

## Impact of Free Shipping Promotion on E-Commerce Application Popularity in Indonesia

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### Abstract

The rapid development of technology allows people to shop remotely through e-commerce applications. Because of a lot of e-commerce users in Indonesia, there is fierce competition for customers. One of his efforts for e-commerce companies is to offer free shipping promotions to users. On the other hand, among the various existing e-commerce applications, few are popular and widely adopted by Indonesian people. This study aims to know if the promotion of free shipping affects the popularity of e-commerce applications in Indonesia. The research methodology employed in this study was a qualitative research methodology and the data collection technique used in this study was an analysis of the literature, which collects and compares data from various literature sources. Results from this research show that free shipping promotions influence e-commerce applications' popularity in Indonesia. Other than free shipping promotions, Other factors affecting the popularity of e-commerce applications in Indonesia are the affordability of products., attractive special offers or discounts, diverse product selection, fast delivery, and attractive e-commerce display.

**Keywords:** Free Shipping Promotion, Popularity of E-Commerce applications, Indonesia, Online Shopping.

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## INTRODUCTION

Today's rapid development of technology allows people to shop remotely (Yustiani & Yunanto, 2017). Online shopping centres may be referred to as e-commerce where other users (sellers) offer a lot of goods online. (Harahap, 2018). After the selection of the desired product, users are able to pay online very quickly. Once the payment has been confirmed, the product will be sent via courier. In recent years, there has been a growing tendency to purchase goods online in Indonesia (Amanah et al., 2021). From young children to the elderly, a lot of people have started using e-commerce platforms to purchase goods based on their needs and desires. (A. Purwandari & PP Ayu, 2021). Indonesia is her 10th largest country with e-commerce growth at 78%, and in 2019 she ranks first. According to the results of DailySocial that survey in April 2021 shows that 88.1% of Indonesians use e-commerce services.. A business transaction that purchases a specific item over the past few months. It is the highest in the world., meaning that Indonesia is number one. In second place is the United Kingdom, where 86.9% of internet users use e-commerce. Meanwhile, the global average ecommerce adoption rate is 78.6% (Yusra, 2018). A lot of e-commerce users in Indonesia is a potentially target market characterized by the increasing number of online shops that have emerged in Indonesia (Parhusip, 2019).

This state creates fierce competition between the two to attract customers. E-commerce businessmen are preparing methods and strategies to delight users with shopping (Alfin, 2021). One of their efforts consists in providing free shipping promotions to users (Kangean & Rusdi, 2020). This free shipping service is one of the most popular in Indonesia (ASTUTI, 2022). When you shop online with e-commerce, the product you want may be cheaper than the shipping cost. Shipping costs are one of the more significant factors. before a user makes a payment. It's relevant and important because every customer is willing to pay. large sums to ship their purchased products (Angelina & Rumambi, 2022). Thanks to free shipping, users are not required to exceed the price set for the product. Free shipping also saves users money. A shipping element can encourage shoppers to purchase when there is a free shipping promotion. This phenomenon is known to influence the popularity of e-commerce applications used by Indonesians for shopping (Rabbani et al., 2023). (Khatib Sulaiman Dalam No et al., 2023), (Han et al., 2022), (Erpurini, 2022), (Firdaus, 2022), and (Rahman et al., 2022) surveyed Indonesian respondents. Use a quantitative search methodology by distributing a questionnaire to Indonesian respondents.

Meanwhile, according to research data (Populix, 2021), the main reason for choosing the favorite e-commerce in Indonesia according to the public is because of attractive discount promos followed by the factor of postage promos, and other factors (Rui et al., 2020). As many as 40% of the male respondents and 30% of the female respondents agreed with this reason. In addition, from the results of the DailySocial survey that collaborated with JakPat to find out which e-commerce services respondents prefer, a survey was carried out among 2026 respondents all over Indonesia. (Astuti & Susila, 2022). The results of the survey reveal that an e-commerce service is considered a favorite for reasons of more affordable prices, discount promotions, a variety of product choices, and free shipping. Based on the various problems we encountered and based on previous research, in this study, we would like to fill in the gaps caused by a lack of research that addresses the factors that influence the level of popularity of e-commerce applications in Indonesia and whether free shipping promotions have a major effect on the level of popularity of e-commerce applications. (Tsai and Chan, 2022).

Therefore, the question of this study is whether the popularity of using e-commerce applications in Indonesia is affected by free shipping promotions. The research methodology employed in this study was a qualitative research methodology and the data sources used in this study are secondary data from several author-reviewed international journals on the topics covered in this study. The data collection technique used in this study was a literature review, collecting and comparing data from different literature sources. This study aims to know if the promotion of free shipping affects the popularity of e-commerce applications in Indonesia. It also seeks to understand the factors that influence the popularity of e-commerce applications in Indonesia. The results of the research may be used for scientific purposes as supplementary knowledge. and literature for further research. In real-world applications, these insights will help e-commerce companies and business prospects improve their Pose application innovation and promotion strategies. One of them is the free shipping service strategy. Therefore, it is hoped that e-commerce companies or businessmen will be able to compete

and increase the functionality and popularity of their products among the general public.

