

The Effects of Tokopedia Promoted Product on Indonesia Marketplace Customers

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Abstract. This study aims to discuss the effects of promoted products that usually takes up top spot in Tokopedia search results, how it affects consumer behaviour and purchasing decision. This study uses quantitative methods with questionnaire research as the instruments. Respondents chosen are people who use Tokopedia as their daily online marketplace. This study results conclude that promoted product can increase sales of these promoted products alongside of its seller popularity, branding strategy and products sales, but customer's purchasing decision of promoted products are also supported by other aspects of products such as convenience of delivery, safety of transactions and then followed by buyer's reviews. The conclusion found is that promoted product is a good marketing strategy for seller especially if they choose to advertise their high value products. It is hoped that this study can impact seller in Tokopedia to improve their strategy of advertising their products using Tokopedia's promoted product service, in order to get more sales, better brand recognition and understand more about consumer's perception of their products without paying unnecessary high advertisement cost.

Keyword: Promoted Product, Digital Marketing, Purchasing Decision, Tokopedia

1. Introduction

In the world of technology's rapid advancement, particularly in the fields of information and communication. As a result of technological advancements, consumers now have access to practically every facet of life, including easier online-based modes of transportation, online food ordering and delivery, and online shopping. As a country with big potential market for online shopping [1], Indonesia's rising internet usage has prompted an increasing number of companies to venture into the online marketplace. It seems sense that there are so many online markets and businesses in this day and age. Conveniences is a great demand in today's age, even with limited resource such as time and place, people can easily shop from the comfort of their home or at their busy time in the office.

With the rise of digital based transactions comes the new type of advertisements called "digital marketing", the term "digital marketing" comes from the era of mobile Internet. The term is actually a term of the Internet age, which refers to the new multimedia that uses digital tools to replace previous technologies for dissemination, sales and communication marketing activities. With the gradual promotion and dissemination of the technology of "digital marketing", it has been defined as the multimedia channel to promote the company's communication activities, and can be timely and effective communication with customers. In the Internet era, consumers are expected to take the lead and decide what kind of products to choose. Therefore, enterprises must strive to change consumers from passive acceptance to active attraction to know about products and services. Therefore, enterprises should pay more attention to the communication with customers and understand the real needs of customers [2].

This study chose one of Indonesia's biggest online marketplaces, Tokopedia which has one of the biggest web visits in 2022 [3]. Tokopedia is considered as a two-sided market. A two-sided market or

two-sided network is made up of two different user groups who communicate through a middleman or platform and offer one another network benefits [4]. A two-sided market is used in a digital marketplace, with buyers and sellers being the two separate groups. A digital marketplace is a form of e-commerce website where merchants can sell goods or services to customers, with marketplace operators in charge of managing and processing transactions [5]. As described above, Tokopedia as an online marketplace really depends on both the existence of sellers and buyer/customer to meet on their website, which automatically means that Tokopedia as the middle-man needs to satisfy both seller and buyer needs. To do this Tokopedia use a feature called Tokopedia ads, or also can be called the Promoted Products which will be observed in this study.

Based on a study by Sudjarmika [6] product reviews and price aren't really the most important aspect in deciding purchase, but instead, buyer prefers the convenience and speed of package delivery, and the safety of the package and products they will receive and then followed by products review, with both of the Ease of transaction and security of transaction affecting 48,9% of buyer's purchasing decision [7]. While other study suggest that Tokopedia consumers actually really consider online reviews when deciding purchase, the study conclude that online reviews 85% affects Tokopedia consumer's purchasing decision [8]. Other study also suggests the importance of reviews of products, such as [9] where reviews and Cash on Delivery significantly affects purchasing behavior, while this study [10] also suggest how review is one of the biggest considerations for consumer's purchasing decision. These studies could also support the promoted product system of Tokopedia where people usually expect best product will appear first in their search result. With the open market of online marketplace, buyer can also look for price and product reference by researching their desired product and compares it directly using marketplace search results, or they can also look for and buy products from official stores with recognized brands regardless of higher price of the products compared to any other unknown brands or online sellers in Tokopedia. Price dispersion also happened in Tokopedia because the abundance of sellers can make products much more varied in price without the risk of losing buyer [11], so even though buyer can easily research for best value-for-money products, many higher priced products are also still can become best seller or trending products.

