

ANALYSIS OF CONSUMER PURCHASING DECISIONS ON E-COMMERCE PLATFORMS

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Abstract

This literature research aims to analyze the factors that influence consumer purchasing decisions on e-commerce platforms. This research identifies and evaluates internal and external factors that contribute to the consumer decision-making process. Internal factors include personal needs and preferences, previous experiences, and consumer demographic conditions, while external factors include the quality of user experience, platform reputation and security, marketing strategies, and social influence from family, friends, and social media. Data was collected through surveys and in-depth interviews with e-commerce consumers to gain comprehensive insights. The research results show that consumer purchasing decisions are strongly influenced by a combination of these factors. The quality and ease of use of the platform, transaction security, and effective promotions play a significant role in driving purchasing decisions. Additionally, social influence and reviews from other users are also cited as important factors in shaping consumer perceptions and trust in the platform. In conclusion, e-commerce platforms must focus on improving user experience, ensuring the security and reliability of transactions, and implementing targeted marketing strategies to attract and retain consumers. By understanding and managing these factors effectively, e-commerce platforms can increase consumer loyalty and achieve long-term business success.

Keywords: Purchase Decisions, Consumers, E-Commerce.

INTRODUCTION

The development of information and communication technology in the last decade has driven revolutionary transformation in various industrial sectors, including the retail sector. One of the most powerful manifestations of this transformation is e-commerce or electronic commerce, which not only changes the way consumers shop but also redefines the dynamics of buying and selling products (Hanh & Thai, 2022). In Indonesia, e-commerce platforms such as Tokopedia, Shopee, Bukalapak, and Lazada have become the main solution for consumers to meet their daily needs in an efficient and practical way. The existence of these various platforms not only makes things easier for consumers but also expands market access for small and medium businesses.

The increase in e-commerce adoption among Indonesian people has been influenced by several important factors, including easy internet access, high smartphone penetration, and the existence of a variety of safe and convenient payment methods. Nevertheless, the dynamics in the purchasing decision making process on e-commerce platforms is still a complex and interesting topic to research. Factors such as product reviews, ratings from other users, trust in the platform, as well as personal preferences and consumer demographics play a significant role in influencing consumers' final decisions (Kurniawan & Oetarjo, 2023). Therefore, it is important to understand how these various factors contribute to shaping consumers' online purchasing behavior.

In the last few decades, developments in information and communication technology have brought significant changes to various sectors, including the trade sector. E-commerce or electronic commerce has become one of the most significant innovations changing the way consumers shop. With the presence of e-commerce platforms, consumers can now easily purchase products and services with just a few clicks, without having to leave the comfort of their homes. This trend does not only occur in developed countries, but also in developing countries which show significant growth in e-commerce adoption (Dewi et al., 2022).

Even though it offers various benefits such as convenience, product variety, and more competitive prices, e-commerce also faces several challenges. One of the main challenges is building and maintaining consumer trust. Transaction security, product authenticity and after-sales service are crucial factors that e-commerce service providers must pay attention to. Consumers are often concerned about risks to the security of their personal and financial data. Consumers' trust and perception of the security of e-

commerce platforms has a direct impact on their purchasing decisions and loyalty (Herlambang & Rochmaniah, 2024).

In addition, demographic factors such as age, gender and income level also influence online purchasing patterns. For example, millennials and Gen Z tend to be more open to online shopping compared to older generations. These variables play an important role in market segmentation and marketing strategy formulation. Studies also show that product reviews and ratings given by other consumers have a significant influence on purchasing decisions. Consumers tend to look for information from reviews and ratings as references before making a final decision. In this context, understanding the factors that influence consumer purchasing decisions is important for e-commerce business players to optimize marketing strategies and improve consumer shopping experiences.

