

THE EFFECT OF SALES PROMOTION ON PURCHASE INTENTION THROUGH CUSTOMER PERCEIVED VALUE ON E-COMMERCE DURING THE COVID-19 PANDEMIC

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Abstract: The tourism industry has been severely impacted by the Covid-19 pandemic with the rules and restrictions imposed by the government, thus resulting in a drop in the public mobility rate. However, this situation provides a great opportunity for e-commerce businesses. This study was conducted to find out the effect of the sales promotion program held by e-commerce entrepreneurs on customer purchasing intention amidst the ongoing Covid-19 pandemic. This study used a quantitative approach in which the data were obtained from distributing questionnaires with purposive sampling technique, the respondents' criteria are Traveloka users who were made aware of the sales promotion program during the pandemic, a total of 155 data respondents were used in this study. The data were analyzed using SPSS with path analysis techniques and Sobel test. The result indicates that sales promotion positively and significantly affects customer purchase intention whether directly and indirectly through perceived value.

Keywords: covid-19, e-commerce, sales promotion, perceived value, purchase intention

1. Introduction

Tourism is one of the most important economic cornerstones for an archipelagic country like Indonesia with all its natural exotic appeal. However, the Covid-19 outbreak forced the government to impose travel restrictions and physical distancing policies to prevent the spread of the Covid-19 virus. Consequently, the tourism industry sector, which primarily relies on human traffic, is severely affected. The decrease in the number of public mobility is not only caused by travel restrictions but also caused by feelings of anxiety and fear of being exposed to the Covid-19 virus.

Table 1. star hotel occupation percentage

Indonesia's Star Hotel Occupation Percentage		
Month	2019	2020
March	52.88	32.24

Source: Badan Pusat Statistik

Adapting to the situation, people switch to using e-commerce platforms to meet their needs without having to go out (Hashem, 2020). One of the most popular travel and accommodation e-commerce platforms in Indonesia is Traveloka. Amidst the current pandemic, Traveloka plays an active role in boosting Indonesian tourism, especially in

the hospitality sector through sales promotion programs entitled “Epic Sale”, “Tengah Tahun Traveloka” and “Smart Staycation”, where Traveloka collaborates with various businesses players in the hospitality sector. Staycation is an activity in which someone rents a hostelry located within the city thus evoking that feel of being in a vacation without having to travel out of town. Through these sales promotion programs, Traveloka offers discounts and coupons for hotels and accommodations. Therefore, this study aims to find out the effect of the sales promotion programs held by Traveloka on customer purchasing intention amidst the still ongoing Covid-19 pandemic.

2. Literature Review

2.1 Sales Promotion

Sales promotion is one of the marketing activities carried out to bridge the sales activities between customers and marketers. According to (Woong & Ki, 2020) sales promotions were carried out in a limited time to stimulate market demand on a large scale. Based on their characteristics sales promotions were classified into two; namely monetary promotions and non-monetary promotions (Chang, 2017). Monetary promotions are related to the price value of a product, for instance, price reduction (e.g discounts, vouchers & coupons), while non-monetary promotions are not related to the price value of a product (e.g free samples, gifts, and loyalty programs) (Perin, 2015).

2.2 Perceived Value

Perceived value according to Kassim is the customer's internal perception in which they will determine a product value based on its usefulness (Saputri, 2015). Customer evaluations of a product could occur before the purchase, throughout purchasing, or after the purchase. Therefore the measurement of perceived value is very complex. To measure perceived value (Sweeney & Soutar, 2001) developed the PERVAL scale containing 4-dimensional values, namely functional-price value, functional-quality value, emotional value, and social value. Its multidimensional character makes this scale constantly adapted in various research. (El-adly, 2018) developed the PERVAL scale in the context of hospitality into 7-dimensional values consisting of price, quality, self-gratification, aesthetic pleasure, prestige, transaction, and hedonism.

