

The Influence of Social Media Promotion Strategies on Price-Mediated Purchase Decisions (Case Study at PT. Lazada Bandung)

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ABSTRACT

This study aims to determine the effect of social media promotion strategies on purchasing decisions with price variables as intervening at PT. Lazada Bandung. This study used a descriptive verification approach, a sample of 131 people and the technique used was SEM with Amos software version 20. The primary data of this study were obtained from a questionnaire. Meanwhile, secondary data is obtained through publication and literature study. The results showed that the social media promotion strategy variable had a positive and significant effect on purchasing decisions and prices. Then the promotion strategy has a positive effect on purchasing decisions through price mediation. This study aims to determine the aspects of promotion through social media related to purchasing decisions at PT. Lazada Bandung. This study emphasizes the aspects of promotional content used by organizations that have an impact on purchasing decisions so that it is expected to expand the repertoire of management literature, especially in the field of marketing.

Keywords

Promotion strategy, purchase decision, price

Introduction

Along with the development of increasingly sophisticated technology and information, now internet users are already familiar, especially among the younger generation who are referred to as the millennial generation. This generation emerged along with the development of the internet which is a tool in fulfilling needs (Grewal, 2020). An effort made to market products or services using the internet media is often referred to as e-marketing or digital marketing (Bail et al., 2018). According to Baker and Algotha (2016), E-marketing is a marketing activity to communicate, promote and sell goods and services via the internet. E-commerce is a sales system that is currently developing after the invention of the internet (Bonilla & Rosa, 2015). Such a marketing or sales system can reach the whole world at the same time without having to set up branch offices in one country. In addition, business people can also carry out their activities 24 hours without stopping by using a computer unit or smart phone connected to the internet, businesses can market their products (Duani & Barasch, 2018).

Marketing activities by adopting promotional strategies via the internet, especially with social media, can increase sales widely and do not

require expensive costs (Grewal & Stephen, 2019). Likewise, with consumers who find it easier to find information about what they need without meeting in person. Reporting from the 2019 sigmanews.com site, there are three sites that are often used by businesses or consumers in making purchases or promotional activities, namely Instagram, YouTube and Facebook. In addition, the number of internet users in Indonesia continues to increase from year to year (Lamberton, 2016). Seeing the large number of social media accesses in Indonesia via smartphones, this is a good business opportunity, one of which is a start-up company which is currently one of the tools for the needs of the community, especially the millennial generation (Lobshcat & Osinga, 2017).

The increasing use of social media, which is currently being used, especially for business people, is used as one of the strategies used as a promotional media to get consumers. When consumers are satisfied with what is obtained, they are likely to tell others about their experiences. Liu and Li (2015) states that a good promotional strategy can influence consumer decisions. This is because the current lifestyle of people is more likely to use smart devices called smartphones (Chrzascik, 2019). The success of

the marketing strategy carried out by Yoon and Chung (2018) using social media, of course, cannot be separated from the behavior of the consumers themselves.

This is as stated by Lahtinen and Dietrich (2020) that the magnitude of the influence of the marketing mix, especially promotion has an impact on consumer purchasing decisions. This social media-based promotion has a positive and significant influence on purchasing decisions over time, the number of sellers in cyberspace (Blut & Teller, 2018). They are none other than product resellers engaged in similar industries (Blut, 2018). This has resulted in many seller accounts popping up so that fewer consumers rely on advertisements made by companies. This study attempts to examine promotional strategies for purchasing decisions through social media as an intervening variable. The problem formulations in this study are (1) Does the promotion strategy affect purchasing decisions? (2) Does the promotion strategy affect the price? (3) does the price affect the purchase decision? (4) does the promotion strategy affect purchasing decisions through price?