Buyer's considerations in deciding which products to purchase include price, product reviews, convenience and safety of transactions. In their research, Shanthi & Kannaiah found that price is the most influential factor towards online purchasing decisions [12]. In Tokopedia.com, buyers can see the price of the product they are looking for, and the price of the product can be sorted from the cheapest to the most expensive so that buyers can easily find the price that suits their wishes. On default, every page of search result will be filled with some promoted products chosen by Tokopedia, regardless of their price or sales. These promoted products could also be new products or even old products that didn't have any review or sales. This kind of advertising or promoted product is one of many kinds example of what we would call with the term digital marketing.



Figure 1. Search result with promoted product in Tokopedia website

Figure 1 shows the screen capture that customers get when searching the term “Tas Selempang” using Tokopedia search products feature. As seen on the image, the first row of search results has a “ad” watermark in its products image (highlighted by author using gray rectangle), indicating that these products are promoted by Tokopedia on behalf of paying sellers, and the second row is product filtered by Tokopedia’s algorithm. When we compare the price range of both ads promoted and non-promoted, it shows some wide range of price variance, but when we look at the total of products sold, we can see that promoted products are not really the best selling or best sellers, it is purely chosen by the price that each seller can pay to Tokopedia. Sometimes even an old product which was never sold a piece before, could end up shown in the first row of the search result.

This paper supports the idea that most people are definitely expect top search result and result that appears multiple times are better choice than other results. User can also use filter to the search, to make the results better aligned to the idea of consumers preferred purchase options such as package delivery provider speed, and transaction safety [6]. This filtered search results also filled with promoted products which fits to the criteria that consumers want, making it more enticing to view the promoted products description pages, especially if the price is still close to consumers expectation and budget [12]. It should also be considered that most people don’t know the promoted products aspect of Tokopedia, they view product page without looking at the ad watermark in the products image, consumers just expect top search results to be the best choice based on their search criteria. There’s also something called hassle buying, or buying something out of urgency or impulsivity, "Hassle buying is defined as a purchase decision made by the client after viewing the product" [13]. This behavior is described as any decision made by the customer shortly after finding something they really need at the moment or something that make them impulsively feels the need to buy [14]. This behavior can and usually is exploited by the promoted products advertisement especially the product that appears first in products search result, because buyer really don’t have time or patience to look for another products in the search result that they get.

Other criteria that consumers preferred is discount and cashback which also integrated by promoted products by Tokopedia, these promoted products will also have special logo of promotion which will make consumers to be more interested in the promoted products displayed. These logos are familiar logos that already known by consumers that recognizes it as extra services or more convenience offered by sellers or delivery services such as free delivery or instant delivery, these type of image and logo displays greatly impacts consumers decision-making process [15].

Purpose of this study is to discover the significance of having seller’s promoted products placed at the top of the search results, will paying more really does gives better profit or sales for Tokopedia seller. It is hoped that the result will show how promoted products affect consumer behavior and in turn, seller can use the result as a consideration to customize their advertising strategy in using Tokopedia’s promoted product feature.

This study uses multiple linear regression analysis, In order to predict changes in the value of the independent variable toward the dependent variable. Interaction with promoted products (X) and Purchasing Decision in Consumer Behavior (Y), the dependent variable, these are the two variables that were measured for this study. With a sample size of 60 respondents, the respondents to this study are individuals who utilize online marketplaces, particularly those who use Tokopedia as their primary online marketplace. Data were acquired using a Likert scale in a questionnaire. A hypothesis test was then conducted and then tested against the data gathered from the questionnaire to decide how the interaction with Tokopedia promoted products (X) can affect buyer’s decision (Y).

The findings of this study suggest that products promoted by Tokopedia advertisement does positively affects buyers’ decision to purchase by 40.1 percent. although there still many other aspects that influence consumers desire to buy products in Tokopedia. Other aspect that affects buyer’s purchasing behaviour (in order of significance) are ease of delivery, transaction security, and price range in relation to competing products [6].

2. Method

By scoring and labeling the category of achievement from the comparison results with the given criteria, descriptive analysis can be used to provide an overview of information on the research findings for each variable and interpret it in accordance with the needs of the research. Verificative analysis is a type of data analysis that gathers data necessary for testing hypotheses using statistical methods. In this study, a cross-sectional survey design with a questionnaire was used. The primary data in this study was obtained directly by the author by distributing questionnaires to Tokopedia consumers.

Multiple linear regression analysis is utilized in this study as a method to forecast changes in the value of the independent variable toward the dependent variable. The two variables measured for this research are : Interaction with promoted products (X) and Purchase Decision in Consumer behavior (Y) as the dependent variable. The respondents of this study are the user of online marketplace specially those who use Tokopedia as their main online marketplace, with a sample of 60 respondents. Through the use of a Likert scale in a questionnaire, data was gathered. Then, a hypothesis test was carried out.