2.3 Purchase Intention

Purchase intention is a process of planning the purchase of a product that will be carried out by consumers through various considerations (Erlinda, 2020) in which the benefits of the product will be considered to assess its value. The definition of purchase intention according to Lin and Yun is an intention that arises within a person to purchase a product at present, in the future, or repetition (Febrin et al., 2020). It should be noted that the purchase decision is a variable that is influenced by external factors, thus purchase intention is not equal to purchase decision (Irawan et al., 2020).

2.4 Framework and Hypotheses

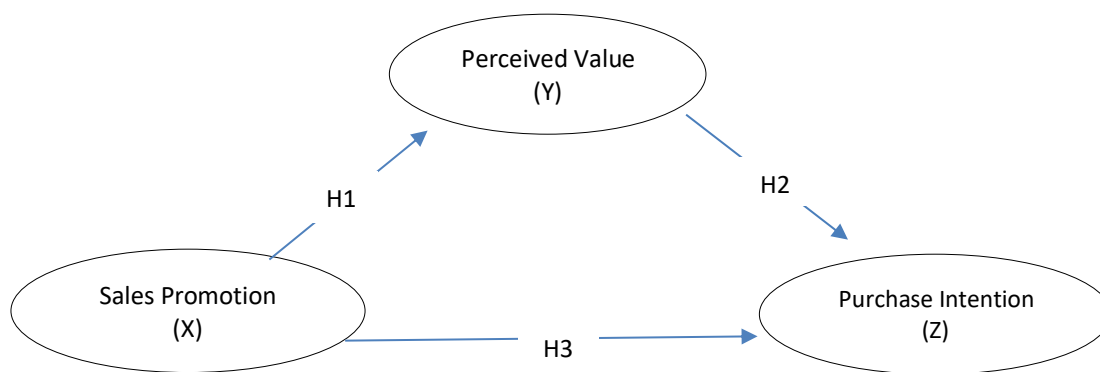


Figure 1. Framework

H1: There is a positive and significant effect of Sales Promotion on Customer Perceived Value in e-commerce programs during the Covid-19 pandemic

H2: There is a positive and significant effect of Customer Perceived Value on Purchase Intention in e-commerce programs during the Covid-19 pandemic

H3: There is a positive and significant effect of Sales Promotion on Purchase Intention either directly or indirectly through Customer Perceived Value in e-commerce programs during the Covid-19 pandemic

3. Method

This study uses a quantitative approach in which the primary data were obtained from distributing questionnaires through Google Form. The appropriate sample size in the study is between 30 to 500, thus the researcher decided to distribute a questionnaire containing 17 items to 160 Traveloka users who are made aware of the sales promotion program during the pandemic in Indonesia. Each instrument item was measured using 5 Likert scales including “strongly disagree” to “strongly agree”. The data obtained were

analyzed using the SPSS 25 application and first tested for validity and reliability, after which path analysis and Sobel test were performed.

4. Result

The researchers managed to collect 160 respondent data, but 5 data were not used because of the bias factor thus this study used 155 data to perform the analysis. The respondents' demographic characteristics are presented in the following table.

Table 2. Demographics of respondents

Source: data

Demographics Categories		Amount	Percentage
Gender	Woman	93	60%
	Man	62	40%
Age	< 18	2	1%
	18 – 24	107	69%
	25 – 35	27	17%
	36 – 50	13	8%
	> 50	6	4%
Profession	Student	104	67%
	Employee	36	23%
	Self-employed	5	3%
	Others	10	6%
Covid-19 Vaccinated	Yes	85	55%
	Not yet	70	45%

processed, July 2021

Based on the survey results from 155 respondents regarding purchase intention, 66 respondents who have received the Covid-19 vaccine and 49 respondents who have not received the Covid-19 vaccine have the intention to buy Traveloka discount products, 70 respondents who have received the Covid-19 vaccine, and 52 respondents who have not received the Covid-19 vaccine will consider buying Traveloka discount products, 65 respondents who have received the Covid-19 vaccine and 45 respondents who have not received the Covid-19 vaccine will most likely to buy Traveloka discount products. It shows that more than 50% of the respondents, both those who have received the Covid-19 vaccine and those who have not received the Covid-19 vaccine, agree with the purchase intention indicators, thereby it can be concluded that whether or not someone has received the Covid-19 vaccine does not affect their purchase intention.