This research is relevant because a comprehensive understanding of consumer behavior on e-commerce platforms can provide valuable insights for industry players in developing more effective marketing strategies and improving user experience. Additionally, with increasing competition in the e-commerce market, a deep understanding of consumer purchasing dynamics can help e-commerce platforms to retain customers and increase consumer loyalty. It is also hoped that this research can provide theoretical contributions to academic literature regarding consumer behavior in the digital era, as well as become a reference for further research.

RESEARCH METHOD

The study in this research is qualitative with literature. The literature study research method is a research approach that involves the analysis and synthesis of information from various literature sources that are relevant to a particular research topic. Documents taken from literature research are journals, books and references related to the discussion you want to research (Earley, M.A. 2014; Snyder, H. 2019).

RESULT AND DISCUSSION

Buying decision

Purchasing decisions are a complex process involving various internal and external factors that influence consumers in choosing products or services. Internally, this decision is influenced by the individual's needs and desires, which are often influenced by values, beliefs and past experiences (Sandria et al., 2022). For example, a consumer who has a positive experience

with a brand is likely to choose that brand again in the future. In addition, demographics such as age, income, education, and socio-economic conditions also play an important role in determining a person's preferences and purchasing ability.

External factors, on the other hand, include elements such as the social, cultural, and economic environment. Influences from family, friends, and reference groups often play a role in dictating consumer choices, especially in purchasing goods related to status or self-identity. Additionally, marketing strategies, such as effective advertising, sales promotions, and appropriate product placement, can significantly influence purchasing decisions. Technology and advanced customer service infrastructure also enhance the shopping experience, which can ultimately encourage consumers to make purchasing decisions (Zhang, 2024). Therefore, for companies, understanding and managing the various factors that influence consumer purchasing decisions is a crucial step to achieving sustainable business success.

Factors that Influence Consumer Purchasing Decisions on E-Commerce Platforms

Consumer purchasing decisions on e-commerce platforms are influenced by various internal factors related to individual and psychological characteristics. One of the main internal factors is motivation, namely the drive within consumers that makes them look for and buy certain products. This motivation can be rational, such as looking for the best price or product quality, or emotional, such as buying a product to improve social status or as a means of entertainment (Pohan & Soedarsa, 2024). In addition, consumer perceptions of e-commerce platform brands, products and services also play an important role. These perceptions are formed through personal experience, as well as information obtained from reviews and recommendations from other users.

Another internal factor is consumer attitudes and trust towards e-commerce platforms. Positive attitudes can be formed through a good shopping experience, responsive customer service support, and a fair return policy. Trust in transaction security also has a big influence (Wibowo & Sari, 2023). For example, if consumers feel safe in providing their credit card information, then they are more likely to make a purchase. These factors show how important it is for e-commerce service providers to create an environment that is trustworthy and supports consumer needs.

On the other hand, external factors that influence consumer purchasing decisions include elements such as economic conditions, culture, and technology. Economic conditions, such as income levels and inflation, can influence consumers' purchasing power and the product choices they consider. Meanwhile, cultural aspects such as values, norms and traditions also have an impact on product preferences and shopping behavior (Catamio, 2023). For example, in countries or communities where online shopping is less common, consumers may be more inclined to shop in physical stores.

Technology is an external factor that is very influential in the context of e-commerce. Advances in information technology have enabled the development of new features that make online shopping more convenient and safe. The use of intelligent algorithms and artificial intelligence, for example, allows e-commerce service providers to offer more relevant product recommendations and personalize shopping experiences (Ismail et al., 2024). In addition, secure and easily accessible payment technology also helps reduce transaction barriers. By understanding and managing these internal and external factors, e-commerce platforms can be more effective in attracting and retaining their consumers.

Another factor that is no less important is the consumer's lifestyle and personality, two internal elements that greatly determine their preferences and shopping patterns. Consumers with busy modern lifestyles who prioritize practicality, for example, will likely be more interested in e-commerce services that offer fast and easy delivery. Personality also plays a role, where bolder individuals may prefer to try new products or lesser-known brands. Market segmentation based on lifestyle and personality can help e-commerce platforms develop more targeted marketing strategies (Wang, 2024).

