

Factors that influence Generation Z's purchasing decisions on the Shopee Marketplace

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Abstract

This study aims to analyze factors that influence purchase decisions in the Shopee Marketplace like price, promotion, and product ratings, focusing on Generation Z in Semarang City as a case study. The research sample consists of 120 consumers aged 17 to 28 years in Semarang City who have made purchases through the Shopee application. The data were analyzed using the multiple linear regression method. The results indicate that price has a negative and significant influence, while promotion and product reviews have a positive and significant influence on purchase decisions.

Keywords : Price, Promotion, Product Review, Purchase Decision

INTRODUCTION

In the era of rapid advancements in electronic media technology, the majority of internet users today come from Generation Z. Generation Z, or Gen Z, refers to individuals born between 1996 and 2012. By 2024, their age range spans from 12 to 28 years (source: Wikipedia). Gen Z possesses unique characteristics, including a love for technology, flexibility, high intelligence, and tolerance for cultural differences. This generation is also highly globally connected and actively engaged in the virtual world, making them the successors to millennials.

Gen Z is known for their high level of technological proficiency, as they have grown up in an era where the internet is an integral part of daily life. This has influenced their consumer behavior, especially in online shopping. Shopee, as one of the leading marketplace platforms, has successfully captured the attention of Generation Z by providing a shopping experience that is modern, convenient, and interactive.

Shopee is among the most popular marketplaces in Indonesia. Launched in 2015, the platform offers a variety of daily necessities, including household items, fashion, healthcare products, electronics, and more. Shopee provides several advantages, such as free shipping vouchers, attractive discounts, and a hassle-free return policy, which have greatly satisfied customers. These features encourage consumers to continuously use Shopee to meet their needs. With the increasing number of users and visitors, Shopee has maintained its position as one of the top-ranked marketplace platforms in Indonesia.

Based on data from Katadata (2023), over the four-year period from 2020 to 2023, the number of Shopee users has increased significantly. This is reflected in data showing a rise from 93,440,300 users in 2020 to 158,000,000 users in 2023. Meanwhile, Tokopedia dropped to second place after Shopee, which secured the top spot in 2023. With the significant increase in the number of Shopee marketplace users in recent years, this study aims to analyze the factors influencing purchasing decisions, particularly among Generation Z. The focus of this research is to examine the impact of price, promotion, and product review as key elements that shape consumer preferences and decisions when selecting products on the platform.

According to Khurun'in Zahro' et al. (2023), purchase decisions are decision-making actions taken by customers to acquire the desired goods or services. These decisions are based on

prior actions. How customers go through various steps during the purchasing process, from problem identification to transaction completion, influences their decision to buy something. Consumers will consider factors that may affect their decision, such as product review, price, and promotion. A purchase decision is the process of deciding to buy a product made by consumers toward a company's product (Natalie & Siregar, 2024). According to Irene (2024), purchasing decisions involve recognizing all available options to address a problem, evaluating these options systematically and objectively, and establishing goals that determine the advantages and disadvantages of each option. Radyi et al. (2024) identify several indicators of purchasing decisions: commitment to a product, providing recommendations to others, habitual purchasing of a product, and repeat purchases.

According to Halik & Nugroho (2022), companies must have the ability to set prices that align with their target market. Businesses use high-quality products as a primary strategy to attract consumer attention. To compete in the market with their rivals, companies undertake distinct actions different from those of competitors' products or services. Price is one of the key indicators that companies need to consider, particularly in the marketing process, as it is a major factor influencing market demand. Consequently, price determination can significantly impact purchasing decisions (Irene, 2024). According to Sudirjo et al. (2023), price serves to create a competitive advantage for companies through strategic planning. Ermansyah (2024) state that price comprises several main elements: price level, discounts, rebates, payment periods, and credit terms. There are four indicators for measuring price: price affordability, price alignment with product quality, price alignment with benefits, and price competitiveness or ability.

