viral Marketing Toward Purchase Decision

Model	Coefficients ^a			t	Sig.
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta		
1 (Constant)	4.602	1.593		2.888	.005
TOTAL X2	.559	.054	.722	10.331	.000

a. Dependent Variable: TOTAL_Y

Source : Primary data processed (2023)

The value of constant number (a) is 4.602 and the value of regression coefficient is 0.559. So, the regression equation is obtained $Y = 4.602 + 0.559 X + e$. To increase the purchase decision variable can be done by increasing the viral marketing variable, which means that the greater the viral marketing the greater the purchase decision.

Table 6. Multiple Linear Regression of Social Media and Viral Marketing Toward Purchase Decision

Coefficients ^a						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
	(Constant)	4.450	1.633			
1	TOTAL X1	.029	.062	.037	.459	.647
	TOTAL X2	.545	.063	.704	8.719	.000

a. Dependent Variable: TOTAL_Y

Source : Primary data processed (2023)

The value of constant number (a) is 4.450 and the value of regression coefficient of social media (X1) is 0.029 and viral marketing (X2) is 0.545. The regression equation is obtained as $Y_1 = 4.450 + 0.029 X_1 + 0.545 X_2 + e$. Based on that, to increase the purchase decision variable, it can be done by increasing the social media and viral marketing variable, which means that the greater the social media and viral marketing, the higher the purchase decision.

Table 4. Coefficient Determination Test Results of Social Media and Viral Marketing Variable

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.723 ^a	.522	.513	1.685

a. Predictors: (Constant), TOTAL X2, TOTAL X1

Source : Primary Data Processed (2023)

Based on the calculation using SPSS obtained a R^2 value of 0.522 mean that the ability of social media and viral marketing variable affects the purchase decision variable by 52.2% where the remaining $100\% - 52.2\% = 47.8\%$ is influenced by other variables besides the independent variables in the research.

Table 5. Results of the F test

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	301.355	2	150.677	53.041	.000 ^b
	Residual	275.555	97	2.841		
	Total	576.910	99			

a. Dependent Variable: TOTAL_Y

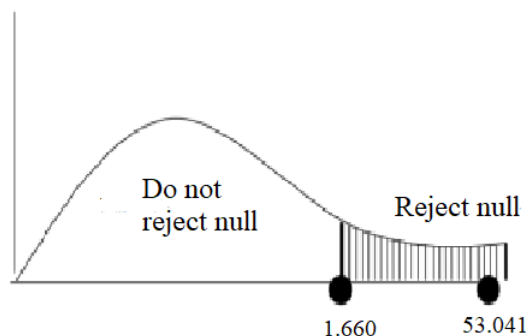
b. Predictors: (Constant), TOTAL X2, TOTAL X1

Source : Primary Data Processed (2023)

Figure 1. The F test of Social Media and Viral Marketing toward Purchase Decision

Source : Primary Data Processed (2023)

Determine F table by adjusting the calculation of degree of freedom 1 (df1) and degree of freedom 2 (df2) with a significance of 5% (0.05). The formulation is $df_1 = k - 1 = 3 - 1 = 2$ and $df_2 = n - k - 1 = 100 - 2 - 1 = 97$, where k is the total variable researched and n is the number of total data researched. Based on



that formulation the F table value is 3.09. The calculated F value obtained is 53.041, where it can be concluded that **F test (53.041) > F table (3.09) then Ho rejected and Ha accepted.**

Discussion

Marketing is an activity carried out by entrepreneurs to maintain business continuity, develop business, and earn profits (Zaky et al., 2022). The theory brought by E. Jerome McCarthy in 1960 stated that there is four factors that are important for marketing called marketing mix. The Marketing Mix 4 Ps includes product, place, price, and promotion. The theory supports the finding of this research that states the social media and viral marketing variables simultaneously affect the purchase decision. To increase its consumer purchase decisions Shopee is hoped to maximize the use of both social media and viral marketing as promotional tools and emphasize the advantage of shopping through Shopee.

Based on the test using multiple linear regression and F test could be drawn conclusion that the variable social media and viral marketing simultaneously toward purchase decision is positive and significant. This means that the variable social media and viral marketing simultaneously have a significant influence on the purchase decision of Diponegoro University Students at Shopee. The formulation of regression analysis in this research is

$$Y = 4.450 + 0.029 X1 + 0.545 X2 + e$$

Where the constant value of 4.450 which means that if there is no social media and viral marketing the value of the purchase decision will be 4.450. the positive value on this formulation means that the increase or decrease on the X1 and X2 variables will be followed by y variable.

Conclusion And Suggestion

Conclusion

This research is conducted with the title “The Influence of Social Media and Viral Marketing toward Purchase Decision on Students of Diponegoro University at Shopee”. The results of this research already presented earlier, thereby it can be concluded as follow :

1. Social media variable have positive influence toward purchase decision variable. Any changes that occur in the social media variable either increase or decrease will be followed by the purchase decision variable.
2. Viral marketing variable have significance and positive influence toward purchase decision. The statement means that the increase or decrease on viral marketing variable will be followed by the purchase decision variable.
3. Social media and viral marketing variable simultaneously have significance and positive influence toward purchase decision variable. To increase the purchase decision variable, it can be done by

increasing the social media and viral marketing variable, which means that the greater the social media and viral marketing, the higher the purchase decision.

Suggestion

Based on the research result that explained on the third chapter, so the recommendation that could be given are described as follow:

Social media has a positive significant effect on consumer purchase decisions, it can be used as an effective promoting tool for Shopee. In order to maintain effective promotion using social media Shopee needs to pay attention to many factors including the accessibility and credibility of their social media account which means that their social media account should be easy to access and easy to understand. It is hoped that Shopee may evaluate its social media official account so it can be used by its consumers to find out the latest information related to Shopee and could manage to provide information quickly.

Shopee is hoped to pay more attention to Viral marketing variable which may affect its consumer purchase decision. On the viral marketing variable there are still several things that need to be improved including the indicators of product popularity and product clarity. To increase the purchase decisions of Shopee consumers, especially the Diponegoro university students, Shopee needs to evaluate the information spread to be more interesting and reliable. Shopee should take the advantage of the use of viral marketing to spread the brand knowledge and use it as a strategy to spread information about the advantage of making a purchase decision through Shopee.

The question item regarding the variable of purchase decision could be updated and add about the topic of the wants to repurchase the product. This research still has several limitations regarding the research variable and the research sample. Further research needs to be done and uses respondents that represent the Shopee's target segmentation to examine the effect of other independent variables especially the price and product quality variable which may affect the consumer satisfaction which may stimulate the repurchase of product. Further research is recommended to explore more about the respondent identity especially regarding the topic of how much money the respondent spent at Shopee and what product that the consumer purchased.

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