

## **Analysis The Influence Of Digital Marketing, Product Differentiation, Customer Value, Service Quality To Purchase Decision And Repurchase Intention Of Millennial Generation At Shopee Online Shop**

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### **Abstract**

*Current technological developments have changed the paradigm in shopping and fostered an online shopping system (e-commerce). Shopee is one of platform that used to buying and selling online that provides various products to support daily activities. This study aims to determine the Influence of digital marketing, product differentiation, customer value and service quality to purchase decision and repurchase intention of millennial generation in Pekanbaru at Shopee online shop. The population in this study were all millennial generations in Pekanbaru with a sample size of 400 respondents. The method in this study uses probability sampling method and the technique used is simple random sampling technique. The technique of data analysis used multiple linear regression analysis. The results of the study concluded that the digital marketing influence purchase decision of millennial generation in Pekanbaru at Shopee online shop, product differentiation influence purchase decision of millennial generation in Pekanbaru at Shopee online shop, customer value does not influence purchase decision of millennial generation in Pekanbaru at Shopee online shop, service quality does not influence purchase decision of millennial generation in Pekanbaru at Shopee online shop, and purchase decision influence repurchase intention of millennial generation in Pekanbaru at shopee online shop.*

**Keywords** *Digital Marketing, Product Differentiation, Customer Value, Service Quality, Purchase Decision and Repurchase Intention*

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### **RESEARCH BACKGROUND**

In the current era of technology, the development of communication and information is running very rapidly, causing high business competition. This allows producers to think critically, creatively and innovatively to the changes that occur, both in the social, cultural, political and economic fields. Technological advances are

closely related to internet access which can be done anytime, anywhere, and by anyone.

The development of technology in each generation is different and always changes. Classification of these generations creates the emergence of a generation theory originating from America. The theories by experts are put forward with different labels, but generally have the same meaning. The theory of creation was popularized by Neil Howe and William Strauss in 1991, which divided generations according to time of birth and historical events (Howe, N., Strauss, W., 1991). The diversity of geographic and historical locations in each country makes groupings and creates differences in each country. Four generations based on the period of the birth year; 1] Generation of Baby Boomers who were born in 1946-1964. 2] Generation X born in 1965-1980. 3] Millennials born in 1981-1999. 4] Generation Z born in 2000-present. Researchers have come up with the same label in grouping generations, although there are still some things to do with when a generation group starts and when it ends.

The use of communication and information technology is one of the factors that differentiates each generation. For generation Z, technology has become a part of their lives because since birth they have known technology, especially the internet, as a global culture. Unlike the previous generation who became digital immigrants, generation Z is a digital native in a research conducted by Nasution, C. E. (2019) entitled *The Effect of Digital Technology on Gen Z Shopping Behavior*.

The development of technology also has an impact on the changing style role models of each generation. Generation Y's buying intention is also heavily influenced by the environment, which will appear when a product is used by community friends. Unlike the Z generation, they tend to choose items or products that they think are cool, and are not used by many people. In terms of consistency and loyalty, Generation Y prefers branded goods. Generation Y tends to be consistent in choosing the products they like, but less loyal to a particular brand, because Generation Y tends to compare prices with other products. Generation Y's purchase decision are made because they already have a job or an income. This is different for generation Z, they like something that is considered cool, and still depend on parental gifts.

The development of communication and information technology has had a positive impact on Indonesian society. Technology changes the lifestyle of the Indonesian people who were previously left behind in information to become rich in information. Some of the positive impacts of developing internet communication and information technology in Indonesia include making it easier to find information, making it easier to communicate, making work easier, and more. Internet is a medium that is used to streamline a communication process associated with various applications, such as Web, VoIP, E-mail. In Indonesia, the use of the internet in 2018 according to Asosiasi Penyelenggara Jasa Internet Indonesia (APJII), it is known that of the total population of 264.14 million people, it turns out that 171.17 million of them are connected to the internet network throughout 2018.

Advances in information technology also bring many benefits to the people of Indonesia. In addition to providing convenience in communicating, technological advances have also brought enormous benefits to online buying and selling activities. In Indonesia, online shopping has become a growing trend among internet media

users today. We can see the application of information technology in the use of e-commerce as a trading medium using the internet.

Along with the development of technology and information, many online shops have sprung up in various circles, from teenagers to adults. The goods offered also vary, ranging from food, household goods, lifestyle, automotive, electronics and others. All these items are sold online through websites, social media accounts and online stores in various market spaces.

The names of online shops in Indonesia are very diverse, starting from Lazada.co.id, Blibli.com, Shopee.co.id and others. The development of the online shop business is also supported by increased productivity from the industry that provides various products to be marketed through the internet to make it easier for consumers to shop. Shopee Indonesia as an e-commerce platform for buying and selling, provides a variety of products to support daily activities including fashion, gadgets, cosmetic tools, electronic devices, sports equipment, automotive, vitamins and supplements, home supplies, food and beverages, souvenirs , to shopping vouchers. Shopee Indonesia implements an interactive buying and selling service system between sellers and buyers through the live chat feature. Shopee provides various payment systems via bank transfer, Indomaret, Kredivo, to credit cards. In addition, there is also an electronic wallet, Shopee Pay, which can store all funds, whether from sales or purchases. One of the online shops that consumers often visit is Shopee. Shopee is an online shop managed by Garena (Changed its name to SEA Group).

