

## ANALYSIS OF CONSUMER BEHAVIOR ON BUYING DECISION AT THE ONLINE SHOP, EASY SHOPPING INDONESIA

DEWI INDRIANI JUSUF  
International Women University  
dewijusuf@iwu.ac.id

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### ABSTRACT

Know the effect of the consumer behavior of online shop, Easy Shopping Indonesia on the consumers' buying decision. The quantitative approach, descriptive and verified design are used. As much as 100 consumers of Essay Shopping in Bandung are selected as respondents using a purposive method. The instrument of data collection is questionnaire. The data analysis used is Structural Equation Modeling based on Partial Least Square (PLS SEM). The research results show that the consumer behavior of Easy Shopping online shop affects the consumer buying decision significantly. The biggest effect of the consumer behavior dimension on the buying decision variable is a personal factor; the second one is a psychological factor; the third one is a social factor and the fourth one is a cultural factor. The biggest effect of the consumer behavior variable is on the dimension of payment method; then the second one is distribution selection; the third one is on brand selection; the fourth one is on buying time and the last one is on product selection. Those findings are the antecedents of the online buying decision which finally affect the changes of the buying decision from the conventional buying process into the online one.

**Key Words :** consumer behavior, cultural factors, social factors, personal factors and psychological factors, buying decision, product selection, brand selection, distribution selection, payment method and timing.

### ABSTRAK

Mengetahui pengaruh perilaku konsumen online shop Easy Shopping Indonesia terhadap keputusan pembelian konsumen. Menggunakan pendekatan kuantitatif dengan desain deskriptif dan verifikatif. Sebanyak 100 konsumen Essay Shopping di Bandung dipilih sebagai responden dengan menggunakan metode purposive. Instrumen pengumpulan data adalah angket. Analisis data yang digunakan adalah Structural Equation Modelling berbasis Partial Least Square (PLS SEM). Hasil penelitian menunjukkan bahwa perilaku konsumen online shop Easy Shopping berpengaruh signifikan terhadap keputusan pembelian konsumen. Pengaruh terbesar dimensi perilaku konsumen terhadap variabel keputusan pembelian adalah faktor pribadi; yang kedua adalah faktor psikologis; yang ketiga adalah faktor sosial dan yang keempat adalah faktor budaya. Pengaruh terbesar dari variabel perilaku konsumen adalah pada dimensi metode pembayaran; kemudian yang kedua adalah seleksi distribusi; yang ketiga adalah pada pemilihan merek; yang keempat adalah waktu pembelian dan yang terakhir adalah pemilihan produk. Temuan tersebut merupakan anteseden dari keputusan pembelian online yang pada akhirnya mempengaruhi perubahan keputusan pembelian dari proses pembelian konvensional menjadi online.

**Kata Kunci:** perilaku konsumen, faktor budaya, faktor sosial, faktor pribadi dan faktor psikologis, keputusan pembelian, pemilihan produk, pemilihan merek, pemilihan distribusi, metode pembayaran dan waktu

**INTRODUCTION**

Today in the era of digital economy, the trend of business model has shifted from the conventional business model into the digital one. This occurs in Indonesian business world as well. Currently, it emerges various online business starting from news, transportation, online shops, online mall, online bookstores, online ticketing business, online food and so forth. According to the Association of the Internet provider in Indonesia, the active Internet users grows fast and it reaches 64,7% in 2019 [2]. Furthermore, research done by Tayipnapis et.al [9] divulges that the digital economy growth in Indonesia is 6.5 million per year for online shopping. Based on Google research, Indonesia’s digital economy will be worth as much as US\$ 146 billion by 2025 as quoted by Tempo English Magazine [12].

The digital technology gives both opportunities and challenges. One of the potential opportunities is that we can conduct business online more easily through the Internet media by which we can sell and buy the product only using the computers or cellular phones as an instrument of business transaction.

