

# The Effect of Discounts on Interest, Selection, and Satisfaction with Shopee Food Services

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## Abstract

This study aims to determine the effect of discounts on interest, selection, and satisfaction in the Shopee food food and beverage ordering application service. In the current digital era, food and beverage ordering applications are widely used by the public, one of which is Shopee food. Sampling was done by filling out a questionnaire, as many as 100 respondents. The analysis was carried out using path analysis using the smartPLS version 3. The results of this study indicate that discounts have a significant and positive effect on the selection, interest and satisfaction of customers in the Shopee food application. The influence given is also quite significant because it is the strength of Shopee food.

## Keywords

Product Discount, Purchase Interest, Purchase Decision, Consumer Behavior, Marketing.

## 1. Introduction

With the development of an increasingly rapid era, every company/provider of products and services is required to be more innovative and creative and must have excellent quality. This is very necessary because consumer desires are very diverse and if a company is not creative it will lose its customers slowly. By providing products and services that are diverse and of good quality, consumers will trust a company/provider of products and services.

Similar to the food/beverage business, in today's digital era, consumers tend not to buy food/beverages directly because many consumers are turning to online. Just by looking at the phone screen and then clicking on it, the food/drink will get to the desired place. Indeed, there is a risk that it does not match the image or expectations of consumers. But it is very convenient for consumers and saves time. For the payment process, you can only use a digital wallet, or you can pay cash when the food/drink arrives. Although online ordering is still relatively new, there is quite a lot of competition in the online food and beverage business, one of which is Shopee food. Shopee food is a food and beverage ordering service from the Shopee application. Shopee companies, especially in the food and beverage service sector, namely Shopee food must have a strategy to be able to continue to grow and have innovation and creativity. This needs to be done by Shopee food to retain its consumers.

Shopee food was originally a food/beverage service at Shopee that sells frozen, processed, various cakes, snacks and soft drinks since April 2020. However, with the development of Shopee food/beverage services and the increasing variety of people's desires, finally on January 10th., 2021 Shopee food comes with a variety of food and drinks such as online motorcycle taxis.

With the emergence of Shopee food, consumers have a wide choice of applications to order food and drinks. This makes Shopee food must have something to attract consumers. The main effect that will be discussed is the discount. Discounts are very influential on customer interest, selection and satisfaction. Discount is a discount from the actual price. Discounts at Shopee food are also quite large up to 60% or more with terms and conditions that apply. With very tight competition when online discounted food/beverage application services are one of the main factors for customers to use applications to order.

Interest is the main thing for potential customers to know and see a brand or service. Interest according to the Big Indonesian Dictionary (KBBI), the meaning of the word interest is an interesting thing, situation, or event. Interest comes from the root word pull. Every consumer starts with an interest that becomes a choice, then orders after that, whether or not the consumer is satisfied or not can be judged. One of the attractions of Shopee food is the massive discounts. This discount is quite effective and works well for Shopee food because it is quite successful in attracting and making consumers choose Shopee food for food ordering services.

Selection is a process after consumers have an interest and finally decide to choose the desired food ordering application. Selection has an influence, one of which is the discount on the application. Discounts are very influential on consumer selection because competition in the online food business is quite tight. Satisfaction, satisfaction here can be interpreted as feeling happy or disappointed from consumers who appear after ordering a product in this case food/beverage in this case satisfaction with the service from Shopee food itself.

## 2. Literature Review

### *Discount*

Discounts are price reductions given to buyers when purchasing goods or services with applicable terms and conditions. Discounts are one of the promotional strategies that have existed for a long time both offline and online transactions. According to the Oxford Dictionary, a discount is taking a sum of money from the usual cost (normal price). Quoted from the Business Dictionary, a discount is a reduction from the usual price of something (product or service).

By buying goods when there is a discount, of course, buyers can be more efficient in purchasing and also attractive. However, the seller does not feel at a loss because the effects of this discount are expected to return in the future in other forms such as buyer loyalty or stronger product branding. Sellers usually have calculated well to provide discounts for consumers.