The competition that is carried out by online shop entrepreneurs lies in meeting consumer needs. This can be seen from the number of online shops that have sprung up, both small and large businesses to compete globally, even online shops with international standards have entered the Indonesian market. This intense competition requires each company to create better services in order to win the competition and be selected by real and potential consumers. The development of online shops in Indonesia is very fast, this is because people are also starting to adapt and switch to using digital systems.

Purchase decision made by consumers are due to a need to be fulfilled. According to Sangadji, E.M., Sopiah (2013), consumer decision making is a problem-solving process that is directed at the target. At the heart of consumer decision making is an integration process that combines knowledge to evaluate two or more alternative behaviors, and selects one of them. Consumers will evaluate their decisions and actions in buying, if a product purchased by trial turns out to be satisfactory or exceeds the consumer wants to make a repeat purchase (Suryana, P., Dasuki, S. E. (2013).

Consumers make purchase decision are also influenced by the sophistication of the way a market space introduces itself through promotional activities and value added through the purchase of goods or services offered to consumers. The rapid development of technology, the digital system and the internet certainly has an impact on overall marketing. Marketing trends shift from conventional (offline) to digital (online). This digital marketing strategy is more prospective because it allows potential customers to obtain all kinds of information about products and transact via the internet. This is greatly influenced by the existence of digital media marketing. Digital marketing is a promotional activity and market search through online media by utilizing various means such as social networking.

If a product wants to survive in the market, the product must have special characteristics that differentiate it from other similar products. These characteristics can be an advantage that will make these products continue to survive and continue to attract consumers to make purchases. Research conducted by Sahetapy, J. P. (2013) shows that product differentiation influence purchase decision. Differentiation strategy is a strategy that can maintain customer loyalty where by using a differentiation strategy, customers get more value than other products.

Customer value is everything that consumers want in a product or service by maximizing the quality that consumers receive from the costs incurred. Customer value is also something that is very important in shaping customer satisfaction. Therefore, the concept of creating and adding value requires the full attention of any online marketplace when they want to attract and retain customers. Every company must know the expectations and values from the customer's point of view (customer value) and make the consumer the driving force of all marketing activities. Eka, Dian., & Hamdaini, Yulia. (2017) in a study their conducted confirm that customer value affects purchase decision.

Service quality is the company's ability to meet market needs by emphasizing the orientation of meeting customer expectations to obtain fitness for use. If the service quality of the company is bad, it will put the company in a less profitable position, otherwise, if the company has high service quality it will give satisfaction to consumers. If consumers are satisfied with the service, it is likely that consumers will make repeat purchases. Service quality is something the level of service provided to consumers is in accordance with what the consumer expects. In the research conducted by Daud, D. (2013) confirm that service quality affects consumer decisions. Thus it is necessary to analyze whether repurchase intention is influenced by purchase decision on the Shopee e-commerce platform.

## LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

### Marketing

According to Kotler, P., Armstrong, G. (2014) marketing is a process by which companies create value for customers and build strong relationships with customers, with the aim of capturing value from customers in return. Meanwhile, according to Ali, Hasan. (2013) marketing is the process of identifying, creating and communicating value, and maintaining satisfying customer relationships to maximize company profits.

### E-commerce

Ecommerce is a process of transactions of goods or services through an information system that utilizes information technology (Sidharta, I., & Suzanto, B. (2015).

Types of e-commerce based on the type of relationship consist of 4 types, here are the types of e-commerce: (1) Business to Business (B2B), (2) Business to Consumer (B2C), (3) Customer to Business (C2B), (4) Consumer to Consumer (C2C)

### Digital Marketing

According to El-gohary, H. (2010) electronic marketing (e-marketing) can be seen as a new philosophy and modern business practice that is involved with the marketing of goods, services, information and ideas via the internet and other

electronics. Chaffey, Dave. (2013) defines digital marketing as the use of technology to assist marketing activities that aim to increase consumer knowledge by adjusting it to their needs. The definition of digital marketing according to the American Marketing Association (AMA) is activities, institutions, and processes that are facilitated by digital technology in creating, communicating and conveying values to consumers and other interested parties (Kannan, P. K., & Hongshuang, L., 2016).

According to Constantinides, E. (2002) there is a new marketing mix model that is more compatible to be applied in modern business practices that use the internet, namely the web marketing mix or the Web Marketing Mix. The web marketing mix model uses the 4S marketing mix concept as a marketing tool, including : (1) Scope, (2) Site, (3) Synergy, (4) System.

### **Product differentiation**

Kotler, P., Keller, K. L. (2013) stated that product differentiation is the act of designing a series of meaningful differences to differentiate the company's offer from competitors' bids. Tjiptono, F. (2008) states that a marketing strategy that can be chosen by a company that implements a product differentiation strategy so that it always has a competitive advantage in the market can be done by making choices about the differentiation strategy.

Product differentiation parameters according to Kotler, P., Keller, K. L. (2013) consist of: (1) form, (2) features, (3) performance quality, (4) conformity quality, (5) durability, (6) design.

### **Customer Value**

Tjiptono, F. (2014) defines customer value as a consumer's overall assessment of the satisfaction achieved by a product based on his perception of what has been received and what has been given.

Research conducted by two marketing experts from the University of Western Australia Sweeney, J. C., & Soutar, G. N. (2001) attempted to develop 19 items measuring customer perceived value. The scale called PERVAL (Perceived Value) is intended to assess customer perceptions of the value of a durable consumer product at the brand level. This scale is developed based on the context of the retail purchasing situation to determine the consumption values that lead to purchasing attitudes and behaviors. According to them, the value dimension consists of four main aspects: (1) Emotional value, (2) Social value, (3) Quality / performance value, (4) Price / value of money.