## RESEARCH METHOD

This type of study is a literature review using a narrative review model. In the narrative review model, the study was conducted by comparing data from several author-reviewed international journals (Muslim & Surya Perdhana, 2017). The research methodology employed in this study was a qualitative research methodology and the data sources used in the research are secondary data from several international journals related to the topics discussed by the authors of this study. Researchers apply descriptive analytical techniques by collecting, processing, and analyzing the data under investigation. Bibliographic searching is done by searching journals related to the subject or topic of research underway. The technique used to collect data for this study was a literature review, collecting and comparing data from different literature sources. Secondary data from several selected international journals were used as data sources (Kristiawan & Asvio, 2018). Data processing is done through journal analysis to compare and validate data and resolve issues (Anisah et al., 2018). We use data from various literature reviews to determine whether free shipping promotions influence the popularity of e-commerce applications in Indonesia. It also seeks to understand the factors that influence the popularity of e-commerce applications in Indonesia.

## RESULTS AND DISCUSSION

### Results

Based on literature sources surveyed 2026 respondents across Indonesia, e-commerce services are characterized by low prices (31%), advertising discounts (26%), a wide range of products (19%), and free shipping (15%). According to the survey, the top 4 most popular e-commerce app is Shopee (34%), which is the e-commerce application most commonly used by respondents. Then for the second position is Tokopedia (28%), the third position is Bukalapak (17.5%) Lazada is fourth (14%), and Blibli is at the bottom (2%) in terms of community popularity. On the other hand, other considerations in determining the popularity of an e-commerce service in the public eye are the usage habits of a particular e-commerce application, the maturity of the e-commerce application product, and the appearance of the service interface (Wijayanto et al. ., 2023).

Table 1. Percentage of Favorite E-Commerce Applications Choice in Indonesia

Percentage	Reason
31%	Cheap and affordable
26%	Attractive promotions and discounts
19%	Variety of product choices
15%	Free postage
6%	Fast delivery

Source: *DailySocial, JackPat, 2018*

According to another study, Tokopedia and Shopee are e-marketplaces with the highest average access times and traffic among other e-marketplaces, as shown by the Global Web Index (GWI) results (Guo & Shang, 2023). is. 71% of social media users use the Shopee platform to research what they want to buy and help them make pre-purchase decisions (Suswanto & Setiawati, 2020), with Tokopedia being the most coveted according to Poplix research. I'm here. Shopee remains the most popular social media e-commerce on Instagram, according to the results of a DailySocial survey conducted in collaboration with JakPat in Q3 2021 (Putri & Devita, 2021). Shopee has a total of 8 million followers, Tokopedia with a total of 4 million, Lazada with a total of 3 million, Blibli with a total of 1.9 million, and Matahari is in fifth place with a total of 1.7 million (Salsabila Putri & Zakaria, 2020). These five e-commerce companies have remained popular on Instagram since Q3 2020. Looking at the popularity of e-commerce on social media Twitter, Tokopedia has about 900,000 followers, Shopee has about 600,000 followers, and Blibli has 540,000 followers.

## **DISCUSSION**

### **E-Commerce Applications in Indonesia**

E-commerce or marketplace is where people are now engaged in various activities online, one of which is buying and selling or buying and selling. Looking back at the fact that digital platforms are developing rapidly, there are indeed many opportunities for Indonesian e-commerce platforms to evolve year by year (Sasmita, 2022). E-commerce in Indonesia has developed rapidly since the launch of KasKus in 1999 and Tokopedia, which were the best e-commerce applications in Indonesia in 2009. Apart from these two platforms, many Indonesian e-commerce platforms have come up to date and almost all of them are actively used by their customers. Some of the largest e-commerce companies (market leaders) are beginning to expand into different sectors. This allows one platform to dominate the market over other digital platforms. This is summarized in modeling theory published by UNCTAD (United Nations Conference on Trade and Development), which that shows e-commerce currently dominates the industry in five domains: marketplaces, social networks, payment systems, video sharing, and search engines. I'm explaining. Through literature research, desk research, and direct user observation by distributing questionnaires, an in-depth analysis was conducted on who is the strongest and largest e-commerce platform based on their mastery of the five pillars of the digital economy. .teeth. strength. From the calculations and processing performed in Mr.'s software. Excel and Tableau, Shopee, Tokopedia, Lazada, Bukalapak, and Blibli are the largest e-commerce platforms in Indonesia based on website and social media performance data and customer research (Haniscara, 2021).