There are several types of discounts including:

1. Buy 1 Get 1, which is a discount by giving 1 free product when a buyer purchases 1 product. Usually, this discount applies to the same product or service, but it is not always like that depending on the conditions provided by the seller.
  2. Invitation Only, namely discounts that are intended only for certain people. This is a wrong strategy to make consumers loyal to a store/brand.
  3. Limited time discount or Flash Sale. This discount is done to attract the full attention of consumers because consumers have to spend their time according to what has been determined by the store and this limited time discount is usually quite a big discount.
  4. Up to. % Discount, which is a discount that has certain terms and conditions to achieve the maximum discount. Consumers must adjust the applicable terms and conditions for the discount to take effect.
  5. Shopping Vouchers, namely discounts that apply to prospective buyers who have previous vouchers. There are vouchers that can be purchased by consumers or given by shops with applicable conditions.
- Discounts not only benefit consumers, but discounts also have quite a lot of benefits for sellers.

### *Benefit from discount*

- Attract new buyers and customers

Discounts serve to attract more consumers to come to the store. People are more likely to enter the store to see if the discount consumers who initially did not want to buy can become buying because the discount creates the attraction for consumers provided by the store.

- Increase sales

With a discount, consumers will look more at the store and if it is suitable, they will buy it. What is increasing is not just the discounted items. Discounts attract more people, so the store will have more potential buyers because people will see the product before making a purchase and in the end not all consumers buy discounted items because the discount is only an attraction for consumers.

- Free up storage

Discounts on old items will make storage space more spacious and newer items can be stored and not piled up. Goods that have not been sold or stock items can be stored in a warehouse or storage room. With discounts, stores increase sales opportunities, and make room for new products at the same time. To attract customers' attention, discount products are usually displayed at the front of the store so that they are more visible to potential consumers.

- Improved reputation

A store that does a discount can increase the reputation of the store itself. Stores can give discounts to people who don't want to buy them at the original price, this can happen if the original price is quite expensive. By giving discounts

to potential customers, it shows that the business is trying to make its products/services accessible to various groups of people. Most consumers think that business is only to get big profits, so by giving discounts can change the minds of these consumers and even improve reputation.

- Achieve sales targets

A store/brand usually has a sales target or target for daily, monthly, trimester, semester to yearly sales. If the store/brand has not reached the target, discount is one solution to achieve it. Providing discounts for consumers can help a store/brand to achieve and even exceed the desired sales target.

- Cost saving

In addition to increasing sales and achieving the target, the discount can help stores/brands in saving store costs, especially if using certain payment methods. Credit or debit cards, for example, customers and stores will incur additional fees, which means the store will lose money compared to cash transactions. By offering discounts with cash payments to customers instead of credit or debit, stores help customers, and their own businesses save extra costs.

**Hypothesis 1 (H1).** Price reductions or commonly referred to as discounts have a major influence on the decisions of buyers in Indonesia.

### Interest

According to the Big Indonesian Dictionary (KBBI), the meaning of the word interest is an interesting thing, state, or event. Interest comes from the root word pull.

Interest comes from the root word pull. Interest has meaning in the noun or noun class so that attraction can express the name of a person, place, or all things and everything that is objectified.

Interest here means that potential consumers begin to glance or want to know about a product or service at a store or brand with a discount that is presented by a store/brand. Interest is a prefix for potential customers to see more deeply about the products or services provided.

In this case, the store/brand is Shopee food, the discount is one of the big influences for potential consumers to see more about the food ordering service provided by the Shopee application, namely Shopee food. The existence of competitors in discounted online food/beverage services is enough to have an influence on the interest of potential consumers. Interest is a pretty good start for potential customers at least potential consumers have seen more about the products or services provided.

**Hypothesis 2 (H2).** Interest is the response needed by the seller of a product or service because it is the beginning of seeing the store/brand itself.

### Election

Before the stage/process of selecting prospective consumers, they must pass the process of interest, if consumers already have an interest in a product/service, then prospective consumers enter the selection process. Selection here is a consumer decision or process in choosing and buying a product or service. In terms of this selection has various factors such as promos, application display and many other influencing factors.