### **Service Quality**

Service quality is a measure of how good the level of service provided is in accordance with customer expectations (Wijaya, T., 2011). Furthermore, Lewis and Booms in Tjiptono, F. (2012) state that the measure of how well the level of service provided is in accordance with customer expectations.

Along with the changes that occur, service quality has developed a definition. Parasuraman, A. (2014) defines the dimensions of service quality consisting of: (1) Tangibles, (2) Reliability, (3) Responsiveness, (4) Assurance, (5) Empathy.

### **Purchase Decision**

According to Kotler, P., Amstrong, G. (2014) a purchase decision is a stage in the buyer's decision-making process where consumers actually buy. Decision making is an individual activity that is directly involved in obtaining and using the goods



offered in general. The purchase decision is a decision-making process in purchasing which includes determining what to buy or not to make a purchase and the decision is obtained from previous activities (Sangadji, E.M., Sopiah (2013). Decision making by consumers is an integration process that combines knowledge to evaluate two or more alternative behaviors and choose one of them (Setiadi, N. J., 2010).

According to Kotler, P., Keller, K. L. (2013) the stages of the consumer purchase decision process are: [1] Need Recognition, [2] Information search, [3] Evaluation of alternative, [4] Purchase behavior, [5] Post purchase behavior.

### **Repurchase Intention**

According to Abdullah, T., Francis, T.(2012), repurchase intention is a purchase based on past purchasing experiences. High repurchase intention reflects a high level of satisfaction from consumers when deciding to adopt a product. Repurchase intention is the stage of the consumer's tendency to act before the buying decision is actually implemented (Kotler, P., Keller, K. L. (2013).

There are four indicators to measure repurchase intention according to Ferdinand, A. (2002), namely: [1] Transactional intention, [2] explorative intention, [3] preferential intention, [4] referential intention.

### **Generation Theory**

Generation is a social construction in which there is a group of people who have the same age and historical experience. Individuals who are part of a generation are those who have the same year of birth in a span of 20 years and are in the same social and historical dimensions. Generation is a group of individuals whose group identification is based on the similarity of birth year, age, location, and events in the group's life that affect their growth phase (Twenge, J. M., 2006).

The difference in geographical location is also a matter of debate in grouping generations because generation groupings are often based on historical events in the United States. The differences in the grouping of generations are caused by the schemes used to classify these generations, because the research comes from different countries.

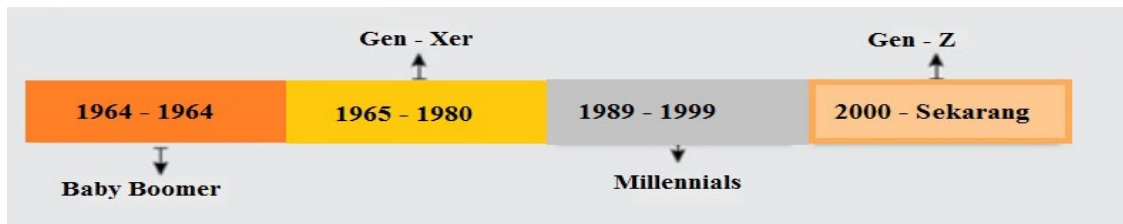
Likewise in Indonesia, the existence of differences in historical events makes the grouping of generations also different. The following table is a source of reference in this study.

**Table 1. Generation Classification in Indonesia**

<b>Year of Birth</b>	<b>Classification</b>
<b>1925-1946</b>	<i>Veteran generation</i>
<b>1946-1964</b>	<i>Baby boom generation</i>
<b>1965-1980</b>	<i>X generation</i>
<b>1981-1999</b>	<i>Y generation</i>
<b>2000 - sekarang</b>	<i>Z generation</i>

Source: Ali, H., & Purwandi. L. (2016)

**Figure 1. Phase of Demographic Groups**



[1] Veteran Generation. The Traditionalists (Veteran Generation) was born in 1925 and 1945. Raised in a situation of economic and political uncertainty during World War II. This situation naturally leads them to work hard, to be financially conservative, and to be vigilant. Veterans generation or often referred to as silent generation is a conservative and disciplined generation (Howe, N., Strauss, W., 1991). [2] Baby Boom Generation. The Baby Boom generation is a generation born in the time range 1946-1960. Called the Baby Boomer because at that time the birth rate of babies was very high. Baby Boomers are the first and last generation (to date) to receive official names from the government (Stillman, D. & Stillman, J., 2018). Boomers value individualization, self-expression, optimism, and uphold customs.

In terms of characteristics, lifestyle, and attitude the Baby Boomers define themselves by working hard, even workaholics. Some of the Baby Boomers have retired, and some are still working and developing into "active retirement". This generation believes in opportunity, and is often too idealistic to make positive change in the world. Baby boomers tend to have an idealistic character. They uphold the principles they adhere to, especially in relation to traditions that have been passed down from generation to generation. Besides that, they also have a conservative mindset, which is why this generation tends to be more willing to take risks when compared to other generations. [3] Generation X. Generation X is a generation born in the period 1965-1980. The word "X" was popularized by Douglas Coupland (1991) in his book *Generation X: Tales for an Accelerated Culture* in 1991. The book describes the post-Boomer generation on the basis of anonymity. how the writer and his contemporaries felt while growing up in the shadow of Boomer. "X" symbolizes confusion, because generation X is built on anti-establishment sentiments with the culture described by Coupland (Stillman, D. & Stillman, J., 2018). Born in the early years of the development of technology and information such as the use of PCs (personal computers), video games, cable tv, and the internet. This generation has started to modernize and is not as conservative as baby boomers because technology has started to develop. This generation is a transitional generation because 1960 to 1980 was a transition to a more modern technology.