In this paper the writer wants to explore the role of consumer behavior in the online business in relation of the buying decision of the consumers as implemented by Easy Shopping online shop [6]. This online shop sells online product starting from supplementary food, such as honey, omega, and olive oil; accessories, such as belts, purses, and bracelets; home appliances, such as fan, emergency lamp, and electronic massage; as well as car appliances.

Problems of this study is: what factors emerging from the consumer behavior that affect the buying decision among the consumers under study. The goal of this study is to know whether the consumer behavior affects the buying decision among the consumers of the Easy shopping online shop. The theoretical common ground that underlies the study can be seen below.

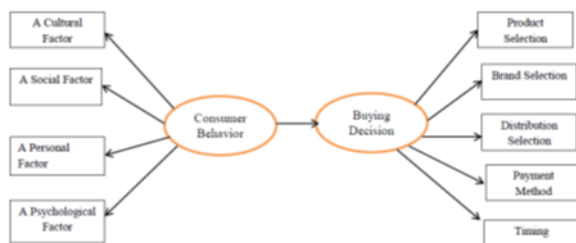


Figure 1. Relationship of Variables under Study Based on Theory

The factors affecting consumer behavior are culture, social, personal, and psychological factors. Culture is the most dominant factor affecting the consumer behavior. Social factors that affect the consumer behavior are constructed by reference group, family, social role and status. While a personal factor consists of age, life cycle, job, economic environment, personality, self-concept, life style, and values [4]. Moreover, a psychological factor consists of motivation, perception, learning and attitude. Buying decision, according to Kotler and Keller consists of product selection, trademark selection, distribution selection, buying time, and payment method [4].

**THEORETICAL BAKCGROUND**

There are several factors influencing consumer behavior, namely:

1. Psychological factors: In this term, psychological factors cover a person’s attitude, perceptions about a situation, the ability to understand information, what motivates consumers, their personality and beliefs.
2. Personal factors: Personal factors include age, gender, financial situation, occupation, background, culture and location. An older person will probably shop in a different way to a younger person, for example with a preference for face to face stores rather than online shopping.
3. Social factors: Social factors include a person’s friends, family, community, work or school community, or groups they associate with such as hobby groups. It can include social class, living conditions and education as well.

Consumer behavior theory allows businesses to understand more about their target consumers and so be able to design products, services and company culture to influence buying habits.

Consumer behavior understanding allows a business to know:

1. What consumers think about our brand versus the competitors
2. How they choose between different alternatives of the products
3. Their behavior while they are shopping
4. How the environment around them affects their buying behavior
5. What marketing campaign or pricing strategies they can respond to
6. Their preferred methods of paying
7. What products or services they are searching for to fulfill a need

## 1. The Different Types of Buyer Behaviors

It is important to understand that everyone is different and makes different buying decisions. However, these can generally be categorized into these four types:

- a. Routine buyers: Brand recognition and repetition plays a large part in this type of buying behavior. People will purchase a brand they have recognized, have tried before, or like the best.
- b. Limited decision-making consumers: It is often middle-level community, occasional buying decisions fall into this category. They require some research and little amount of thought before making a purchase.
- c. Extensive decision-making consumers: Buying decisions that involve a big financial investment or personal impact fall into this category. Most buyers will spend an extensive amount of time researching before making a decision.
- d. Impulse buying consumers: An impulse buyers have no prior planning. It is a purchase made on a whim and with little thought. It's often irrational and in the moment Kotler and Armstrong [5].

Another model looks at adoption rates of new products, grouping customers into five kinds of consumers based on how they respond to new products and the time it takes for uptake.

- a. Innovators 2.5%
- b. Early Adopters 13.5%
- c. Early Majority 34%
- d. Late Majority 34%
- e. Laggards 16%

Most consumers will only buy a new product once it has become mainstream, so to make a product mainstream, businesses need to focus their early marketing efforts on getting the innovators and early adopters on board.

