


The Effect of Flash Sale and Free Shipping on Repurchasing Interest through Customer Experience in the Shopee App in South Jakarta

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Abstract

This study aims to analyze the effect of flash sales and free shipping on repurchase intentions through customer experience on the Shopee Application in South Jakarta. Sources and research data using primary data in the form of a questionnaire, this research data was given to 96 respondents. The research sample was taken using purposive sampling. The analytical method used is Partial Least Square (PLS) with the help of the SmartPLS 3.0 application. Partial research results with the conclusion that flash sale has a positive and significant effect on customer experience, free shipping has a positive and significant effect on customer experience, and customer experience has a positive and significant effect on repurchase interest in the Shopee Application.

Keywords
 customer experience; flash sale; free shipping; repurchase interest



I. Introduction

The increasingly rapid development of web-based businesses in Indonesia has made many other web-based businesses appear and offer various benefits and make it easier for consumers, causing increasingly fierce competition between major internet business organizations in Indonesia in fighting for the first position in quite a long time (Digdowiseiso et al., 2021). One of the largest web-based shop internet business suppliers in Indonesia is Shopee. Shopee is a new business from Singapore which was launched to Indonesia at the end of 2015.



Source: databoks.katadata, 2021
Figure 1. E-commerce Ranking 1st Quarter 2017 To 2nd Quarter 2019

Along with the development of data and communication technology, citizens and the product or service industry are required to be able to move faster (Digdowiseiso & Lestari, 2021). Therefore, for those who want an effective time and prioritize convenient and safe transactions, e-commerce is very important. E-commerce is a very important platform for online shopping facilities for daily needs or other needs. For any online shopping, people need an e-commerce platform to shop online based on a market place. However, over time, the number of market place-based e-commerce platforms continues to grow (Lestari & Meidina, 2022).

Kotler & Armstrong (2016) make a statement that consumer experience is a consumer experience related to products that have been produced by the company and have been used by consumers. Customers who have used goods or services from a company will create an experience. If consumers feel in accordance with consumer expectations and desires, then this will cause repurchase interest (see Lestari et al., 2022a; Lestari et al., 2022b; Lestari et al., 2022c). That way can begin to arise loyalty felt by consumers. Likewise with online shopping, there are various efforts to innovate, improve service, and have a difference from other competitors in the market place-based e-commerce field.

Flash sales are items that are presented at a limited cost and in limited quantities for a short period of time. Flash Sale is also often referred to as a "daily offer," part of a business advancement that gives clients special offers or restrictions on certain items temporarily. Flash sales are very much in demand, especially Shopee application customers because the products needed are certain to be cheap during flash sales compared to regular prices. In addition, the Shopee application will invite people to join the flash sale by sending notifications on smartphones that appear on people's smartphone screens before the flash sale starts.

Marketing is a process of planning and execution, starting from the conception stage, pricing, promotion, to the distribution of goods, ideas and services, to make exchanges that satisfy the individual and his institutions (Dianto in Asmuni *et al*, 2020). According to Tjiptono in Marlizar (2020) marketing performance is a function that has the greatest contact with the external environment, even though the company only has limited control over the company's environment. In the world of marketing, consumers are assets that must be maintained and maintained their existence in order to remain consistent with the products we produce (Romdonny and Rosmadi, 2019).

Amalia & Wibowo (2019) has explained that the free shipping offer is another aspect of sales marketing that has made consumers move their hearts so that companies can increase product sales quickly which makes consumers not incur shipping costs and increase the number of products -products for consumers to buy.

Repurchase interest for Olson and Peter in the analysis of Nugraheni and Oetomo (2016) is a transaction activity that has been purchased and carried out more than 1 (one) time or more than 2 (two) times. Consumer satisfaction will encourage consumers to be interested in repurchasing services or products, which becomes loyalty to a service and can tell something interesting and impressive to others about the service and quality of Shopee.

II. Review of Literature

2.1 Repurchase Interest

Buying interest is a behavior shown by consumers to buy a product, goods or services, and has stages of resistance to be sure to buy. Namely, attention, interest, desire, and action.

According to Sari & Lestari (2019), repurchase interest is an initiation to return to buying activities in the future. In addition, repurchase interest is the desire to return to repurchase a product that has been used because it feels satisfied in using the product that has been used. Therefore, the synchronization of the performance of a brand that has succeeded in making consumers feel satisfied with its products will generate attention to make purchases again in the future.

2.2 Customer Experience to Repurchase Interest

Customer Experience is an event that has occurred to the consumer and is felt personally by the consumer, the event that has occurred is a response created before and after buying a service product, whether it is a reality or a mere fantasy.

2.3 Flash Sale against Repurchase Interest

Flash sale is a form of sales promotion in which a product or service gets a special price offer and with a predetermined period of time. So it tends to be thought that business advancement is a type of promotional correspondence that offers more incentives for an item.