The characteristics of this generation are being able to adapt, being able to accept change well and being called a tough generation, having an independent and loyal character, prioritizing image, fame, and money, hardworking type, calculating the contribution that the company has given to its work (Jurkiewicz, C. L. (2000). [4] Millennial Generation. Millennial Generation or commonly referred to as Generation Y is a generation born in the 1981-1999 period. Generation Y is known as the Millennial or Millennial generation. The phrase generation Y began to be used in the editorials of major United States newspapers in August 1993, and became widely known when Howe, N., Strauss, W. (2000) coined the term Millennial in their book *Millennials Rising*. At that time many thought that generation Y and Millennials is a different generation. Stillman and Lancaster in their book *When Generations Collide*. Who

They Are. Why They Clash. How to Solve the Generational Puzzle at Work then explains that the Millennial generation and the Y generation are the same generation.

Generation Y values diversity, prefers to cooperate rather than take orders, and is very pragmatic when solving problems. Have a high sense of optimism, focus on achievement, self-confidence, believe in moral and social values, respect diversity. They are so called because they enter adulthood in the period of the new millennium. Apart from experiencing a digital transition (digital immigrant), generation Y also grows along with the maturity of the values of equality and human rights, thus affecting their more democratic nature. This generation uses a lot of instant communication technology such as email, SMS, instant messaging and social media such as Facebook and Twitter. In other words, Generation Y is the generation that grew up when the internet was booming.

Generation Y is the first generation that does not need an expert role to gain access to information, they are connected directly to the internet and social media. However, Generation Y's buying decisions tend to be influenced by their social group or opinion on social media. They use the power of the internet to search for the latest trends, and product ratings, as well as brand names to consider. They have the desire to make the best decisions, not only on price and quality but to give consideration to spending (Jurkiewicz, C. L., 2000). Millennials are more aware of their purchasing power and tend to spend their money as quickly as they earn it, usually on consumer goods and personal services and done over the internet. However, product loyalty is lacking, because they always make price comparisons to get goods at a lower price. [5] Generation Z Is a generation born in 2000-present. Generation Z has "digital native" features because they were born when digital technology was very advanced. They are also marked as iGeneration ". Generation Z's norms are different from the previous generation's norms. As a generation born into the world of technology and feeling good in that world, they are always online on digital devices almost without stopping. This can be seen through their actions, or as the environment in their life. Other forms of socialization are very difficult for them. Compared to generation Y, generation Z is unaware of the concept of fighting. They are practical, not smart, and wiser in leadership because they are brave. Generation Z is more patient and agile than previous generations and seeks new challenges and implants continuously. They are not afraid of change because the world of the internet has a lot of information to learn, but only to a certain extent.

### **The Relationship of Digital Marketing to Purchase Decision**

Digital Marketing can be influential in increasing sales volume because it can provide customers with the same basic benefits as other forms of marketing and offer directly to customers. Some additional advantages, such as the latest info, reviews, returns, and online transactions provided by Shopee, so that consumers can also search for product information provided by Shopee in the form of social networks. In situations and conditions like today, it is very suitable to market products through digital marketing because with the development of the era where the internet has been attached to people's lives. According to research conducted by Arifuddin, R. R. (2018), it shows that digital marketing influence on purchase decision. Based on the results of previous explanation, the hypotheses in this study are:



**Hypothesis 1:** Digital marketing influence purchase decision of Generation Y (Millenials) Pekanbaru at Shopee Online Shop

### **The Relationship of Product Differentiation to Purchase Decision**

Product differentiation is modifying a product or service that aims to differentiate it from other products. The purpose of product differentiation is an element where market participants try to differentiate their products from competing products in a form of non-price competition and so that consumers are more interested in products that have been differentiated. According to research conducted by Sahetapy, J. P. (2013), product differentiation has a partial influence on purchase decision. Based on the results of previous explanation, the hypotheses in this study are:

**Hypothesis 2:** Product differentiation influence purchase decision of Generation Y (Millenials) Pekanbaru at Shopee Online Shop

### **The Relationship of Customer Value to Purchase Decision**

Customer value is everything that consumers want in a product or service by maximizing the quality received by consumers from the costs incurred. Customer value is also an assessment made by consumers when they have obtained a product or service that they have obtained from a company. According to research conducted by Eka, Dian., & Hamdani, Yulia. (2017), that customer value has a significant influence on purchase decisions. Based on the results of previous research, the hypotheses in this study are:

**Hypothesis 3:** Customer value influence purchase decision of Generation Y (Millenials) Pekanbaru at Shopee Online Shop

### **The Relationship of Service Quality to Purchase Decision**

Service quality is a responsiveness of the services provided by the company to consumers. The better the quality of service provided by a company, the better the company's image in the character of consumers and vice versa, if the quality of service provided by the company is not good, then consumers will judge that a company has poor quality. According to research conducted by Widagdo, H. (2011), it shows that simultaneously service quality has a significant influence on the decision to buy a computer at PT. XYZ Palembang. Based on the results of previous study, the hypotheses in this study are:

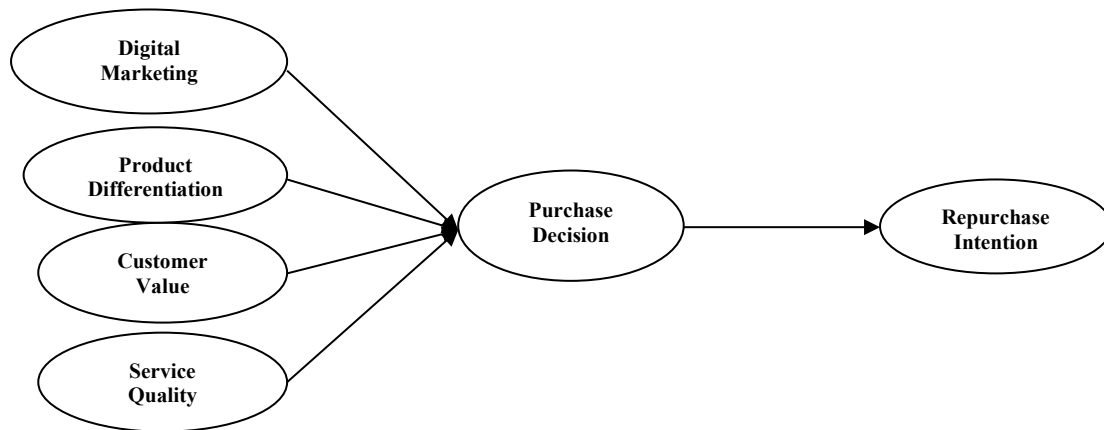
**Hypothesis 4:** Service quality influence purchase decision of Generation Y (Millenials) Pekanbaru at Shopee Online Shop

### **The Relationship of Purchase Decision to Repurchase Intention**

Purchase decision are processes where consumers need goods or services that suit their needs and can make decisions to buy according to the value of money that consumers have. Purchase decisions are also obtained because of the influence of the environment and also the fame of a product or service. If consumers are satisfied with the products they get from a company, it is likely that consumers will also be interested in making repeat purchases. According to research conducted by Rachamawati, Dwiki et al. (2014), that there is a significant influence between

purchase decision on repurchase intention. Based on the results of previous explanation, the hypotheses in this study are:

**Hypothesis 5 :** Purchase decision influence repurchase intentions of Generation Y (Millenials) Pekanbaru at Shopee Online Shop



**Figure 2. Research Framework**

## RESEARCH METHODS

This research was conducted to the Y generation (millennial) Pekanbaru who had made purchases at Shopee. The research was conducted from October 2019 to April 2020. The population used in this study was the Pekanbaru millennial generation, amounting to 414,201 people. The sample size withdrawal is based on a sampling technique that uses the Slovin formula, as a benchmark for determining the minimum sample size that must be taken (Sugianto, 2008).

The sampling technique used the Slovin formula.

$$n = \frac{N}{1 + Ne^2}$$

**Information :**

n = Sample

N = Population

e = Error Tolerance (0,1)

Then the samples taken are:

$$n = \frac{414.201}{1 + 414.201 (0,1)^2} = 100$$

The sample size used in this study was 100 respondents, but to get results that describe the population, the sample used was 400 respondents. The technique in determining the sample to be studied is the probability sampling method, which is by distributing questionnaires to the Pekanbaru millennial generation.

The research instrument used was in the form of a questionnaire by giving questions to the respondent. Respondents are asked to provide responses by providing answers to one of the answer options provided. Qualitative answers are

then quantified. Each answer is given a numerical score to reflect the degree of suitability of the respondent as measured by a Likert scale (Umar Husein, 2011).

**Table 2. Operational Definition of Research Variables**

Variable	Variable Definitions	Indicator	Scale
Digital Marketing	Digital marketing is defined as marketing activities that use internet-based media.	1. Scope 2. Site 3. Synergy 4. System Constantinides, E. (2002)	Interval
Product Differentiation	Product differentiation is the act of designing a series of meaningful differences to differentiate a company's offering from that of competitors.	1. Shape 2. Privileges 3. Performance 4. Quality conformity 5. Durability 6. Design Kotler, P., Keller, K. L. (2013)	Interval
Customer Value	Customer value is everything that consumers want in a product by maximizing the value that consumers receive from the costs incurred.	1. Emotional value 2. Social value 3. Quality/performance value 4. Price/value of money Sweeney, J. C., & Soutar, G. N. (2001)	Interval
Service quality	Service quality is the level of excellence expected and control over that level of excellence is to fulfill customer desires.	1. Tangibles 2. Reliability 3. Responsiveness 4. Assurance 5. Empathy Parasuraman, A. (2014)	Interval
Purchase Decision	The purchase decision is a process of assessing and selecting various alternatives according to certain intention by determining an option that is considered the most profitable.	1. Introduction 2. Problems 3. Information search 4. Evaluation of Alternatives 5. Purchase Decisions 6. Post Purchase Behavior Kotler, P., Keller, K. L. (2013)	Interval
Repurchase Intention	Repurchase intention is the stage where the consumer's tendency to act before making a repurchase decision.	1. Transactional intention 2. Exploratory intention 3. Preferential intention 4. Referential intention Ferdinand, A. (2002)	Interval