## 2. Analysing Buyer Behaviour

There are various ways to analyze buyer behavior, however these questions from London School of Business and Finance are a good point to start:

- a. Who purchases the products and services? Obtain, then, a clear idea of the target audience with market research.
- b. Who makes the decision to purchase the products and services? The purchaser might be different to the actual person making the decision.
- c. Who influences the decision to purchase the products? Parents might be the shoppers but

they are influenced by their children.

- d. How is the purchase decision made? A person employing a gardener for the first time might be told what specific products to buy by the gardener.
- e. Why does the consumer buy a product? The rationale behind the purchase.
- f. Why does a consumer prefer one brand over another? Factors include cost, quality, customer service, previous experience, brand reputation and packaging and so forth.
- g. Where do customers purchase the product? Physical shops, online, face-to-face, via a third party and so forth.
- h. When do consumers buy a product? Specific occasions, looking for a new gas and electric provider at new premises.
- i. What is the consumer's opinion of the product? Do they view it as value for money, cheap or expensive; is it cool or functional; is it a throwaway item or do they expect it to be around for years and so forth.
- j. What is the role of consumers' lifestyle in their buying behavior? Fitness fans will be more interested in purchasing technical clothes for exercise, whereas those who love movies might be inclined to purchase a movie streaming subscription.

## 3. How Consumer Buying Habits Have Changed

Consumer buying habits are continually evolving, and the ways that businesses think about them have changed too. Initially, it is believed that consumers are rational and behave in consistent ways. However, as time progressed and more sophisticated studies that have been conducted, it became apparent that consumers often behave irrationally with numerous factors determining decisions and buying habits.

Consumers are then segmented, and user experiences are analyzed to understand how they shaped purchasing habits. The post-purchase activity and habits are also studied so a customer journey can be mapped out from first decision, through to consideration, purchase and post-purchase satisfaction. Payment methods and buying preferences have also evolved. Most people are happy to buy online.

## 4. Putting Consumer Behavior Theory into Practice

Understanding the different types of buying decision and mapping these against your target audience and buyer personas will help you to set up compelling marketing messages, eye-catching packaging, the right pricing models, deals and discounts and other benefits to hook in your consumer.

Assessing trends and watching the changes in consumer buying patterns will also ensure you not only sell a product or service that people want, but that you can keep up with demand. That will be able to make predictions and plan the best times for launches and special offers.

It is important to understand that there are numerous variables and that not every consumer is the same. Map out different scenarios, and attempt to put yourself in the mind of your shopper.

Spending time getting this right will see you experience a rush from consumers to buy your new product or service, an increase in customer loyalty and retention and be able to create the right environments to encourage a purchase.

### 5. The Different Types of Buyers

As we know that over the years, psychologists, sociologists and business researchers have come up with different models and theories about different kinds of buyers. One research theory proposes eight characteristic buyers:

- Perfectionist buyers: the consumers look for the best quality of product they are going to buy.
- Brand-aware buyers: the consumers prefer brands and designer labels that are already famous for them.
- Hedonist buyers: the consumers treat shopping as a form of enjoyment in which they spend the money just for fun.
- Price-aware buyers: the consumers seek low prices, sales, or discounts as considerations to buy products they need .
- Fashion-aware buyers: the consumers like to be up-to-date and seeks variety.
- Impulsive buyers: the consumers is prone to spontaneous purchases due to the tantalizing advertisements.
- Confused buyers: the consumers experience too much information or choice that makes them confused to make buying decisions.
- Habitual buyers: the consumers are loyal to brands they used to buy and follows a routine.