3. Results and Discussion

Based on analysis of how respondents interact with the promoted products (X) and how they choose to buy the product they have found (Y)

Table 1. Multiple Linear Regression Results.

Model		Coefficients		Standardized Coefficients Beta	t	Sig.
		Unstandardized Coefficients B	Std. Error			
1	(Constant)	1.310	.587		2.230	.034
	PROMOTED PRODUCT INTERACTIONS	.683	.158	.632	4.318	.000

The measurement of the questionnaires is made using a Likert scale with a range of estimates from 1 to 5, and the constant value is 1.310, indicating that the independent variables' interpretations used are independent. While the Promoted Products Interaction is showing the value of positive .683, which conclude that for each increase in Promoted Products Interaction, the Purchasing Decision would also change accordingly.

Table 2. The Kolmogorov-Smirnov Test.

One-Sample Kolmogorov-Smirnov Test			Unstandardize d Residual
N			60
Normal Parameters ^{a, b}	Mean		.0000000
	Std. Deviation		.77963263
Most Extreme Differences	Absolute		.154
	Positive		.154
	Negative		-.080
Test Statistic			.159
Asymp. Sig. (2-tailed)			.069 ^c

- Test distribution is Normal.
- Calculated from data.
- Lilliefors Significance Correction.

The results of One-Sample Kolmogorov-Smirnov Test on table 1 above, it is shown that the value of Asymp. Sig. (2-Tailed) of this study is 0.069 which is bigger than 0.050. This numbers conclude that the data obtained and processed is normally distributed.

Table 3. Multicollinearity Test.

Coefficients ^a		Collinearity Statistics	
Model		Tolerance	VIF
1	(Constant)		
	PROMOTED PRODUCT	1.000	1.000

a. Dependent Variable: Purchase Decision

With multicollinearity test, the model used is tested whether the independent variable did not have a intercorrelations between independent variables. In this study there is only one independent variable, the data shown on table 3 above also shown that the tolerance and VIF value are positive which means the data passed the Multicollinearity Test.

Table 4. Simultaneous Corelations and Determination Result.

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.632 ^a	.401	.378	.79343

a. Predictors: (Constant), Promoted Product

b. Dependent Variable: Purchase Decision

The output data in table 7, it is shown that the coefficient of determination of this study is 0.401 or 40.1%, this result conclude that consumers interaction with promoted products affects the purchasing decision of the consumers, while the remaining 59.9 percent, are influenced by other aspect such as ease of delivery, transaction security, and price range in relation to competing products.

Table 5. Value of T-count.

Model		Coefficients		Standardized Coefficients	t	Sig.
		Unstandardized Coefficients	Std. Error			
1	(Constant)	1.310	.587		2.230	.034
	PROMOTED	.683	.158	.632	4.318	.000
	PRODUCT INTERACTIONS					

To ensure the validity of this study, several conditions were set. Author uses t-test conditions that must be met, as following:

- To test the hypothesis H_a , we must test that the $t_{count} > t_{table}$. when this condition is met, it can be concluded that the dependent variable (X) does positively influence the data of dependent variable (Y).
- If it is found that the study resulting the value of Sig. < 0.05 , it can be concluded that the effect on the hypothesis author suggested is found to be significant.
- Using distributing table, data used in this study with 60 respondents, the value of t needs to be bigger than 2.00. based on this criteria we can test the data in this study.

Using the data author have in table 5, we have the value of each t_{count} , so the next step is to test the results using the condition author have set above.

Table 6. Result of T-test.

Variable	$t_{count} : t_{table}$	Sig.	Conclusion
PROMOTED PRODUCT INTERACTIONS	$4.318 > 2.000$	$0.000 < 0.05$	H1 accepted

Data on table 6 shows that the independent variable used in this study, the Promoted Products Interactions value are met the conditions that set by the t-test. This means the H1 are met and the Promoted Products Interactions has significant effect toward consumer's purchasing decision in marketplace Tokopedia. This result is in line with the result of journal [6], journal [7], journal [8], journal [9] and journal [10].

4. Conclusion

The findings of this study suggest that products promoted by Tokopedia advertisement does positively affects buyers' decision to purchase, although there still many other aspects that influence consumers desire to buy products in Tokopedia. While promoted products can boost sales, seller popularity, and branding strategy, customers' decisions to buy promoted products are also influenced by other factors like ease of delivery, transaction security, and price range in relation to competing products. The conclusion reached is that promoted products are an excellent marketing technique for sellers, particularly if they choose to market their high-value goods to boost the probability of buyer checking out.

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