4.1 Validity and Reliability Test

An indicator can be said to be valid for use if the $r\text{-count} > r\text{-table}$. This study exerts 155 respondent data thus the (r) table value being used was 0.159 with $\alpha = 5\%$. An indicator can be said to be reliable if the Cronbach Alpha correlation value is > 0.6 . The results of the validity and reliability tests are shown in the following table.

Table 3. Validity and Reliability Test Results
Source: primary data processed, July 2021

4.2 Sub-structure I

Sales promotion regression test (X) on perceived value (Y) is presented in the following table.

Table 4. Regression test result of X on Y

Variable	Items	rcount	rtable	Cronbach Alpha	Cronbach Alpha Limit	Information	
SALES PROMOTION (X)	SP1	0.77	0.159	0.790	0.6	VALID	RELIABLE
	SP2	0.791					
	SP3	0.804					
	SP4	0.789					
PERCEIVED VALUE (Y)	PV1	0.664	0.159	0.844	0.6	VALID	RELIABLE
	PV2	0.685					
	PV3	0.59					
	PV4	0.669					
	PV5	0.691					
	PV6	0.761					
	PV7	0.701					
	PV8	0.759					
PURCHASE INTENTION (Z)	PV9	0.581					
	PI1	0.862	0.159	0.786	0.6	VALID	RELIABLE
	PI2	0.67					
	PI3	0.823					
	PI4	0.771					

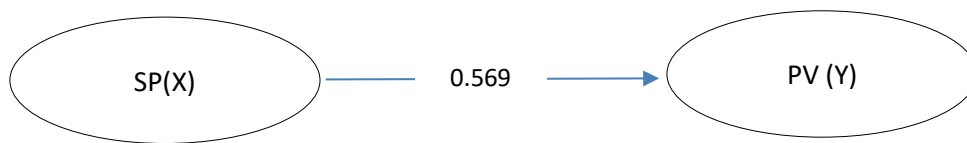
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	20,120	1,984		10,142	,000
	Sales Promotion	1.034	,121	,569	8,550	,000

a. Dependent Variable: Perceived Value

R square	,323
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Source: primary data processed, July 2021

It is shown that the path value of X toward Y $\rho_1 = 0.569$. The Sales Promotion (X) has a significant value of $0.000 < 0.05$. So it can be concluded that Sales Promotion has a significant influence on Perceived Value, meaning that promotions contribute to forming a positive customer evaluation. The value of R square shows that sales promotion influences the perceived value of 0.323 (32.3%). The sub-structural diagram I is as follows.



4.3 Structural test II

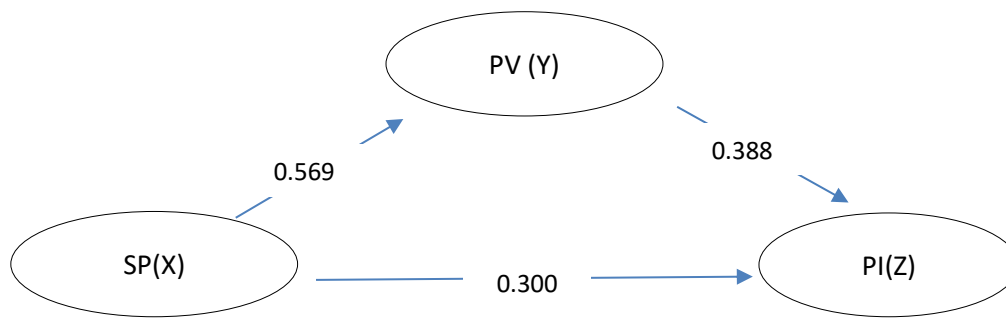
Sales promotion (X) and perceived value (Y) regression tests on purchase intention (Z) are presented in the following table.