Apart from pricing, promotions must also be considered by companies in selling a product. The more promotions a company conducts for a product, the more consumers will be attracted and decide to purchase the product. The more appealing the promotions carried out by a company, the more consumers will decide to buy and subscribe to the product (Meng et al., 2024). Promotion is one of the main aspects that companies or producers should consider, as it plays a vital role in the company's sustainability and helps achieve desired outcomes (Umang, 2012). According to Dimitriou & AbouElgheit (2019), promotion is a component of the marketing process aimed at communicating the benefits of a product in a competitive market. Ermansyah (2024) outline several promotion indicators: advertising, sales promotion, public relations, and personal selling.

According to Ibrahim & Dwi Oktavia Cahyani (2024), product review includes both ratings and reviews from consumers who have purchased a product. Ratings and reviews reflect the experiences of other buyers regarding the products they have purchased. Product review serves as a reference and guide for buyers to determine whether the product they intend to buy will meet their expectations. After the ordering process is complete, product reviews are provided, which include customer assessments related to the product. According to Kurniadi (2023), product review involves a series of reviews and assessments by consumers after completing the purchase process. Product review focuses on assessing the ability of participants to create a product and evaluating its geometric quality (Afifah et al., 2024). According to Lim et al. (2024), the indicators of product review are awareness, frequency, comparison, influence.

Price is a crucial value and has a significant impact on the success of product marketing (Ermansyah, 2024). Meanwhile, according to Halik & Nugroho (2022), price can serve as a tool to differentiate products from competitors while also having a positive and significant influence on purchase decisions.

H1: Price positively influences purchase decisions.

According to Sudirjo et al. (2023), promotion is a strategy used by sellers to provide product information to buyers with the hope of generating interest in purchasing. Meanwhile, according to Halik & Nugroho (2022), company promotions such as cashback and discounts can attract customers. Price promotions use pricing as a method to influence customers to purchase goods.

H2: Promotion positively influences purchase decisions.

Product review aims to assess customer satisfaction with their shopping experience (Ibrahim & Dwi Oktavia Cahyani, 2024). Meanwhile, according to Lim et al. (2024), product review results from a combination of assessments and reviews provided by consumers who have purchased an item.

H3: Product review positively influences purchase decisions.

RESEARCH METHOD

The population in this study consists of Generation Z individuals aged between 17 and 28 years who reside in Semarang City, with an unknown total population. The researcher selected a sample from consumers who had made purchases on the Shopee marketplace. This study employed the purposive sampling method to determine the sample based on specific criteria, namely: Generation Z who have made at least one transaction on Shopee, aged between 17 and 28 years, and residing in Semarang City. The sample size in this study was determined using the Lemeshow formula, which is suitable for populations with an unknown or unlimited size (Pannu & N. El-Saeiti, 2025). The total sample used in this study was 100 respondents. The type of data used in this research is quantitative data, collected through a questionnaire containing a series of questions presented to respondents. Respondents were asked to provide their responses to the questions. The measurement instrument utilized a Likert scale, which is a closed-ended questionnaire with answer options to facilitate respondents in providing their answers and to ease the evaluation process. The collected data were analyzed using multiple linear regression methods with the aid of SPSS software. This analysis aimed to examine the relationships and influences among the research variables.

RESULTS AND DISCUSSION

Respondent Overview

The respondents in this study are entirely Generation Z individuals residing in Semarang City who have made purchases on the Shopee marketplace. In terms of gender, the majority of respondents are male, accounting for 55%, while the remaining 45% are female. Based on age categories, most respondents are aged 20-25 years, comprising 40.2% of the total. Respondents aged 17-20 years make up 35.5%, while the remaining 24.3% are aged 26-28 years. In terms of occupation, the majority of respondents are students, accounting for 54.9%, followed by 12.6% who are school students, and the remaining 32.5% are employees or entrepreneurs who are already working. All respondents involved in this study have experience transacting on Shopee, ensuring that the data collected is relevant to the research objectives.