Source: *Data Processed*, 2020

A regression model is a model used to analyze the influence of various independent variables on one dependent variable (Ferdinand, A., 2002). The mathematical formula of multiple regression used in this study are:

### **Multiple Linear Regression Equation**

**I:**

$$Y_1 = \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where :

$Y_1$  = Purchase Decision

$\alpha$  = Constant

$\beta_1$  = Digital Marketing regression coefficient

$\beta_2$  = Product differentiation regression coefficient

$\beta_3$  = Customer value regression coefficient

$\beta_4$  = Service quality regression coefficient

$X_1$  = Digital marketing

$X_2$  = Product differentiation

$X_3$  = Customer value

$X_4$  = Service Quality

$e$  = error

### **Multiple Linear Regression Equation**

**II:**

$$Y_2 = \alpha + \beta_2 Y_1 + e$$

Where :

$Y_2$  = Repurchase Intention

$\alpha$  = Constant

$Y_1$  = Purchase Decision

$\beta_2$  = Purchase Decision regression coefficient

$e$  = error

## RESEARCH RESULT

This study uses multiple linear regression analysis, the analytical tool used is IBM SPSS Statistics21. The description of the general description of respondents from this study of 400 respondents is as follows:

**Table 3. Characteristics of Respondents**

Characteristics of respondents		Frequency	Percentage
Gender	Male	125	31%
	Female	275	69%
Age	20 - 24 years old	258	65%
	25 - 29 years old	140	35%
	30 - 34 years old	1	0%
	35 - 39 years old	1	0%
Education level	High school/vocational high school	287	72%
	Bachelor's degree	100	25%
	Postgraduate	13	3%
Occupation	College student	162	41%
	Entrepreneur	66	17%
	Farmer	36	7%
	Private employees	102	26%
	Housewife	10	3%
	Civil servant	24	6%
	Indonesian National Police / Indonesian National Army	0	0%
Salary	Dibawah Rp.2.500.000	263	66%
	Rp.2.500.001 - Rp.3.500.000	26	7%
	Rp.3.500.001 - Rp.4.500.000	82	21%
	Rp.4.500.001 - Rp.5.500.000	6	2%
	Rp.5.500.001 - Rp.6.500.000	11	3%
	Rp.6.500.001 - Rp.7.500.000	1	0%
	Rp.7.500.001 - Rp.8.500.000	5	1%
	Rp.8.500.001 - Rp.9.500.000	0	0%
Repurchase intensity	Diatas Rp. 9.500.001	6	2%
	2 times purchase	6	2%
	3 - 5 times purchase	148	37%
	6 - 8 times purchase	112	28%
	9 - 11 times purchase	46	12%
	≥ 12 times purchase	88	22%

*Source: SPSS Processed Data, 2020*

In this study multiple linear regression analysis is used to see how digital marketing, product differentiation, and customer value influence the purchase decision and analysis their impact on repurchase intention.



**Table 4. Multiple Linear Regression Test X1,X2,X3,X4 to Y1**

Model	Unstandardized Coefficients		Standardized Coefficients Beta
	B	Std.Error	
(Counstant)	0,998	0,329	
Digital Marketing (X <sub>1</sub> )	0,757	0,056	0,561
Product Differentiation (X <sub>2</sub> )	-0,078	0,071	-0,072
Costumer value(X <sub>3</sub> )	-0,001	0,063	-0,002
Service Quality (X <sub>4</sub> )	-0,015	0,029	-0,023

*Source: SPSS Processed Data, 2020*

Based on table above, the multiple linear regression equation in this study is :

$$Y_1 = 0,998 + 0,757 \text{ Digital Marketing} - 0,078 \text{ Product Differentiation} - 0,001 \text{ Costumer value} - 0,015 \text{ Service Quality}$$

The multiple linear regression equation above can be explained as follows: (1) From the result above, a constant value ( $\alpha$ ) is obtained of 0.998, which means that if Digital Marketing, Product Difference, Customer Value, Service Quality value is 0, then the Purchase Decision value is 0.998 units. (2) The coefficient value for the Digital Marketing variable is 0.757, which means that if the other independent variables are constant and Digital Marketing has increased by 1 unit, the purchase decision will increase by 0.757 units. The coefficient is positive means that there is a positive relationship, where high digital marketing will increase purchase decision. (3) The coefficient value for the product differentiation variable is -0.078, which means that if the other independent variables are constant and the product differentiation has decreased by 1 unit, the purchase decision will decrease by -0.078 units. The coefficient is negative, meaning that the relationship between variables is inversely proportional, where low product differentiation will increase purchase decision. (4) The coefficient value for Customer Value is -0.001, which means that if the other independent variables are fixed and the Customer value has decreased by 1 unit, the purchase decision will increase by 0.001 units. A negative coefficient means that the relationship between variables is inversely proportional, where a low Customer Value will increase the purchase decision. (5) The coefficient value for the service quality variable is -0.015, which means that if the other independent variables are constant and the Customer Value has decreased by 1 unit, the Purchase Decision will increase by 0.015 units. Negative coefficient value means that the relationship between variables is inversely proportional, where low service quality will increase purchase decisions.