Table 5. Regression test result of X and Y on Z

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	2,359	1,425		1,655	,100
	Sales Promotion	,314	,082	,300	3,840	,000
	Perceived Value	,223	,045	,388	4,976	,000
a. Dependent Variable: Purchase Intention						
R Square		,373				

Source: primary data processed, July 2021

It is shown that the path value of the sales promotion (X) on purchase intention (Z) is $\rho_3 = 0.300$ and perceived value (Y) to purchase intention (Z) is $\rho_2 = 0.388$. Each significant value of the Sales Promotion and Perceived Value variables = $0.000 < 0.05$. It is concluded that partially Sales Promotion and Perceived Value have a significant effect on Purchase Intention. The value of R Square shows that X and Y simultaneously affect Z of 0.373 (37.3%). The sub-structural diagram II is as follows.



4.4 Direct influence

From the calculation of structural tests I and II, it is known that the direct influence of the relationship between variables is as follows

Table 6. Direct Effect

Variable Relationship	Direct Influence
Sales Promotion – Perceived value	0.569
Perceived Value – Purchase Intention	0.388
Sales Promotion – Purchase Intention	0.300

Source: primary data processed, July 2021

It can be seen that the direct influence of sales promotion (X) on perceived value (Y) is 0.569, perceived value (Y) on purchase intention (Z) is 0.388, and sales promotion (X) on purchase intention (Z) is 0.300.

4.5 Indirect Influence

The indirect effect of sales promotion on purchase intention through perceived value is as follows.

Table 7. Indirect Effect

Variable Relationship	Indirect Influence	Sobel Test
Sales Promotion – Perceived Value – Purchase Intention	$0.569 \times 0.388 = 0.220$	4.28

Source: primary data processed, July 2021

Sobel test :

$$z = \frac{ab}{\sqrt{(b^2 SE_a^2) + (a^2 SE_b^2)}}$$

$$Z = \frac{1,034 \times 0,223}{\sqrt{(0,223^2 \times 0,121^2) + (1,034^2 \times 0,045^2)}} = \frac{0,2306}{0,05377} = 4,28$$

The value of the indirect effect is generated by multiplying ρ_1 and ρ_2 , which resulted in 0.220. To determine the significance of the mediation effect, the Sobel test was carried out, the z-count value was $4.28 > 1.96$ z-table. Therefore it can be concluded

that perceived value could mediate the relationship between sales promotion and purchase intention.

4.6 Total Influence

Table 8. Total Effect

Variable Relationship	Direct Influence	Indirect Influence	Total
Sales Promotion – Perceived Value	0.569	0	0.569
Perceived Value – Purchase Intention	0.388	0	0.388
Sales Promotion – Perceived Value – Purchase Intention	0.300	0.220	0.520

Source: primary data processed, July 2021

Based on the table above, it is known that sales promotion influences purchase intention directly by 0.300 and indirectly through the perceived value of 0.220, with a total effect of 0.520.

5. Conclusion

This research shows that sales promotion has a positive and significant effect on perceived value. Sales promotion programs in the form of discounted prices, vouchers & coupons organized by Traveloka are able to influence customer assessment of the products offered. This is in line with a study of 400 respondents in India by (Sinha & Verma, 2020) which states that sales promotion plays a significant role in producing positive consumer perceived value. The customer's perceived value also shows a positive and significant effect on purchase intention. Customers are inherently value-conscious so that when they perceive the products offered by Traveloka give a high value and benefit, their purchase intention will increase. Previous research by (Patty et al., 2020) also emphasizes that perceived value could positively generate purchase intention. This study also proves that sales promotion has a positive and significant effect on purchase intention both directly and indirectly through perceived value. Hence to attract consumers, Traveloka needs to focus on two factors namely sales promotion particularly the price reduction (e.g discount & voucher) and the value of the product being offered. In addition, the present study did not refer to a specific product category, henceforth future research should investigate the different effects of sales promotion from the given hedonic and utilitarian benefits (Sinha & Verma, 2020).

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