Result

The first test conducted was the Validation Test. This test was performed to determine whether each variable's questionnaire items were valid. The validity test in this research utilized SPSS software. It was conducted using questionnaire data collected from 120 respondents. With $N=100$ and $\alpha=5\%$, so the r_{table} value was determined to be 0.194. Each item is deemed valid if $r_{calculated} \geq 0.194$. Based on the data analysis, it was concluded that all statement items for each variable—namely price, promotion, product review, and purchase decision—had $r_{calculated} > r_{table}$. Therefore, all statement items for each variable were declared valid.

The next test conducted was the Reliability Test. Reliability refers to the degree of consistency of a questionnaire, meaning that the same data will be produced even when tested multiple times, thus making it reliable. The reliability test results showed that the Cronbach's Alpha values for all variables exceeded 0.6, indicating that all variables were deemed reliable.

The subsequent test performed was the Classical Assumption Test, which includes three types of tests: normality test, heteroscedasticity test, and multicollinearity test.

- a. Normality Test: The normality test assesses whether the residuals or errors in regression have a normal distribution. The data is considered normally distributed if the Kolmogorov-Smirnov (K-S) significance value is greater than 0.05. Based on the SPSS results, the Monte Carlo Sig. (2-tailed) value was 0.123, which is greater than 0.05. This indicates that the Monte Carlo significance value met the requirements for the normality test. Thus, the regression model was found to have a normal distribution.
- b. Heteroscedasticity Test: Heteroscedasticity occurs when the variance of residuals from one observation to another is not constant. A good regression model should not exhibit heteroscedasticity, meaning it should be homoscedastic. This test was performed using the Glejser test. If the significance value exceeds 0.05, no heteroscedasticity is detected. Based on the test results, the significance values for X1, X2, and X3 were 0.819, 0.242, and 0.459, respectively, all greater than 0.05. Therefore, no heteroscedasticity was found in this model.
- c. Multicollinearity Test: This test determines whether there is a correlation between independent variables in the regression model. A good regression model should have no multicollinearity, meaning the independent variables should not be correlated. If the tolerance value is greater than 0.1 and the Variance Inflation Factor (VIF) is less than 10, no multicollinearity is detected. Based on the SPSS results, the tolerance values for X1 (0.754), X2 (0.679), and X3 (0.885) were all greater than 0.1, while the VIF values for X1 (1.327), X2 (1.473), and X3 (1.129) were all less than 10. Thus, it was concluded that no multicollinearity was present in the model.

The next test is the multiple linear regression test. This test aims to determine whether the independent variables have an impact on the dependent variable. Additionally, regression analysis seeks to establish the relationship between the dependent and independent variables. The regression model used in this study is: $Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$ where Y is Purchase Decision, X1 is Price, X2 is Promotion, X3 is Product Review, a is Constant, $\beta_1, \beta_2, \beta_3$ is Regression Coefficients, and e = Disturbance Variable. Based on the multiple linear regression analysis table generated using SPSS, the regression equation is as follows: $Y = -0.253X_1 + 0.463X_2 + 0.254X_3$. The results of the regression equation indicate the following points:

- a. For variable X1: The regression test results show that X1 (Price) has a negative regression coefficient of $\beta = -0.253$. This means that an increase of 1 point in X1 will result in a decrease in Y (Purchase Decision).
- b. For variable X2: The regression test results show that X2 (Promotion) has a positive regression coefficient of $\beta = 0.463$. This indicates that an increase of 1 point in X2 will lead to an increase in Y (Purchase Decision).
- c. For variable X3: The regression test results show that X3 (Product Review) has a positive regression coefficient of $\beta = 0.254$. This means that an increase of 1 point in X3 will also result in an increase in Y (Purchase Decision).