Literature Review

Social Media Promotion Strategy

According to Widmer and Mandrekar (2019) in managing a marketing communication system, companies certainly need a strategic design that can help achieve goals. Sales promotion is a key element in campaigning for products or services to attract consumer interest (Yoos & Chung, 2018). Thus, a promotion must be a concern for managers, especially regarding how to communicate with customers (Widmer & Mandrekar, 2019). Promotion is one of the variables contained in the marketing mix as a means of communicating products (Vedel & Ramaprasad, 2020). According to Wawrowski (2020), promotion is all types of marketing activities aimed at driving demand. Meanwhile, according to Coates and Hardman (2019), promotion is a one-way flow of information or persuasion designed to direct a person or organization to actions that create exchanges in marketing. By doing promotions, companies can

provide information to people who were not previously interested in buying a product to become interested and try to make a purchase. According to Widmer et al. (2019), there are four indicators in the promotional staretgi variable, namely advertising, sales promotion, personal selling, and publicity.

Advertising is all costs that must be incurred by sponsors to make non-personal presentations and promotions in the form of ideas, goods or services to influence. Personal selling is defined as the interaction between individuals, meeting each other face to face in order to succeed in sales (Vedel & Ramaprasad, 2020). According to Yoon (2018), sales promotion is a marketing activity that encourages the effectiveness of consumer purchases by using existing facilities. Meanwhile, publicity, according to Liu and Li (2015) is a number of information about a person, item, or organization that is disseminated to the public through the media. Thus, the promotion strategy is an activity carried out by the company in order to introduce products to consumers. According to Yoon and Chung (2018), the promotion strategy carried out by companies can influence consumer purchasing decisions.

Understanding Price

Price is one part of the marketing mix which is important in product marketing. According to Yan and Tian (2017) in order to be successful in marketing a good or service, every company must set its price appropriately. according to Kotler (2017) price is the amount of money that a customer must pay to obtain a product. Hanaysha (2017) also states that price is the only marketing mix that provides income or income for the company, while the other three elements (product, distribution, and promotion) cause costs (expenses). Price is the amount of money (possibly plus some items) required to acquire some combination of a product and the accompanying service. According to Fakhirah and Usman (2020), price is what is charged for something. Kotler (2017) states that from a consumer's point of view, price is often used as an indicator of the value of how the price is related to the perceived benefits of a good or service. According to Shaw and James (2019), the purpose

of a price itself is oriented towards profit, volume, image and price stabilization.

When consumers evaluate and research the price of a product, it is strongly influenced by the behavior of the consumers themselves. Meanwhile, according to Kotler (2017), consumer behavior is influenced by 4 main aspects, namely culture, social, personal (age, occupation, conditions, economy) and psychology (motivation, perception, belief). According to Shaw and James (2019), there are two factors that influence the perception of the fairness of a price. First, perception of price differences, according to Weber-Fechner law, buyers tend to always evaluate the price difference between the price offered and the known base price. Other factors that influence the perception of the fairness of a price are price references owned by customers which are obtained from their own experience (internal prices) and external information, namely advertisements and other people's experiences (external references price). Kim and Krishnan (2019) mention four indicator dimensions in price variables, namely affordability, suitability, competitiveness, and benefits. Research by Saw and James (2019) states that prices can influence purchasing decisions.

Definition of Purchase Decision

The purchase decision is a decision as a choice of an action from two or more alternative options. As explained by Chen and Cheng (2019), consumer decision making is an integration process that combines knowledge to evaluate two or more alternative behaviors and choose one of them (Campbell & Singh, 2019). To understand consumer purchasing decision making, it must first be understood the nature of consumer involvement with a product or service and what can influence it (Keller & Deleersnyder, 2019). Understanding the level of consumer involvement in a product or service means that marketers try to identify things that cause someone to feel obliged to be involved or not in the purchase of a product or service.