**Table 5. Multiple Linear Regression Test Y1 to Y2**

Model	Unstandardized Coefficients		Standardized Coefficients Beta
	B	Std.Error	
(Counstant)	1,378	0,329	
Purchase Decision (Y <sub>1</sub> )	0,715	0,056	0,561

*Source: SPSS Processed Data, 2020*

Based on the table above, the multiple linear regression equation in this study is:

$$Y_2 = 1,378 + 0,715 \text{ Purchase Decisions}$$

The multiple linear regression equation above can be explained as follows: (1) From the multiple linear regression, it is obtained a constant value ( $\alpha$ ) of 1.378, which means that if the purchase decision has a value of 0, then the repurchase intention value is 1.378 units. (2) The value of the multiple linear regression coefficient of the purchase decision variable is 0.715, which means that if the other independent variables are fixed and the purchase decision has increased by 1 unit, then the repurchase intention will increase by 0.715 units. The coefficient is positive, meaning that there is a positive relationship, where high purchase decision will increase repurchase intention.

## HYPOTHESIS TESTING

### Determination Coefficient Test (R<sup>2</sup>)

**Table 6. Coefficient of Determination (R<sup>2</sup>) X<sub>1</sub>,X<sub>2</sub>,X<sub>3</sub>,X<sub>4</sub> to Y<sub>1</sub>**

Model	R	R Square	Adjusted Square	R Std Error of the Estimate
1	0,570 <sup>a</sup>	0,325	0,318	0,37651

*Source: SPSS Processed Data, 2020*

Based on the table above, it shows the coefficient of determination (Adjusted R Square) of 0.318. This means that the variation in purchase decisions is explained by digital marketing, production differences, customer value, service quality by 31.8%, while the remaining 68.2% is influenced by variables outside this study such as price, product variation.

**Table 7. Coefficient of Determination (R<sup>2</sup>) Y<sub>1</sub> to Y<sub>2</sub>**

Model	R	R Square	Adjusted Square	R Std Error of the Estimate
1	0,801 <sup>a</sup>	0,642	0,641	0,24368

*Source: SPSS Processed Data, 2020*

Based on the table above, it shows the value of the Determination Coefficient (Adjusted R Square) of 0.642. This means that the variation in purchase decisions is explained by purchase decisions of 64.2%, while the remaining 35.8% is influenced by variables outside this study such as re-purchase intention and loyalty.

### Simultaneous Significance Test (Test F)

This test is used to test simultaneously whether there is a relationship between the independent variables and the dependent variable.

**Table 8. Results of the FANOVA Test Calculation**

	F Value	F table	Sig	Information
X <sub>1</sub> , X <sub>2</sub> , X <sub>3</sub> ,X <sub>4</sub> to Y <sub>1</sub>	47,551	2,39	0,000 <sup>a</sup>	Influence on Y <sub>1</sub>

*Source: SPSS Processed Data, 2020*

Calculated using  $\alpha = 0.05$  of 2.39 (F 0.05 (n - k - 1)). From the simultaneous test results (F test) obtained the results of Fvalue = 47.551, with a significance value of 0.000. Because Fvalue 47.551 > F table 2.39 and a significance value of 0.000 < 0.05, so that H<sub>0</sub> is rejected and H<sub>1</sub> is accepted, which means that together Digital Marketing, Product Differentiation, Customer Value, Service Quality have a significant influence on purchase decisions in other words this research model is feasible for continued his analysis.

**Table 9. Results of the F ANOVA Test Calculation**

F Value	F table	Sig	Information
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Y <sub>1</sub> to Y <sub>2</sub>	713,549	3,86	0,000 <sup>a</sup>	Influence on Y <sub>2</sub>
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*Source: SPSS Processed Data, 2020*

Calculated using  $\alpha = 0.05$  of 3.86 (F 0.05 (n - k - 1)). From the test results simultaneously (F test), the results obtained Fvalue = 713.549, with a significance value of 0.000. Because Fvalue 713.549 > F table 3.86 and a significance value of 0.000 < 0.05, so that H<sub>0</sub> is rejected and H<sub>1</sub> is accepted, which means that together purchase decision have a significant influence on Repurchase Intention. In other words, this research model is feasible to continue its analysis.

#### T test

The t test is used to test the significance of the relationship between variable X and variable Y. Here are the results of the t test calculation:

**Table 10. Results of Partial Test (t test) Coefficients**

Model	T <sub>value</sub>	T <sub>table</sub>	Sig	Information
Digital Marketing (X <sub>1</sub> )	13,527	1,966	0,000	Significant influence with $\alpha$ (0,01)
Product Differentiation (X <sub>2</sub> )	-1,745	1,645	0,018	Significant influence with $\alpha$ (0,05)
Costumer value(X <sub>3</sub> )	-0,045	1,282	0,200	No significant influence with $\alpha$ (0,10)
Service Quality (X <sub>4</sub> )	-0,507	1,282	0,612	No significant influence with $\alpha$ (0,10)

*Source: SPSS Processed Data, 2020*

Based on table above, the partial test results can be explained as follows: [1] The test results show that the T value for the digital marketing variable is 13.527 > from the T table of 1.966 or a significant value of 0.000 < alpha 0.05, then H<sub>1</sub> is accepted, meaning that the digital marketing variable has a significant influence on purchase decision. [2] The test results show that the T value for the product differentiation variable is -1.745 > from the T table of 1.645 or a significant value of 0.018 < from alpha 0.05, then H<sub>2</sub> is accepted, meaning that the product differentiation variable has a significant influence on purchase decision. [3] The test results show that the T value for the customer value variable is -0.045 < from the T table of 1.966 or a significant value of 0.963 > from alpha 0.05, then H<sub>3</sub> is rejected, meaning that the customer value variable does not have a significant influence on purchase decision. [4] The test results show that the T value for the service quality variable is -0.507 < from the T table of 1.966 or a significant value of 0.612 > from alpha 0.05, then H<sub>4</sub> is rejected, meaning that the service quality variable does not have a significant influence on purchase decision.