The next test is the Coefficient of Determination (R^2) Test. The coefficient of determination is used to measure the extent to which the independent variables can explain the dependent variable. The coefficient of determination can be identified from the Adjusted R Square value, where a coefficient value between 0 and 1 is considered good, and the closer it is to 1, the better the Adjusted R Square value. Based on the table showing the coefficient of determination (R^2) in the SPSS output of this study, the result indicates that the Adjusted R Square value is 0.278. This means that the ability of the variables price, promotion, and product review to explain the purchase decision, based on the R test, is 27.8%, while the remaining 72.2% of the purchase decision is explained by other variables outside price, promotion, and product review.

The next test is the F-Test or model feasibility test. The F-Test aims to determine whether the regression model used is a good model and can be applied for prediction. The F-Test is used to demonstrate that there is a simultaneous influence between the independent variables and the

dependent variable. If the significance value is < 0.05 or the F-calculated value is $> F$ -table, it indicates an influence of variable X on variable Y. Based on the F-Test results table from the SPSS output in this study, the F-calculated value (16.284) is greater than the F-table value (3.07), and the significance value (0.000) is less than 0.05. Therefore, it can be concluded that there is a positive and significant influence of variables X1, X2, and X3 collectively on Y.

The next test conducted is the partial test, also known as the t-Test. The t-Test is used to determine the significance of the relationship between independent variables and the dependent variable individually. The results of this test are determined if the t-calculated value is greater than the t-table value and the significance value is less than 0.05.

Based on the SPSS output for the t-Test in this study:

1. For X1: The t-calculated value is -2.821, which is less than the t-table value (1.980), and the significance value is 0.006, which is less than 0.05. Therefore, hypothesis 1, stating that "Price has a positive and significant influence on Purchase Decision," is rejected.
2. For X2: The t-calculated value is 4.896, which is greater than the t-table value (1.980), and the significance value is 0.000, which is less than 0.05. Therefore, hypothesis 2, stating that "Promotion has a positive and significant influence on Purchase Decision," is accepted.
3. For X3: The t-calculated value is 3.071, which is greater than the t-table value (1.980), and the significance value is 0.003, which is less than 0.05. Therefore, hypothesis 3, stating that "Product Review has a positive and significant influence on Purchase Decision," is accepted.

Discussion

This study was conducted with the aim of determining the influence of price, promotion, and product review on purchase decisions on the Shopee marketplace among Generation Z in Semarang City. Based on the research results, the analysis can be derived through the following discussion:

The Influence of Price on Purchase Decisions

The test conducted to determine the effect of Price (X1) on Purchase Decisions (Y) shows that the price variable has a negative and significant influence on purchase decisions. A negative and significant influence means that there is a significant relationship between the two variables, but the relationship is inversely proportional. This implies that when the value of variable X increases, the value of variable Y tends to decrease.

This is evidenced by the data analysis results, where the regression test for variable X1 indicates that X1 has a negative regression coefficient with a value of $\beta = -0.253$. This is further supported by the data processing results, which show a t-calculated value of -2.821, which is less than the t-table value (1.980), and a significance value of 0.006, which is less than 0.05. Thus, hypothesis 1, which states that price has a positive and significant influence, is rejected.

Price has a negative influence on purchase decisions, indicating that Generation Z consumers using the Shopee application in Semarang City believe that when prices increase on Shopee, purchase decisions tend to decline. This is likely because Shopee's prices are less competitive compared to other competitors in the marketplace. Shopee faces challenges in competing on price in Indonesia's marketplace sector. Although Shopee is well-known for its promotional programs, such as free shipping, some sellers find it difficult to compete with the prices offered by competitors. Consumers on the Shopee marketplace prioritize the role of promotions in their purchase decisions. This is supported by the data results, which show that the promotion variable has the most significant influence on purchase decisions. According to Ermansyah (2024), when the price of a product increases, purchasing power decreases, leading to a decline in purchase decisions.

Based on its regression coefficient, the price variable has a value of -0.253. This means that when the company sets higher prices, purchase decisions will decrease. This study's findings align

with Ermansyah (2024) research, which states that price has a negative and significant influence on purchase decisions in the Shopee marketplace.