Purchasing decisions made by consumers go through five stages, namely: identification of needs, search for information, evaluation of

alternatives, purchase decisions, and post-purchase behavior (Kim, 2019). Some consumers may take five decision steps as described above, but according to Hatta and Rachbini (2018), there are three types of consumer decision making, generally divided into three categories: extensive problem solving, limited problem solving (solving), routine problem solving (routinized response behavior). Kotler (2017) states that there are four indicators in explaining purchasing decisions, namely, stability, habits, recommendations, and re-purchases. Research by Hatta (2018) states that even purchasing decisions can be influenced by promotions carried out by companies, and according to Hanaysha (2017) in addition to promotions, purchasing decisions can be influenced by the price offered.

From the explanation of the theories mentioned above and the objectives of the research, the following hypotheses will be proposed in this study:

- H1. It is suspected that social media promotion strategies have an effect on purchasing decisions
- H2. It is suspected that social media promotion strategies have an effect on prices
- H3. It is suspected that the price has an effect on purchasing decisions
- H4. It is suspected that social media promotion strategies affect purchasing decisions through prices.

Methodology

This research uses quantitative research using a causal shortening. The design in this research or conceptual framework is as follows:

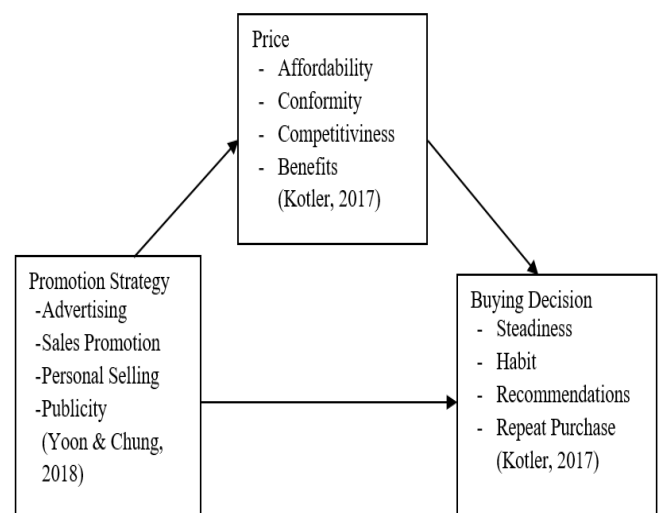


Figure 1. Research design

The population in the sample of this study were 200 social media users who made purchases, then continued using the Slovin formula to get 131 people. The sampling technique used in this study was probability sampling. The statistical analysis technique uses SEM with the help of the Amos 20 software.

Results and Analysis

The characteristics of the respondents in this study can be seen in Table 1 as follows:

Table 1. Profile of respondents

Respondent Profile		Total	Percentage
Gender	Male	27	18,3%
	Female	73	81,7%
Age	20 - 30 year	75	72,7%
	31 - 40 year	20	18,3%
	40 – 50 year	5	9%

	> 40 year	13	8,51%
Education	Junior High	5	4,2%
	High school	15	14,8%
	Diploma	21	29,2%
	Bachelor	42	34,8%
	Postgraduate	17	17,0%

Data Processing 2020

Based on the results of the calculation of the characteristics of the respondents, it is found that the majority based on the gender of women is more than that of men, namely 81.7%. While the most age is 20-30 years old as much as 72.7%, this percentage shows that this age is the age that is in the millennial generation who often uses social media. Meanwhile, the largest percentage of the last education was undergraduate as much as 34.8%. This shows that social media users in making the most purchases are scholars.

Validity and Reliability Test

Table 2. Validity test

Variable	Item	r Count	r Critical	Information
Promotion Strategy (X)	SP.1	0,775		
	SP.2	0,759		
	SP.3	0,617	0,30	Valid
	SP.4	0,736		
Purchase Decision (Y)	KP.1	0,786		
	KP.2	0,817		
	KP.3	0,638	0,30	Valid
	KP.4	0,751		
Price (Z)	P.1	0,772		
	P.2	0,638	0,30	Valid
	P.3	0,747		

Data Processing 2020

Based on the test results, the value of each item has a Sig with an alpha level ≤ 0.30 , meaning that each item of the research variable is valid.