External factors such as social trends and influences from the surrounding environment also have a significant impact. Social media and online communities have become a major source of product recommendations and user reviews, which are often more trusted than conventional advertising. E-commerce platforms often utilize influencers and user reviews to increase credibility and attract new consumers (Lee & Lee, 2023). In addition, marketing campaigns via social media can create buzz and increase product visibility, which ultimately influences consumer purchasing decisions.

Government regulations and policies are also external factors that need to be considered. Policies such as consumer protection, digital trade regulations, and taxation can influence e-commerce business operations and

strategies (Maulana & Hariasih, 2023). For example, policies that strengthen personal data protection can increase consumer trust in e-commerce platforms. On the other hand, burdensome tax policies can be a barrier to the growth of e-commerce businesses. Therefore, e-commerce platforms must always follow regulatory developments and adapt to these changes.

This combination of internal and external factors creates a complex ecosystem that influences consumer purchasing decisions on e-commerce platforms. Identifying and understanding the dynamics of these factors is critical for e-commerce service providers to improve the shopping experience and achieve competitive advantage. By continuing to innovate and adapt strategies based on analysis of these factors, e-commerce platforms can be more efficient in meeting consumer expectations and building long-term loyalty (Andina et al., 2023).

The Role of Demographic Factors in Consumer Purchasing Patterns

Demographic factors such as age, gender, and income play a significant role in determining consumer purchasing patterns on e-commerce platforms. Age, for example, influences product preferences and the way consumers interact with technology. Consumers from younger generations, such as Generation Z and Millennials, tend to be more open to online shopping and use digital technology to search for product information, compare prices, and read reviews. They are more interested in products that are trendy, innovative, and often promoted via social media. On the other hand, consumers from the older generation may be more careful in making online purchases and prefer e-commerce sites that offer a safe and easy-to-use shopping experience (Agrawal & Agrawal, 2023).

Gender also determines purchasing patterns in specific ways. For example, women tend to shop online more often than men, especially for fashion, beauty and household products. They are also more involved in the research process before making a purchase, taking advantage of reviews and recommendations from others. Men, on the other hand, may focus more on purchasing technology products, gadgets, and sports equipment (Zhuang, 2023). Additionally, gender differences may also influence preferences for brands and the types of promotions that are effective, with women perhaps being more responsive to discounts and buy one get one free, whereas men may be more interested in promotions that highlight product features.

Income is a demographic factor that directly influences purchasing power and the types of products sought by consumers. Consumers with high

incomes tend to choose premium products and well-known brands, paying attention to the quality and exclusivity of the goods purchased. They may also be more interested in a shopping experience tailored to their needs, including superior customer service and fast shipping. In contrast, consumers with lower incomes may be more sensitive to price and promotions, looking for the best deals and significant discounts. They tend to compare prices across different e-commerce platforms to get the best value for their money (Soumyajit et al., 2023).

Income can also impact the frequency and amount of purchases. Consumers with higher incomes may make purchases more frequently and in larger quantities, while those with lower incomes may be more selective and make less frequent but planned purchases. E-commerce platforms need to pay attention to these demographic factors to develop effective marketing strategies and personalize the shopping experience. By understanding how age, gender, and income influence purchasing patterns, platforms can craft more relevant campaigns, increase customer satisfaction, and ultimately create long-term loyalty (Tonpe & Mankar, 2024).

Consumer Perceptions and Attitudes towards Transaction Security Influence Purchase Intentions

Consumers' perceptions and attitudes towards the security of transactions in e-commerce have a major influence on their purchasing intentions. Consumers who feel that their personal and financial information will be safe tend to be more confident in making online purchases. Various factors that influence the perception of transaction security include the presence of security certificates on websites, data encryption, and transparent privacy policies. E-commerce platforms that are able to clearly display these security measures can increase consumers' sense of security, which in turn increases their purchase intentions (Bhatia & Sisodia, 2023).