According to Rajalaksmi [7] there are 8 types of online buyers: 1) adventurous explorers in which shopping is just for fun, they spent 30% of the online buying; 2) shopping lovers who enjoy shopping online, they spent as much as 24% of the online purchasing; 3) business users where using the Internet just for business, they spent 19% for online spending; 4) suspicious learners who learn how to know the use of Internet for online shopping, spent 15% for the online spending; 5) fearful browsers who only spent 5% for the online shopping, they are just

window shopping persons; 6) shopping avoiders who spent as much as 3% for online buying; 7) technology muddler who do not know computer technology well spent 3% for their online buying and 8) Fun seeker, who spent their money only 2% for the online shopping due their bad economic condition.

### METHOD

Based on the relationship of variables under study, in this research the writer uses a quantitative approach, descriptive and verified design, and survey method. As much as 100 Essay Shopping consumers in Bandung have been selected using a purposive method based on the frequency they conduct the online shopping ([www.easysshopping.com](http://www.easysshopping.com)). The data collection instrument used is questionnaire. Validity and reliability of the instrument will be carried out using Pearson Product Moment correlation and Cronbach's Alpha. The analysis technique used is the structural equation modeling based on partial least square (PLS SEM) with assistance of Smart PLS version 3. The research model is as follows.

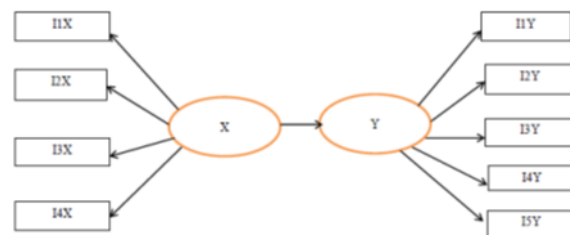


Figure 2. The Research Model

Where:

- X: consumer behavior  
 I1X: a culture factor  
 I2X: a social factor  
 I3X: a personal factor  
 I4X: a psychological factor  
 Y: purchase decision  
 I1Y: product selection  
 I2Y: brand selection  
 I3Y: distribution selection  
 I4Y: buying time  
 I5Y: payment method

The research hypothesis is as follows:

- H0: Consumer behavior of Easy Shopping online shop does not affect the consumers' buying decision among the consumers in Bandung  
 H1: Consumer behavior of Easy Shopping online shop affects the consumers' purchase decision among the consumers in Bandung

**RESEARCH RESULT**

The result of the research will be described one by one as follows .

**1. Data Collection Instrument's Validity and Reliability**

The Pearson correlation coefficient of all items used in the questionnaire is more than 0.3 meaning that all questions are valid. The Cronbach's Alpha values is 0.865 which is more than 0.6 showing that all questions are reliable.

The result of the calculation will be shown in the figure 3 below.

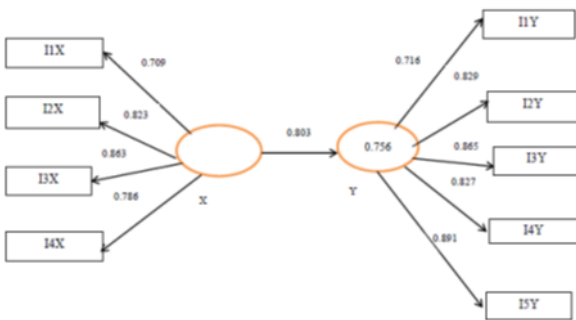


Figure 3. The Value of Path Coefficients and R square (R<sup>2</sup>)

**2. The Value of R square (R<sup>2</sup>)**

The value of the R square is as much as 0.756 meaning that the proportion of variation of the endogenous latent variable of buying decision with its dimensions can be explained using the exogenous latent variable of consumer behavior with its dimensions. While the remainder as much as 0.244 should be explained by other factors outside the model under study.