Reliability Test

Table 3. Reliability test

Variable	Item	Cronbach's Alpha	Information
Promotion Strategy	X	0,784	reliable
Buying decision	Y	0,851	reliable
Price	Z	0,837	reliable

Data Processing 2020

Based on the test results, in Table 3, it can be seen that the Cronbach Alpha value of all variables has

a value above 0.60, this indicates that all variables in this study are declared reliable.

Statistical Analysis

Before testing the statistical data analysis, first a classic assumption test is carried out which includes the normality test, linear test, outlier test, and multicollinearity test. To find out whether the dependent variable and the independent variable have a normal distribution relationship so that the data is valid for research. If the probability value is > 0.05, the conclusion is that the data is normally distributed, the test is carried out to get a result of 0.200. This value is > 0.05 so that the assumption of normality has been fulfilled.

Linearity test can be seen from the sig value. Promotion strategy, purchase decision and price of 0.000 < 0.05. The linear test is proven because the sig value < 0.05. The outlier test is obtained from the results of the examination with the mahalanobis distance showing a p2 value > 0.05. So that, the data meets the outlier test assumptions. Meanwhile, the multicollinearity test results show that the value of the determinant of sample covariance matrix > 0 means that the data does not occur multicollinearity or singularity.

Hypothesis Test

Table 4. Hypothesis test results

			Estimate	S.E.	C.R.	P	Label
Price	←	Promotion Strategy	.723	.103	7.203	***	Par_1
Buying decision	←	Price	.338	.076	4.704	***	Par_2
Buying decision	←	Promotion Strategy	.457	.096	5.055	***	Par_3

Data Processing 2020

Based on the processing results in Table 3, it shows that the promotional strategy variable affects purchasing decisions through the price variable as an intervening variable seen from the

value of C.R > 2.00 and the value of P < 0.05. Regarding the results of the direct effect test, the indirect effect and the total effect of each variable, it can be seen in Table 4 as follows:

Table 5. Value of influence coefficient between variables

	Standardized Direct Effects		Standardized Indirect Effects		Standardized Total Effects	
	X	Y	X	Y	X	Y
Y	.526	.000	0	0	.526	0
Z	.374	.362	.195	0	.547	.368

Data Processing 2020

Coefficient of Determination

After testing the hypothesis and influence, then testing the efficiency of determination as follows:

Table 6. Coefficient of determination

	Estimate
Price	.382
Buying decision	.475

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$$\begin{aligned}
 R^2 \text{ model} &= 1 - (1 - R^2_1) (1 - R^2_2) \\
 &= 1 - (1 - 0,382) (1 - 0,475) \\
 &= 1 - 0,324 \\
 &= 0,67 \text{ or } 67\%
 \end{aligned}$$

Based on the coefficient of determination of 67%.

The results of the calculation of the accuracy of the model obtained by 67% explained that the contribution of the model to the contribution of the three variables studied was 0.67 (67%) and the remaining 33% was explained by other variables.

Mediation Test

After testing the coefficient of determination, then the mediation test is carried out. In this study, the promotional strategy variable (X) affects the price variable (Z), the price variable (Z) affects the purchasing decision variable (Y), the promotion strategy variable (X) affects the purchase decision (Y), and the promotion strategy affects the purchase decision (Y) purchasing decisions

through pricing. Based on this, it can be concluded that the mediation variable in this study is partial mediation, which is not only a significant relationship, but also a direct relationship.

Sobel Test

After the mediation test is carried out, then the Sobel test is carried out, as follows:

Table 7. Sobel Test results

		Test Statistic	Std. Error	p-Value
Sobel Test	X1-Z-Y	3.53827452	0.058763273	0.000091

Data Processing 2020

The significance value of the promotion strategy probability is 0.000 ($p \leq 0.05$). This shows that the promotional strategy variable has a significant influence on the purchasing decision variable and the price variable. This means that the mediation test through the Sobel test is accepted.