Promotion strategy is a concept that is close to communication science. In the promotion, there are various forms of communication learned in communication science such as advertising, publicity, communication from mouth to mouth, personal sales, and direct marketing (Amin, 2019).

According to Zakiyyah (2018), flash sales or short-term sales are aspects of offering goods and services produced by the company and given to its consumers. Special offers or discounts for products that are considered to have product features for a limited time. Flash sale or sales promotion is a product marketing activity that recommends additional values of a product (to get something beyond the value of the item) for an indefinite period of time to encourage buyer purchases, have internal selling abilities, or to support business force efforts (sales force).

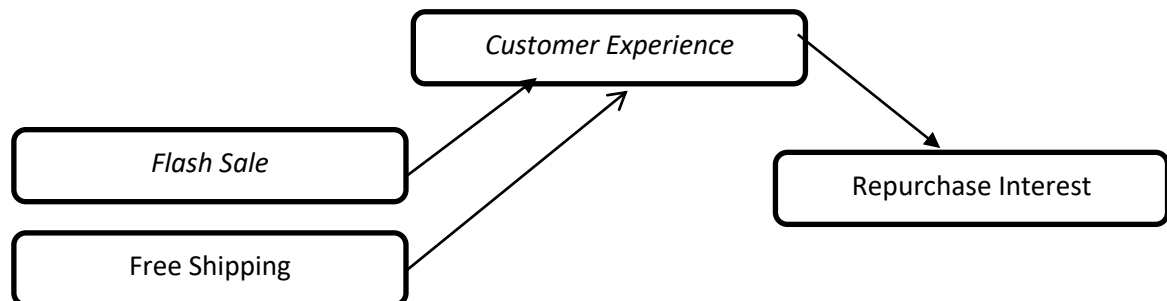


Figure 2. Research Framework

Hypothesis

- H₁: There is a positive and significant effect of flash sales on customer experience
H₂: There is a positive and significant effect of free shipping on customer experience
H₃: There is a positive and significant influence on customer experience on repurchase interest

III. Research Method

The number of samples in this study were 96 respondents, and in this study there are several characteristics of respondents, including: users have used Shopee more than 1 time, aged 15 to 30 years and have income or have pocket money per month. In this study, the questionnaire was distributed in a Shopee community on Facebook.

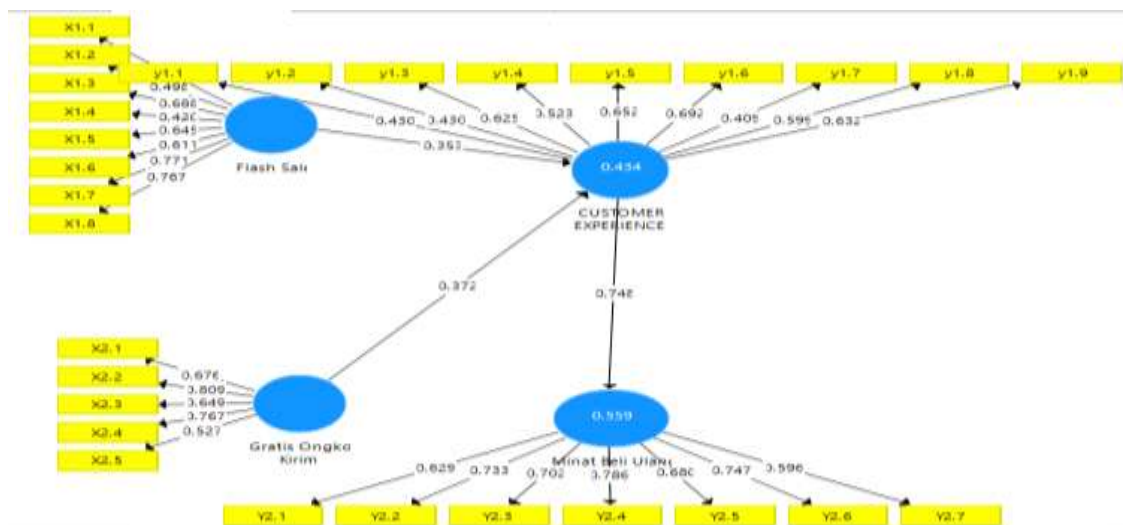
Digdowniseo (2017) reveals that the sample is part of the number and nature of a population and samples taken from a population must also be truly representative or representative of that population. Riadi (2016) reveals that some members or elements of the population that represent the characteristics of the population are called samples. Data analysis using statistics and Partial Least Square (PLS) with SmartPLS version 3.0 program.

IV. Results and Discussion

4.1 Results

a. Statistical Data Analysis

The statistical analysis method in this study was to test the hypothesis using Partial Least Square (PLS). PLS is an alternative method of analysis with Structural Equation Modeling (SEM) based on variance. The advantage of this method is that it does not require assumptions and can be estimated with a relatively small number of samples. In Structural Equation Modeling there are two types of models formed, namely the measurement model (outer model) and structural model (inner model). Data processing in this study using SmartPLS 3.0 software. Here are the calculation results outer model and inner model.



