

## The Influence of Free Shipping and Online Customer Reviews on the Shopee Platform on Purchasing Decisions of Students of the Faculty of Economics, Nias University

Reyan Janefata Zebua<sup>1</sup>, Aferiaman Telaumbanua<sup>2</sup>,  
Sophia Molinda Kakisina<sup>3</sup>, Serniati Zebua<sup>4</sup>

Universitas Nias, Indonesia

E-mail: [reyanzebua101@gmail.com](mailto:reyanzebua101@gmail.com)<sup>1</sup>, [aferiaman.tel@gmail.com](mailto:aferiaman.tel@gmail.com)<sup>2</sup>, [molindasophia@gmail.com](mailto:molindasophia@gmail.com)<sup>3</sup>,  
[sernizebua97@gmail.com](mailto:sernizebua97@gmail.com)<sup>4</sup>

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### Abstract

*This study investigates the role of acquisition premiums in mergers and acquisitions (M&A) and their impact on shareholder wealth, focusing on five major Indian deals in pharmaceuticals, retail, banking, steel, and renewable energy sectors. Potential synergies often justify acquisition premiums ranging from approximately 15% to 40% above target companies' market values. However, market responses suggest that such premiums may not consistently result in value creation for acquiring firms' shareholders. Empirical findings reveal mixed outcomes: Sun Pharma's acquisition of Ranbaxy led to a 9.8% share price increase within five days, while Tata Steel's high-premium acquisition of Bhushan Steel saw only a 1.7% gain. In contrast, deals like Reliance–Future Retail and Tata Power–Welspun Power showed minimal or negative returns, despite sizable premiums. These patterns indicate that premium size alone is not a reliable predictor of post-deal shareholder wealth creation. The study concludes that M&A success depends more on strategic fit, market timing, and sectoral dynamics than on the premium offered. This analysis contributes to the broader M&A discourse by offering evidence-based insights into how premium valuations can either maximise or dilute shareholder value, aiding investors, corporate strategists, and policy analysts in deal assessment.*

**Keywords:** Free shipping, Online Customer Service, Purchasing Decision

### 1. INTRODUCTION

In an era of rapid advancement, the internet has become a vital tool connecting billions of people worldwide. The International Telecommunication Union (ITU) report "Facts and Figures 2024 – Internet Use" estimates that by 2024, approximately 5.5 billion people will be connected to the internet, representing approximately 68% of the world's population. This data also indicates that approximately 2.6 billion people remain unconnected.

According to Semrush (Indonesian Survey Institute) [databoks.katadata.co.id](https://databoks.katadata.co.id), during the fourth quarter of 2024 (October–December), visits to Shopee, Lazada, and Blibli sites increased, while those to Tokopedia and Bukalapak decreased. In December 2024, the Shopee website ([shopee.co.id](https://shopee.co.id)) received 145.1 million visits. This figure represents an

increase of 16.5 million visits, or 12.8%, compared to October 2024. During the same period, visits to the Lazada website (lazada.co.id) increased by 6.2 million, or 16.3%. Furthermore, visits to the Blibli website (blibli.com) increased to 1.2 million, or a growth of around 5.3%. Meanwhile, Tokopedia (tokopedia.com) experienced a decline of 6.3 million visits or 8.6%, followed by Bukalapak (bukalapak.com) which experienced a decline of 800,000 visits or 22.9%.

Shopee, as an e-commerce platform, offers easy access and various promotions to attract buyers, including free shipping. Furthermore, the platform provides comprehensive product information and online customer reviews, allowing potential buyers to quickly assess product quality. This makes Shopee an interesting research subject, as its digital marketing strategies influence consumer behavior.

According to the results of a survey conducted on 30 respondents, it shows that in the last 3 months 2 respondents can shop more than 9 times (7%), 4 respondents as much as 6-9 times (13%), 19 respondents as much as 2-5 times (63%) and then 5 respondents in the last 3 months can shop as much as 1 time (17%). From the results of this survey it can be seen that 29 respondents feel motivated or enthusiastic to shop at Shopee because of the Free Shipping (free shipping). Respondents stated that with the free shipping promo given by Shopee, it will provide benefits and cost savings so that it makes them enthusiastic to shop at Shopee. Meanwhile, 28 respondents answered that positive and negative reviews or reviews from other buyers influence them in purchasing a product on Shopee with the argument that positive and negative reviews can help provide information about a product to be purchased as well as how the condition, quality or service provided by the seller (seller), so that they avoid modes or fraud. Apart from that, 6 respondents stated that the quantity (amount) of their purchases was not affected by whether or not there was free shipping provided by Shopee.