**Table 11. Results of The t-test**

Model	T <sub>value</sub>	T <sub>table</sub>	Sig	Information
Purchase Decision (Y <sub>1</sub> )	26,712	1,966	0,000	Significant influence with $\alpha$ (0,01)

*Source: SPSS Processed Data, 2020*

Based on table above, the partial test results can be explained as follows: (1) The test results show that the T value for the purchase decision variable is 26.712 > from the T table is 1.966 or a significant value of 0.000 < alpha 0.05, then H<sub>5</sub> is accepted, its means that the purchase decision variable has a significant influence on purchase decision.

Based on the results of the t test, it is known that the digital marketing variable has a significant influence on purchase decision. Thus partially it can be show that

digital marketing variables have a significant influence on purchase decision at Shopee online shop. Previous researcher, Arifuddin, R. R. (2018) show that digital marketing has a positive influence. Previous research is in line with current research that the digital marketing variable influence purchase decision.

Based on the research results by the value of t test, it is show that the product differentiation variable has a significant influence on purchase decision. Thus partially it can be concluded that product differentiation variables have a real influence on purchase decision at Shopee online shop. Previous researchers, Sahetapy, J. P. (2013) show that product differentiation has a simultaneous and partial influence on purchase decision. Previous research is in line with current research that product differentiation variables influence purchase decision.

Based on the research results by the value of t test, it is show that the customer value variable does not have a significant influence on purchase decision. Thus partially it can be concluded that the customer value does not influence purchase decision at Shopee online shop. Based on complaints from several respondents who said that the products received were not in accordance with the products offered by the online shop at Shopee. Respondents are dominated by women and have an income below Rp. 2,500,000 and dominated by students. They generally seem easier to believe in what the Online Shop has to offer. However, when they receive a product that does not match the description listed for the product, they feel cheated, and publish the problem in the review column, and their social media, and this will have an impact on the image of the online shop. It is hoped that SME merchants will be more honest or post the authenticity of a product offered so that there is no bad judgment from consumers, and also that customers do not feel cheated and want to continue to make purchases at the store on the online shop. From the results of research conducted by previous researchers, Eka, Dian., & Hamdaini, Yulia. (2017) concluded that customer value has a significant influence on purchase decision, previous research is not in line or there is a difference with current research that the variable customer value does not have a significant influence on purchase decision.

Based on the research results by the value of t test, it is show that the service quality variable does not have a significant influence on purchase decision. Thus partially it can be concluded that service quality variables have no significant influence on consumer purchase decision at Shopee's online shop. Based on the descriptive analysis value it can be explained that the lowest value is 3.77, with the questionnaire statement "Shopee transactions are easy to do", this statement is underestimated by the new week millennial generation because when they do online transactions through the application, server downtime often occurs and can also be explained by analysis of the characteristics of respondents that they prefer to transact via account transfers Bank. Another reason there are complaints from some respondents saying that Shopee was slow in handling comments when consumers wanted to ask for detailed product information that consumers wanted. It is hoped that companies will improve their servers so that there will be no disruptions when consumers transact / make payments online through applications, and for SME traders to be faster and more responsive when consumers / customers ask for detailed information about the products / services that consumers want. From the results of research conducted by previous researchers, Widagdo, H. (2011), that service quality does not have a significant influence on purchase decision, previous research is not in line or there is a difference with current research that the service quality variable does not have a significant

influence on consumer purchase decision. Based on the research results by the value of t test, it is shown that the purchase decision variable has a significant influence on repurchase intention. Thus partially it can be concluded that the purchase decision variable has a significant influence on repurchase intention at Shopee. Previous research conducted by Rachamawati, Dwiki et al. (2014) is in line with current research which shows that purchase decision have a significant influence on repurchase intention.

## CONCLUSIONS AND SUGGESTIONS FOR FURTHER RESEARCH

Based on the results of the multiple linear regression analysis that has been carried out in this study, it can be concluded that: (1) Digital marketing influence purchase decision of Millennial Generation in Pekanbaru at Shopee Online Shop (2) Product differentiation influence purchase decision of Millennial Generation in Pekanbaru at Shopee Online Shop. (3) Customer value does not influence purchase decision of Millennial Generation in Pekanbaru at Shopee Online Shop. (4) Service quality does not influence purchase decision of of Millennial Generation in Pekanbaru at Shopee Online Shop. (5) Purchase decision does not influence repurchase intention of Millennial Generation in Pekanbaru at Shopee Online Shop.

Based on the results of these studies, suggestions that can be given are as follows: [1] For academics the results of this study can be used as additional references to conduct research and studies for problems related to efforts to build store loyalty. It is hoped that further research can discuss online buying behavior in rural communities, besides that further research can examine the use of e-commerce in optimizing the distribution of products from remote areas so that they can be marketed globally. [2] The Shopee market place must upgrade its server again so that the server does not go down when many Shopee users visit the application. It is hoped that SME merchants are more honest or post the authenticity of the products offered so that there is no bad judgment from consumers, and also so that customers do not feel cheated and want to continue to make purchases at shops in online shops and for SME traders who are in online stores. in order to improve the quality of their services.

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