The meaning of the word election in the Big Indonesian Dictionary (KBBI) means election is election [n] process, method, act of choosing. So as a potential consumer, if you have chosen a product or service, you have passed the selection process.

In this case, Shopee food is trying to become the community's choice with one of its strategies to make quite large promos such as discounts of up to 60%, free shipping and others with terms and conditions that must be met by consumers. The digital era is very advanced so that there are quite a few Shopee food competitors, discounts are a strategy used by Shopee food to be chosen by consumers.

**Hypothesis 3 (H3).** From the continued interest in the selection here, it is very visible the influence of the discount that makes consumers interested and, in the end, buy / not the product / service.

### Satisfaction

Customer satisfaction leads to feelings of pleasure or disappointment from someone who appears after using or buying a product or service from what they think and what they expect. In this case, satisfaction with online food and beverage ordering services from Shopee food itself. Kevin Lane Keller and Philip Kotler, both figures who have expertise in marketing management convey through the book Marketing Management that consumer satisfaction is a feeling of disappointment or pleasure for each individual or group after comparing the performance of the product/service that

is thought to be in accordance with the expected product/service performance. Customer satisfaction is the goal of every company for the survival of the company and to make consumers loyal.

Customer satisfaction is very important in a service and product business. By paying attention to customer satisfaction, entrepreneurs and business owners can find out complaints and feedback from customers who receive services or products. From these complaints and inputs, the company can improve and improve the quality of customer service and products offered in order to compete and outperform competitors and ultimately make consumers satisfied.

Many factors to influence customer satisfaction include:

- Quality of product or service
- Quality of Customer Service
- Price
- Easy accessibility

By increasing the four factors above, it will make customers more satisfied with the products and services provided by the company. So, to make customers feel satisfied, the company really needs to pay attention to small to big things because if the customer is not satisfied, there is a lot of risk for the company, one of which is not buying the company's products/services anymore.

Shopee food is a fairly new company, so it is imperative to have a good company reputation, one of which is by making customers feel satisfied. From the selection of the driver/food delivery person to the quality of the food provided from the Shopee food restaurant, you must pay close attention to it.

**Hypothesis 4 (H4).** Satisfaction is very influential on consumer attitudes to buy / no longer repeatedly.

### Framework of Thinking



### 3. Methodology

In this study, Structural Equation Modelling (SEM) is used to process the data, which is a statistical tool used to solve multilevel models simultaneously which cannot be solved by linear regression equations. SEM is also commonly thought of as a combination of regression analysis and factor analysis. This research requires consumers who have used Shopee food from various regions by filling out the questionnaires that have been distributed. The questionnaire is in the form of a Google Form so respondents can fill it out anywhere. For regions, there is nothing particularly important that the respondent has ever used Shopee food. The questionnaire has several variables, namely interest, preference, and satisfaction on a scale of 1 (strongly disagree) to 5 (strongly agree). By using the Smart PLS application it takes 100 respondents so that the data can be processed.

### 4. Result and Discussion

Data through the distribution of questionnaires that have been carried out through social media and given to consumers who know the existence of Shopee food services collected 114 respondents. This questionnaire is divided into 3 variables of interest, selection, and customer satisfaction (Table 1).

Table 1. Women dominate for the gender who use Shopee food services

Profile	Category	Percentage
Gender	Man	36.8%
	Woman	63.2%
Age	< 18 years	6.1%
	18-25 years	92.1%
	> 25 years	1.8%
Profession	Student	87.7%
	Employee	8.8%
	Does not work	0.9%
	Other	2.6%
Have you ever used Shopee food's ordering service?	Yes	87.7%
	No	12.3%
If yes, how did you find out about Shopee food's ordering service?	Social Media	40.9%
	Friends	41.8%
	Advertisement on TV	1.8%
	Other	15.5%

Table 1 above is the answer from 114 respondents showing that women dominate for the gender who use Shopee food services, which is 63.2%, this may happen because women prefer simple and easy things, especially when eating food or drinks.

For age, it is dominated by teenagers or young people, namely 18 to 25 years old. This is very likely reasonable because social media and technology are very close to young people of that age.