Considering the phenomenon of digitalization and the dynamics of consumer behavior in the modern era, especially among students who are digital natives, it is important to conduct an in-depth analysis of the factors that influence online purchasing decisions. This study aims to identify and measure the influence of free shipping and online customer reviews on purchasing decisions of students at the Faculty of Economics, Nias University, on the Shopee platform. It is hoped that the results of this study will not only enrich the wider audience in the field of digital marketing but also provide strategic recommendations for business actors, especially those on Shopee, to develop better marketing strategies that are in line with the characteristics of students.

## **THEORY**

### **e-Commerce**

According to Sawlani (2021:11), e-commerce is the activity of selling, buying, marketing, and distributing products using telecommunications network technology such as the internet and computer networks to facilitate the buying and selling process. According to Rerung (cited in Usman, 2022), e-commerce characteristics include borderless transactions, anonymous transactions, digital and non-digital products, and intangible goods. According to Rerung in Usman (2022), some of the main advantages of e-commerce include the opportunity to create more diverse and promising revenue streams compared to conventional trading systems. Through digital technology, companies can significantly

expand their market share. One of the biggest challenges in e-commerce is the vulnerability to theft of critical data, both belonging to companies and consumers. Data stored in digital systems, such as credit card numbers, personal addresses, and transaction information, can be hacked by unauthorized parties.

### **Free Shipping (Free Shipping)**

According to Tjiptono in Mustafa et al. (2024), free shipping promotions can be understood as a form of direct persuasion in marketing strategies, where companies use various types of incentives designed to encourage consumers to make immediate purchases or increase the number of products purchased. Similarly, Nuraini (2023:15) defines free shipping as a form of discount given to consumers by covering the shipping costs. Furthermore, Istiqomah & Marlana in Nuraini (2023:15) explain that the main purpose of implementing a free shipping program is to provide persuasive information while influencing consumers to make a purchase transaction. Shipping costs are determined by the distance, weight, and number of items. The larger and heavier the item and the further the shipping location, the higher the shipping fee will be (Sari in Khasanah et al., 2024).

From a consumer psychology perspective, free shipping operates based on the mental accounting principle introduced by Richard Thaler (Ardika, 2023:282). The theory of "loss aversion," or aversion to loss, proposed by Kahneman and Tversky (Shaleha et al., 2022), is also crucial for understanding the effectiveness of free shipping. According to Wawro (Shaleha et al., 2022:295), loss aversion is a behavioral bias in finance that falls under prospect theory. Loss aversion describes an investor's attitude in which the intensity of discomfort resulting from losses is greater than the level of satisfaction derived from gains. In the marketing context, specifically in this study, loss aversion theory is also relevant, where consumers are like investors investing in a product they intend to purchase but are burdened with additional costs such as shipping (free shipping).

### **Online Customer Review(Online Customer Reviews)**

According to Banjarnahor in Mustafa et al. (2024), online customer reviews are viewed as a credible and trustworthy source of information by both consumers and companies. Almayani & Graciafernandy (2023) expand on the definition of Online Customer Reviews by emphasizing that online customer reviews are a form of consumer feedback or response that contains evaluations and assessments of a product from various perspectives. Laetitia (2025) emphasizes that in today's digital era, social proof has a significant influence on purchasing behavior because consumers tend to trust the real experiences of fellow users more than promotional claims made by companies.

Online customer reviews(OCR) works based on the principle of social proof introduced by Robert Cialdini. In his book "Influence: Science and Practice," Robert Cialdini introduced the concept of social proof as one of the basic principles of social influence. This theory explains that individuals tend to follow the behavior of others, especially in uncertain situations or when they have no direct experience with a particular product or service. Cialdini (Laetitia, 2025) states that "people are more likely to follow the actions of others when they perceive those actions to be correct." This means that people are more likely to follow the actions of others when they perceive those actions to be correct.