Discussion

The Influence of Social Media Promotion Strategies on Purchasing Decisions

Sales promotion is a key element in campaigning for products or services to attract consumer interest (Widmer, 2019). Thus, a promotion must be a concern for managers, especially regarding how to communicate with customers. PT. Lazada is a start-up company that has grown to provide needs for the community. The promotional strategy used by Lazada is through social media which has become a tool for consumers to find information. The promotion strategy carried out by Lazada can be said to be quite good. This can be seen from the usage seen in the play store application reaching 4.5 million users. Companies that have a good promotional strategy will have a positive impact on the progress of the organization. The role of promotion strategy in increasing competitive advantage is very important. In this case, every organization must have a good promotional strategy in order to attract consumers to make purchases. This result is in line with the research of Vedel and Ramaprasad (2020) which states that promotional strategies have a positive effect on consumer purchasing decisions.

The Effect of Social Media Promotion Strategies on Prices

In addition to influencing purchasing decisions, promotional strategies can also affect price variables. This is evidenced by the findings, that organizations that build promotions through social media are more effective and efficient, especially in terms of price variables. The results of this study are supported by research by Wawrowski (2020) which states that social media promotion strategies have an effect on price variables.

The Effect of Price on Purchasing Decisions

The price variable set by the organization is very supportive for the organization in gaining a competitive advantage in a competitive situation. that is done by the owner or manager is very supportive for the organization in gaining a competitive advantage in a competitive situation. A price is one part of the marketing mix that is important in marketing. Generally, consumers are more price sensitive when making a purchase. For organizations that are able to set prices well, of course they will be able to attract consumer interest. This result is supported by the research of Saw and James (2019) which states that price variables can affect purchasing decisions.

The Influence of Social Media Promotion Strategies on Purchasing Decisions Through Price as an Intervening Variable

In this study, the significance value of the Sobel test is 0.000 < 0.05. This indicates that the price variable can mediate the relationship between promotional strategies and purchasing decisions. The indirect effect of the promotional strategy variable on purchasing decisions with the price variable as an intervening variable can be seen in the standardized indirect effect which is 0.195. The results of this study indicate that social media

promotion strategies, prices, and purchasing decisions can influence organizations in seeking competitive advantage. It is important for organizations, especially PT. Lazada Kota Bandung, to improve content in promotion through social media so that advertisements that appear can attract consumer attention. Based on the results of the mediation test or the intervening variable, the effect of social media promotion strategies on purchasing decisions is in the small category of 0.374 so that the results indicate the fourth hypothesis, namely social media promotion strategies have a positive effect on purchasing decisions through price variables is proven to be accepted, where the promotional strategy variable cannot stand itself to influence purchasing decisions.

Conclusion

Based on the results obtained and the discussion that has been presented, this study can be concluded that: (1) In accordance with the distribution of questionnaires distributed to 131 respondents, the promotion strategy has a positive and significant effect on purchasing decisions. The high and low role of the promotion strategy greatly affects purchasing decisions, (2) Price variables affect purchasing decisions. This is evidenced in some questionnaires that when consumers want to make a purchase, they first look at the price of a product, (3) Social media promotion strategies have a positive effect on purchasing decisions through price variables. It can be seen that if the organization's ability to provide content as a means of good social media promotion, it will be able to attract consumer buying interest at PT. Lazada.

In obtaining a competitive advantage, PT. Lazada Kota Bandung certainly needs a good marketing strategy. By increasing promotion abilities, especially through social media, managers can improve organizational performance in order to remain competitive in complex competition. However, a promotion cannot stand alone if it is not accompanied by a well-determined variable price. This study tries to determine social media promotion strategies for purchasing decisions through price variables with a sample of 131. For further research, it does not rule out that there are

other variables that influence purchasing decisions such as variables not discussed in this study, for example atmosphere or place factor.

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