In the work of students / students become dominant with a percentage of 87.8%. This can happen because students understand better how to use technology in this case, namely applications. With promotions on social media, students want to try and be tempted by existing promos.

Although all respondents know the Shopee food and beverage ordering application, there are still 12.3% of respondents who have never used this Shopee food service and 87.7% of respondents have used it. This has several influencing factors such as lack of understanding, bigger competitors' promos and other factors.

With the promotions that have been carried out by Shopee food, it turns out that they still haven't made the public know about Shopee food, this can be seen from 41.8% of respondents knowing Shopee food from friends, not from promotions that have been carried out by Shopee food (Table 2).

Table 2. Loading Factor

Code	Statement	Interest (X)	Election (Y)	Satisfaction (Z)
X1	Online food ordering services are very helpful and make it easier for consumers	0.862		
X2	Many promos/discounts offered by Shopee food	0.871		
Y1	The display on Shopee food is easy to use and understand		0.777	
Y2	The explanation regarding the menu is clear and easy to understand		0.760	
Y3	Many choices of food/drinks that have discounts		0.807	
Y4	There is free shipping that can be used in the Shopee food application		0.826	
Y5	The nominal discount offered is the largest among other online food/beverage services		0.803	

Y6	The terms and conditions for the validity of the promo are easy to fulfil		0.830	
Y7	More discount vouchers are offered than other online food/beverage services		0.792	
Y8	It's more effective to buy food/drinks online especially because of the promo		0.826	
Y9	The prices offered by Shopee food services vary		0.747	
Y10	The desired food/drink is always available		0.582	
Z1	Food/drinks come according to the estimate in the application			0.814
Z2	Food/drinks come according to what has been ordered			0.833
Z3	The image on the application corresponds to what came			0.743
Z4	The price is according to the portion / taste of what is ordered			0.846
Z5	The service provided by the driver is good			0.741
Z6	Food/drink arrived in good condition			0.819
Z7	Despite the discount, the quality of the food/beverage sent is still good			0.838
Z8	I always give 5 stars after receiving the order			0.736

Table 2 above has 3 variables with their respective symbols, interest (X), election (Y) and satisfaction (Z). Based on the results in the table, it can be stated that the value of the loading factor on the variables of interest, selection, and satisfaction is valid because the value is above  $> 0.5$ .

Table 3. Average Varian Extracted

Variable	AVE	Description
Interest (X)	0.636	Valid
Election (Y)	0.751	Valid
Satisfaction (Z)	0.605	Valid

AVE is the average variance extracted which can indicate that the value is valid or not. The table 3 shows that the AVE value for the variables of interest, selection and satisfaction has a value above the valid limit, which is  $> 0.5$  so that the AVE value in the table above is declared valid.

Table 4. Cross Loading Value

	X	Y	Z
X11	0.862	0.619	0.649
X22	0.871	0.732	0.565
Y13	0.586	0.777	0.601
Y24	0.725	0.760	0.602
Y35	0.612	0.807	0.641
Y46	0.711	0.826	0.679
Y57	0.549	0.803	0.612

Y68	0.694	0.830	0.687
Y79	0.639	0.792	0.639
Y810	0.612	0.826	0.755
Y911	0.613	0.747	0.646
Y1012	0.353	0.582	0.546
Z113	0.508	0.658	0.814
Z214	0.646	0.715	0.833
Z315	0.477	0.625	0.743
Z416	0.607	0.746	0.846
Z517	0.570	0.614	0.741
Z618	0.524	0.620	0.819
Z719	0.599	0.686	0.838

Table 4 shows the value of cross loading which is another measure of discriminant validity, for each indicator which has a different value. With this value, it can be concluded that all indicators have more value than other indicator blocks. Cross Loading value is expected to be greater than 0.7 (Ghozali and Latan, 2015).

Table 5. reliable requirements.

	Cronbach's Alpha	Rho_A	Composite Reliability	AVE
Ketertarikan (X)	0.668	0.669	0.858	0.751
Pemilihan (Y)	0.926	0.931	0.938	0.605
Kepuasan(Z)	0.918	0.921	0.933	0.636

#### *Construct Reliability and Validity*

Seen from table 5 all variables have met the reliable requirements. It can be seen from the Cronbach's Alpha and Composite Reliability values have good values based on SmartPLS. The result of the recommended value is greater than 0.6 and the value in the table is more than 0.6 so it is declared better. The variables of interest, selection, and satisfaction have a value of more than 0.6 which means that the value is good and valid.