**3. The Value of the Path Coefficient**

The path coefficient value from the exogenous latent variable of consumer behavior with its dimensions to the endogenous variable of buying decision with its dimensions is 0.803. This value means the amount of effect of the exogenous latent variable of consumer behavior with its dimensions on the endogenous variable of decision with its dimensions. When the value of the exogenous latent variable of consumer behavior with its dimensions undergoes one unit increase, then the value of endogenous variable of buying decision with its dimensions increases as much as 0.803. This effect is

significant because the t observation (t<sub>o</sub>) as much as 14.023 as seen the figure 3.2 below is more than t table (t<sub>α</sub>) as much as 1.645 meaning that the H<sub>0</sub> is rejected and H<sub>1</sub> is accepted. It means that consumer behavior of the Essay Shopping online shop affects the consumers' buying decision among the respondents in Bandung significantly. The amount of effect is as much as 0.803.

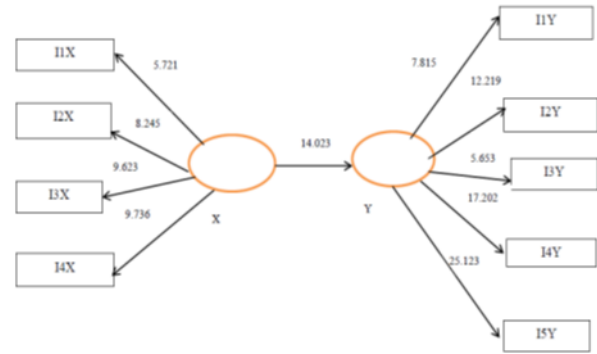


Figure 4. Values of t<sub>o</sub>

**4. The Dimensions' Effect of the Consumer Behavior on Buying Decision**

The Dimensions' Effect of the Consumer Behavior on Buying Decision are as follows:

1. The effect of the culture factor on buying decision is  $0.709 \times 0.803 = 0.569$
2. The effect of the social factor on buying decision is  $0.823 \times 0.803 = 0.661$
3. The effect of the personal factor on buying decision is  $0.863 \times 0.803 = 0.692$
4. The effect of the psychological factor on buying decision is  $0.786 \times 0.803 = 0.631$

**5. The Effect of Consumer Behavior on the Dimensions of the Buying Decision**

The effect of the consumer behavior on the dimensions of the buying decision is as follows.

1. The effect of the consumer behavior on product selection is  $0.803 \times 0.716 = 0.575$
2. The effect of the consumer behavior on brand selection is  $0.803 \times 0.829 = 0.666$
3. The effect of the consumer behavior on distribution selection is  $0.803 \times 0.865 = 0.695$
4. The effect of the consumer behavior on buying time is  $0.803 \times 0.827 = 0.665$
5. The effect of the consumer behavior on payment method is  $0.803 \times 0.891 = 0.715$

## 6. Fitness of the Model

Fitness of the model under study will be assessed using the construct and discriminant reliability and validity.

## 7. Reliability and Validity of the Latent Variables of Consumer Behavior and Buying Decision

The validity and reliability values refer to how much the construct (latent variable) of the X exogenous variable and the Y endogenous variable underlie their respective dimensions. For the validity, we will use the Rho\_A's values with the minimum value as much as 0.5 while for the reliability, we will use the Cronbach's alpha values with minimum value 0.7 [5].

**Table 1. Construct Reliability and Validity**

Construct	Cronbach's Alpha	Rho_A
X	0.895	0.768
Y	0.836	0.813

- The latent variable of consumer behavior (X) is valid because the value of Rho\_A as much as 0.768 which is more than 0.5. It is also reliable because the value of Cronbach's alpha as much as 0.895 is more than 0.6.
- The latent variable of buying decision (Y) is valid because the value of Rho\_A as much as 0.813 which is more than 0.5. It is also reliable because the value of Cronbach's alpha as much as 0.836 is more than 0.6.

## 8. Discriminant Validity of the Dimensions of Consumer Behavior and Buying Decision

Discriminant validity refers to how much the dimensions reflect their latent respective variables.