Source: smartpls output, 2022

Figure 3. Algorithmic Analysis Model

b. Outer Model Analysis

Model testing (outer model) is used to determine the specification of the relationship between latent variables and manifest variables, this test includes: convergent validity, discriminant validity and reliability. Convergent validity of the measurement model with reflexive indicators can be seen from the correlation between item/indicator scores and construct scores. Individual indicators are considered reliable if they have a correlation value above 0.70. However, at the research stage of the scale development stage, a loading of 0.50 to 0.60 is still acceptable. Based on the result for outer loading value, it shows that there is an indicator that has a loading below 0.60 and is significant.

Table 1. Construct Reliability and Validity

<i>Variable</i>	<i>Average Variance Extracted (AVE)</i>	<i>Composite Reliability</i>	<i>Cronbach's Alpha</i>
Customer Experience	0.318	0.803	0.723
Flash Sale	0.430	0.853	0.802
Free Shipping	0.480	0.819	0.731
Repurchase Interest	0.489	0.869	0.824

Source: smartpls output, 2022

Based on table 1 above, the Average Variance Extracted (AVE) value for each variable, namely customer experience, flash sale, free shipping, repurchase interest has a construct > 0.50 meaning all constructs are reliable. Thus it can be stated that each variable has a high discriminant validity.

Table 1 above the composite reliability value of each variable shows that the construct value > 0.60 . These results indicate that each variable has met composite reliability, so it can be concluded that all variables have a high level of reliability.

Based on table 1 above, the Cronbach's alpha value of each variable shows a construct value of > 0.70 , this shows that each research variable has met the requirements of Cronbach's alpha value, so it can be concluded that all variables have a high level of reliability.

Based on the output in Table 1, it can be concluded that the indicators used in this study have high discriminant validity in compiling their respective variables.

c. Inner Model Analysis

Evaluation of the structural model (inner model) is carried out to ensure that the structural model built is accurate. The stages of analysis carried out on the evaluation of the structural model are seen from several indicators, namely:

Table 2. R-Square

	<i>R-Square</i>
Customer Experience	0.434
Repurchase Interest	0.559

Source: smartpls output, 2022

Based on table 2 above, it shows that the R-Square value for the customer experience variable is 0.434 or 43.4%. This means that the flash sale and free shipping variables have a variation on brand trust of 43.4% and the remaining 56.6% is influenced by other variables. While the value of R-Square for the variable of repurchasing interest is 0.559 or 55.9%. This shows the variation of flash sale and free shipping, customer experience

influences repurchase interest by 55.9% and the remaining 44.1% is influenced by other variables.

d. Hypothesis Testing

Hypothesis testing in this study was carried out by looking at the t-statistics and P-values. The hypothesis is accepted if the t-statistics value > 1.96 and P-values < 0.05 . The following are the results of the direct effect Path Coefficients:

Table 3. Path Coefficients (Direct Effect)

	direct effect	Parameter coefficient	t-statistics	P-values	Results
H1	Flash Sale --> Customer Experience	0.353	2.417	0.016	Received
H2	Free Shipping --> Customer Experience	0.372	3.038	0.003	Received
H3	Customer Experience → Repurchase Interest	0.748	17,488	0.000	Received

Source: smartpls output, 2022

4.2 Discussion

a. The Influence of Customer Experience on Repurchase Interest

The results of this study are in line with research conducted by Ailudin & Sari (2019), which stated that customer experience has a positive and significant influence on repurchase interest. Consumers will repurchase if they get a better and unique customer experience.

b. The Effect of Flash Sale on Repurchase Interest

The results of this study indicate that there is an influence from flash sales so that Shopee users always repurchase, therefore Shopee must often make flash sale events compared to its competitors. This result is in line with previous research, which states that there is a positive and significant influence between flash sale variables on repurchase intention (Ardin, 2020)

c. The Effect of Free Shipping on Repurchase Interest

The results of this study indicate that there is an effect of free shipping so that Shopee users always repurchase, therefore Shopee must increase the free shipping costs each time a transaction and without a minimum transaction. These results are in line with previous research, which states that there is a positive and significant effect (Shoffi'ul Auli, 2019).

V. Conclusion

Based on the results of the research and discussion that have been described previously, it can be concluded, among others:

1. Flash sale has positive and significant effect on the customer experience of the Shopee Application
2. Free shipping has a positive and significant impact on the Shopee Application's customer experience

3. Customer experience has positive and significant to the intention to repurchase the Shopee application

Suggestion

Based on the conclusions can be suggested as follows:

1. Shopee need to make improvements to the relate experience indicator.
2. Shopee need to make improvements to the indicators of accuracy or suitability of promotion targets.
3. Shopee need to improve on the difference indicator that gets the lowest total mean value so that it must be increased.

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