Equally interesting is Shopee's success as a service #1 in the mobile apps category for Android and iOS. This figure is pretty amazing considering Shopee had only been competing in Indonesia for three years at the time of the survey. Based on the data collected by iPrice, Shopee continues to focus on innovative mobile apps. Based on data gathered by Shopee, Shopee is currently downloaded

more than 61 million times and averages 110 million visits per month. Over 95% of Shopee users transact on their smartphones. To corroborate this data, DailySocial partnered with her JakPat to survey to find out which e-commerce services respondents prefer. Based on literature sources surveyed 2026 respondents across Indonesia, e-commerce services are characterized by low prices (31%), advertising discounts (26%), a wide range of products (19%), and free shipping (15%). According to the survey, the top 4 most popular e-commerce app is Shopee (34%), which is the e-commerce application most commonly used by respondents. Then for the second position is Tokopedia (28%), the third position is Bukalapak (17.5%) Lazada is fourth (14%), and Blibli is at the bottom (2%) in terms of community popularity. Additionally, the study found that e-commerce services are used for reasons such as low prices (31%), discount promotions (26%), wide product selection (19%), and free shipping (15%). is shown. completion. %). Other considerations include habits of using a particular e-commerce application, the maturity of the product, and the look and feel of the service interface (Azizi, 2021).

According to another study, Tokopedia and Shopee are the e-marketplaces with the highest average number of hours per visit and the highest number of visitors among other e- marketplaces. As a place to connect sellers and buyers, e-marketplaces should consider seller and buyer survival factors, but little research has been done from the seller's perspective. As of Q3 2021, Shopee remains the most popular e-commerce on Instagram social media. Shopee has a total of 8 million followers, Tokopedia with a total of 4 million, Lazada with a total of 3 million, Blibli with a total of 1.9 million, and Matahari is in fifth place with a total of 1.7 million. These five e-commerce companies have remained popular on Instagram since Q3 2020. Looking at the popularity of EC on SNS Twitter, Tokopedia has about 900,000 people, Shopee has about 600,000 people, and Blibli has 540,000 people.

### **Impact of Free Shipping Promotion on E-Commerce Applications in Indonesia**

A lot of e-commerce users in Indonesia are a potentially target market, as evidenced by the increasing number of online shops in Indonesia. This condition creates fierce competition between the two to attract customers. E-commerce businessmen prepare methods and strategies to delight users with shopping. One of their efforts is offering free shipping promotions to users. This service has become one of the most popular among Indonesians. When you shop online with e-commerce, the product you want may be cheaper than the shipping cost. Shipping costs are one of the more significant considerations factors before a user makes a payment. It is appropriate and important as not all customers are willing to pay large sums to ship their purchased products. Thanks to free shipping, users are not required to exceed the price set for the product. Free shipping also saves users money. A shipping element can encourage shoppers to purchase when there is an offer of free shipping. This phenomenon is known to affect the popularity of e-commerce applications used by Indonesians for shopping. A study by (Jeremy Hermon, Kawang Utomo, 2023) found that free shipping influences e-commerce shoppers purchasing decisions, and other literature has reached the same

conclusion. In addition, there are four factors that influence e-business buying decisions. Which are product integrity, price volatility, cashback promotions, and ease of use. This study used a quantitative descriptive approach by distributing questionnaires to 50 Indonesian respondents.

Then research by (Sita Dewi, 2022) used a quantitative approach with a purposive sampling technique so that 100 respondents obtained showed that there was a significant influence between discounts on purchasing decisions, and free shipping promos had a significant influence on shipping decisions at Shopee e-commerce. Furthermore, research by (Ita Sasmita, and Ahmad Effendi, 2022) uses a non-probability sampling technique using the Slovene formula, with the result that the number of samples in this study is 100 respondents. The tagline "free shipping" has a positive impact on buying decisions through purchase intention in the people of Makassar City. Research conducted by (Muhammad Firdaus, 2020) using the Explanatory research technique with a sample of 90 respondents and using a non-probability sampling technique with a purposeful primary data sampling approach with a data collection method using a questionnaire concluded that convenience, trust, benefits, and the tagline free shipping has a significant effect on repurchase intention and research by (Rizky Satya, 2018) which uses primary data obtained by using a questionnaire using the convenience sampling method and simple linear regression testing answers that free shipping Shopee promotions have a significant impact of free shipping offers student in Yogyakarta.

On the other hand, according to Poplix research data, attractive discount promotions are the top reasons for preferring e-commerce in Indonesia, followed by postage promotions and other factors. At least 40% of male respondents and 30% of female respondents agreed with this rationale. In addition, the results of a poll conducted by DailySocial in partnership with JakPat were used to identify respondents' preferred e-commerce services, and the survey was conducted among her 2026 respondents across Indonesia. I was. According to survey results, e-commerce services are considered popular due to low prices, discount offers, a wide selection of products, and free shipping.

## **CONCLUSION**

Results from this research show that free shipping promotions influence e-commerce application popularity in Indonesia. The percentage impact of free shipping promotions on the e-commerce application popularity in Indonesia is 15% out of 2026 respondents for all Indonesians. This shows that the promotion of free shipping is not the main factor behind the e-commerce application popularity in Indonesia, but only one of the supporting factors. Other than free shipping promotions, other factors affecting the e-commerce application popularity in Indonesia are the affordability of products., attractive special offers or discounts, diverse product selection, fast delivery, and attractive e-commerce display.

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