**Table 2. Discriminant Validity**

	Fornell-Larcker
i1x	0.635
i1y	0.677
i2x	0.815
i2y	0.771
i3x	0.802
i3y	0.689
i4x	0.787
i4y	0.632
i5y	0.756

- The dimension of I1X is valid because the value of Fornell - Larcker as much as 0.635 is more than 0.5
- The dimension of I2X is valid because the value of Fornell - Larcker as much as 0.815 is more than 0.5
- The dimension of I3X is valid because the value of Fornell - Larcker as much as 0.802 is more than 0.5
- The dimension of I4X is valid because the value of Fornell - Larcker as much as 0.787 is more than 0.5
- The dimension of I1Y is valid because the value of Fornell - Larcker as much as 0.677 is more than 0.5
- The dimension of I2Y is valid because the value of Fornell - Larcker as much as 0.771 is more than 0.5
- The dimension of I3Y is valid because the value of Fornell - Larcker as much as 0.689 is more than 0.5
- The dimension of I4Y is valid because the value of Fornell - Larcker as much as 0.632 is more than 0.5
- The dimension of I5Y is valid because the value of Fornell - Larcker as much as 0.756 is more than 0.5

In conclusion, all dimensions above are valid because their discriminant values are more than 0.5 meaning that they have reflected their respective latent variables correctly.

## 9. Multi - collinearity

To test the occurrence of the multicollinearity we use the VIF values below.

**Table 3. Collinearity Statistics (VIF)**

Indicators	Inner VIF Values
	VIF
i1x	2,686
i2x	3,691
i3x	1,373
i4x	3,643

Based on the output above, it can be said that there is no multi-collinearity occurring among the indicators of the exogenous variable of the consumer behavior since the values of VIF are less than 10. Multi-collinearity occurs when the values of VIF are more than 10 [1].

Based on the criteria above, the model is in a good fit because all the requirements have been fulfilled.

## DISCUSSION

From the result of analysis above, the research proves that the consumer behavior of the Easy Shopping online shop affects the consumer buying decision significantly. It means that this is in line with the theory proposed by Kotler and Keller that the four factors affecting the consumer behavior contribute the consumer buying decision [4]. It also proves that consumer culture, social, personal and psychological factors contributes the shifting of the behavior among the consumers under study from the conventional buying decision into the online buying decision. This can be understood from the respondents' answer about the frequency of buying online the products at the Easy Shopping online shop.

From the research result, it is also divulged that the consumer personal factor generates the biggest contribution on buying decision. This proves that internal drives play an important role in buying decision. The importance of age, life cycle, job, economic environment, personality, self-concept, life style, and values in deciding whether or not a consumer will buy certain product is truly understood. Most of the consumers who buy the products online usually come from well-established economic environment. They have good jobs and follow the trend of life style. As it is known from the web information of the Easy Shopping online shop, most of the products are expensive compared to the conventional shops that offer the same products.

It is also known that the consumer behavior contributes the biggest effect on payment method. This is also in convenience with the theory saying that main stimuli in shaping the consumer behavior are product, price, place and promotion (4P) [4]. Generally speaking, people view price as the main thing to consider whether or not they want to buy certain products they need. Most of the online shops ask the buyers to use the credit card to install their payment and some others asks the buyers to use conventional payment method, such as transfer. The current trend of the payment method that the online buyers like most is *Cash on Delivery* (COD) [13] [3].

## CONCLUSION

From the above discussion the writer draws a conclusion of this research as follows: a) The model of the variable relationship between the consumer behavior and buying decision under study is valid; b) The consumer behavior of the Easy shopping online shop among the consumers in Bandung affects the consumer buying decision significantly; c) The biggest effect of the consumer behavior dimension on the buying decision variable is a personal factor. The second one is a psychological factor then is followed by a social factor. The last one is a cultural factor; d) The biggest effect of the consumer behavior variable is on the dimension of payment method, then is followed by distribution selection. The third one is on brand selection. The fourth one is on buying time. The last one is on product selection.

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