Consumer attitudes towards security are also influenced by previous experiences. Consumers who have experienced fraud or data breaches in the past will be more skeptical and cautious about online transactions. This attitude encourages them to be more selective in choosing e-commerce platforms and prefer sites that already have a good reputation in terms of security. Testimonials from other users and reviews praising the security aspects of a platform can increase consumer confidence and influence their attitudes positively (Fang & Cao, 2022).

The existence of a return policy and responsive customer service are also important indicators of transaction security. Consumers who know they have protection and can file a claim if a problem occurs will be more comfortable and interested in shopping. Consumer attitudes towards risk can be minimized by providing guarantees such as a money back guarantee and customer service that is ready to help at any time. Responding to consumer complaints and questions quickly and efficiently can increase positive perceptions of the security of transactions on the platform (Dharshini, 2024).

Consumers' perceptions and attitudes towards transaction security shape their purchase intentions on e-commerce platforms. Platforms that fail to meet the security standards consumers expect may miss opportunities to attract and retain customers. On the other hand, platforms that succeed in instilling trust regarding transaction security will not only attract more consumers but also build long-term loyalty (Putri & Hadita, 2024). Therefore, it is important for e-commerce service providers to continuously improve and communicate the security measures they take, and address related issues quickly and transparently to maintain consumer trust.

Continuing to improve the security aspects of transactions on an ongoing basis is also important in responding to the ever-changing security threat landscape. Consumers in today's digital ecosystem are increasingly aware of various threats such as phishing, malware and identity theft. Therefore, e-commerce platforms must be proactive in detecting and addressing these potential threats. Regular updates to security protocols, regular security audits, and security training for staff and users are some of the steps that can increase positive perceptions about transaction security. The more consumers feel that the platform is continuously trying to protect them, the greater purchase intent they are likely to develop (Ferdiansyah & Pratomo, 2023).

Apart from focusing on technical security, the aspect of educating consumers is also no less important. Consumers who are more aware of safe shopping practices, such as using strong passwords, verifying website security before entering sensitive information, and being alert to signs of fraud, tend to feel more secure in their transactions. E-commerce platforms can provide educational resources such as articles, videos, and webinars that discuss how to shop online safely. This effort not only builds trust but also increases consumer loyalty because they feel supported and protected by the platform (Sangwan & Gandhi, 2024).

The use of the latest technologies such as multi-factor authentication, biometric recognition, and AI algorithms to detect suspicious transactions can also increase the level of transaction security. The implementation of this technology not only adds an additional layer of protection but also sends a strong signal to consumers that the platform is at the forefront of security technology. Consumers who see the use of this advanced technology will be more confident that the platform is able to protect their data from the latest threats (Chang & Chen, 2022).

In the competitive e-commerce business environment, maintaining and improving the perception of transaction security is key to long-term success. Consumers who feel safe and trust the platform will be more likely to show strong and sustainable purchase intentions. Therefore, e-commerce platforms need to view transaction security not only as a technical requirement but also as an essential business strategy component in building solid and trusted relationships with consumers (Tseng & Wang, 2023).

CONCLUSION

Analysis of consumer purchasing decisions on e-commerce platforms shows that these decisions are influenced by a complex combination of internal and external factors. Internal factors such as needs, personal preferences, previous experiences, and demographic conditions play an important role in determining consumer choices. Meanwhile, external factors such as the quality and convenience of the user experience, platform reputation and security, promotions and marketing strategies, as well as social influence from family, friends and social media also greatly influence purchasing decisions.

For e-commerce platforms, understanding and managing these factors effectively is key to attracting and retaining consumers. This includes ensuring that the platform offers an intuitive and secure user experience, uses advanced technology for fraud detection, engages consumers through targeted marketing, and provides high-quality, responsive customer service. With this holistic approach, e-commerce platforms can increase consumer trust and loyalty, which in turn can drive improvements in purchasing decision rates and overall business success.

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