Table 6. R Square

	R Square	R Square Adjusted
Pemilihan (Y)	0.764	0.759
Kepuasan (Z)	0.490	0.485

Table 6 shows the R Square value of the selection variable (Y) and satisfaction (Z) of 0.764 and 0.490. For the R Square Adjusted value of the selection variable (Y) and satisfaction (Z) of 0.759 and 0.485.

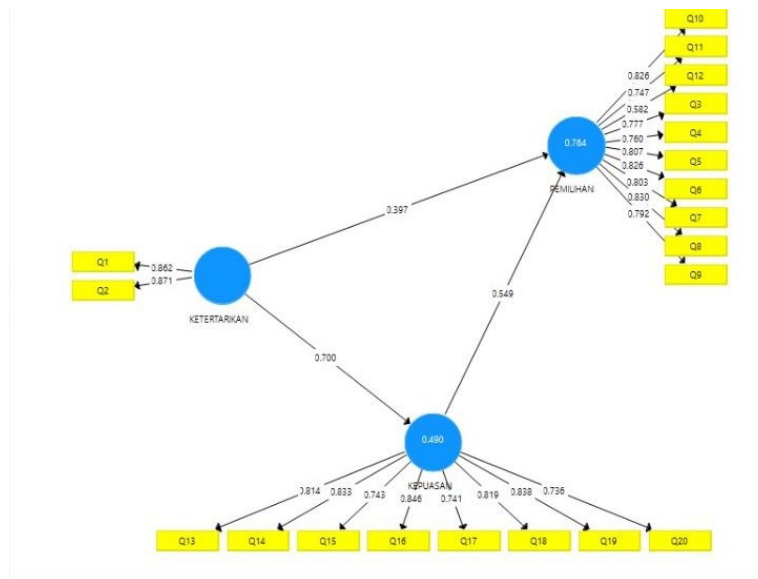


Figure 1. Path Coefficients

Table 7. Path Coefficients

Variable	Original Sample	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Ketertarikan->Pemilihan	0.397	0.395	0.076	5.242	0.000
Kepuasan->Pemilihan	0.549	0.548	0.074	7.373	0.000
Ketertarikan->Kepuasan	0.700	0.698	0.078	8.976	0.000

### Hypothesis Test Results

Based on the table 7 of hypothesis test results, it can be seen above that the results are:

The variable interest in selection has a value of 0.397 which indicates that if consumers already have an interest there is a possibility to choose it. For the T statistic value of 5.242 and the value of P Values 0.000 which shows that it has a fairly large/significant effect. So, if a potential customer already has an interest, it has a big enough possibility to be an option for that potential customer (figure 1).

The variable satisfaction with the selection has a value of 0.549 which indicates that it has a positive influence. If consumers already have high satisfaction, it will be the next choice. The T statistic value is 7,373 and P Values 0.000 which shows that it has a significant effect. So that satisfaction is an important factor so that consumers choose again, if consumers already have high satisfaction, they will choose again.

Based on the variable of interest in satisfaction has a value of 0.700, it means that this variable has a positive and significant influence. Interest will create considerable satisfaction if it is in accordance with what is expected by consumers. The T statistic value is 8,976 and the P Values 0.000 which shows that interest has a significant effect on satisfaction. This means that the interest of consumers has a positive influence on the satisfaction of these consumers.

## 5. Conclusion

Based on this research, it is sufficient to indicate that in the current era people prefer to buy food and drinks online rather than directly with the convenience that is currently very easy to achieve, this is based on 114 respondents. It



turns out that discounts are of interest, choice, and satisfaction for some consumers because discounts have a considerable influence.

Discounts have a large, significant and positive effect on interest, selection, and satisfaction with Shopee food's ordering services. This is enough to indicate that discounts can be one of the strengths for Shopee food to get consumer.

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