The Influence of Promotion on Purchase Decisions

The test conducted to determine the effect of Promotion (X2) on Purchase Decisions (Y) shows that the promotion variable has a positive and significant influence on customer loyalty. This is evidenced by the regression test results, which indicate that the promotion variable X2 has a positive regression coefficient with a value of $\beta=0.463$. Additionally, the data processing results show a t-calculated value of 4.896, which is greater than the t-table value (1.980), and a significance value of 0.000, which is less than 0.05. Thus, hypothesis 2, which states that promotion has a positive and significant influence, is accepted.

The reason why promotion affects customer loyalty is that Shopee's marketplace has successfully implemented effective promotional strategies by offering attractive promotions and engaging content for its customers. Based on its regression coefficient, the promotion variable has a value of 0.463. This indicates that Shopee has successfully carried out effective promotions. This is evidenced by Shopee's ability to provide appealing promotions and engaging content for its customers.

This study's findings align with Afifah et al. (2024) research, which states that promotion has a positive and significant influence on purchase decisions in the TikTok Shop marketplace. Similarly, the findings are consistent with the study conducted by Dimitriou & AbouElgheit (2019) which concludes that the better the promotions carried out by a company, the higher the purchase decisions.

The Product Review of Promotion on Purchase Decisions

The test conducted to determine the effect of Product Review (X3) on Purchase Decisions (Y) shows that the product review variable has a positive and significant influence on purchase decisions. This is evidenced by the regression test results, which indicate that the X3 variable has a positive regression coefficient with a value of $\beta=0.254$. Additionally, the data processing results show a t-calculated value of 3.071 with a significance value of 0.003, which is less than 0.05. Thus, hypothesis 3, which states that product review has a positive and significant influence, is accepted.

The reason product review influences purchase decisions, according to the author, is that the Shopee marketplace has successfully maintained high product ratings, leading to customer loyalty and decisions to purchase on the Shopee platform. Based on its regression coefficient, the product review variable has a value of 0.254. This indicates that Shopee's product reviews are considered relatively good. This is evidenced by Shopee's strong reputation for positive product reviews from its customers.

This study's findings align with Ibrahim & Dwi Oktavia Cahyani (2024) research, which states that product review has a positive and significant influence on purchase decisions on Shopee. Similarly, the findings are consistent with research conducted by Lim et al. (2024), which concludes that the more consistently a company improves its product reviews, the higher the level of purchase decisions will be.

CONCLUSION

Based on the results of the study, this research produced three findings: Price (X1) has a negative and significant effect on Purchase Decisions (Y) on the Shopee Marketplace for Generation Z in Semarang (H1 is rejected), Promotion (X2) has a positive and significant effect on Purchase Decisions (Y) on the Shopee Marketplace for Generation Z in Semarang (H2 is accepted), and Product Review (X3) has a positive and significant effect on Customer Loyalty (Y) on the Marketplace Shopee for Generation Z in Semarang (H3 is accepted).

RECOMMENDATION

Based on the discussion and conclusions of this study, there are several recommendations for parties that can benefit from this research, as follows:

- a. Recommendations for Shopee Marketplace: Regarding Price Shopee should continue to improve the quality of its products to match the prices offered., Regarding Promotion Shopee should enhance its promotional efforts by providing clear information and promoting its services effectively so that they are well-received by consumers, Regarding Product Review the company should maintain good product reviews by offering high-quality products to consumers, which will improve product ratings and reviews, ultimately leading to increased purchase decisions.
- b. Recommendations for Future Researchers: It is recommended that future researchers explore other variables or approaches to study the factors influencing purchase decisions on the same object or other marketplaces, besides Shopee. Research could also be expanded to different regions or incorporate variables such as brand image, brand trust, service quality, etc., to broaden the scope of studies on purchase decisions. Additionally, future researchers could expand the sample and population, as the current study focused solely on Generation Z in Semarang, excluding other groups outside of Gen Z in Semarang.

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