### **Buying decision**

Purchasing decisions are a key element in the study of consumer behavior, highlighting how individuals and groups make choices regarding products or services. According to Kotler & Armstrong (Mustafa et al., 2024:236), purchasing decisions can be understood as consumer behavior in selecting, purchasing, and using goods, services, ideas, or experiences to satisfy their needs and desires. This definition emphasizes that the purchasing process is not only limited to the act of acquiring a product, but also includes the stages of selection and use aimed at providing satisfaction for consumers. Schiffman and Kanuk in Khasanah et al. (2024:1095) add that consumer purchasing decisions always involve a process of choosing among a number of available alternatives.

Meanwhile, Tjiptono (2019:21) emphasizes that purchasing decisions are basically a series of systematic processes, starting from the stage where consumers recognize a problem or need, then seek information about a particular product or brand, evaluate various alternatives, and finally determine the choice that is considered most capable of solving the problem.

### **RESEARCH METHODS**

The type of research used in this study is quantitative. Quantitative research is "a method based on the philosophy of positivism, used to study specific populations or samples. Data collection uses research instruments, and data analysis is quantitative or statistical in nature, with the aim of describing and testing predetermined hypotheses" (Sugiyono & Lestari, 2021:50). This study uses an associative approach with survey techniques. According to Kerlinger (Sugiyono & Lestari, 2021:51), the survey approach or method is a research approach that can be applied to both large and small populations, where the data analyzed comes from samples taken from that population.

The data collection techniques used in this study were surveys, which involved distributing questionnaires and observation. Data analysis techniques included instrument testing, classical assumption testing, model accuracy testing, and hypothesis testing (multiple regression, t-test, F-test, and determination). The SPSS v22 software program was used to analyze the data.

## RESULT DISCUSSION

### Discussion

#### The Effect of Free Shipping on Purchasing Decisions

The results of the research data analysis show that free shipping services have a positive and significant impact on purchasing decisions among students of the Faculty of Economics, Nias University. This is indicated by the calculated  $t$  value reaching 4.396, higher than the  $t$  table of 1.989, and a significance level of 0.000 which is below the predetermined tolerance limit of 0.05. Thus, the hypothesis H1 in this study, which states that free shipping has a positive and significant influence on purchasing decisions, can be accepted.

The findings of this study align with research conducted by Nuraini (2023) and Jannah et al. (2022), which indicates that free shipping has a positive and significant impact on consumer purchasing decisions. This aligns with the views of Amalia & Wibowo (2019), who stated that free shipping policies fall into the category of sales promotion strategies, which utilize various initiatives to motivate consumers to make direct purchases and increase product quantity.

#### The Influence of Online Customer Reviews on Purchasing Decisions

This study states that online customer reviews on the Shopee platform have a positive and significant impact on purchasing decisions among students of the Faculty of Economics, Nias University. Based on the partial test conducted, the  $t$ -value obtained was 3.350, which exceeds the  $t$ -table value of 1.989, and the significance level is 0.001, which is below 0.05. These results lead to the conclusion that online customer reviews have a positive and significant influence on purchasing decisions. This finding confirms the truth of the second hypothesis (H2) which states that there is a positive and significant influence of online customer reviews on purchasing decisions of students of the Faculty of Economics, Nias University.

This research finding is supported by the explanation by Almayani & Graciafernandy (2023), who stated that online customer reviews are responses provided by consumers regarding the evaluation or assessment of a product from various aspects. With this information, consumers can gain an understanding of product quality based on reviews and experiences written by other consumers who have purchased from online sellers.

The results of this study align with those of Yulistiyan et al. (2024), who found that online customer reviews have a positive and significant impact on purchasing decisions. Similarly, research by Haryanti (2024) also found that online customer reviews have a positive and significant impact.

#### The Influence of Free Shipping and Online Customer Reviews on Purchasing Decisions

The test results show that free shipping and online customer reviews on the Shopee platform simultaneously influence the purchasing decisions of students at the Faculty of

Economics, Nias University. This is based on the calculated F value  $> F$  table, which is  $201.996 > 3.11$  with a significant value of  $0.000 < 0.05$ . Thus, H3 in this study explains that if variables X1 (free shipping) and X2 (online customer reviews) on the Shopee platform simultaneously influence the purchasing decisions (Y) of students at the Faculty of Economics, Nias University, it is accepted. A similar thing is also stated in research conducted by Haryanti (2024) and Mustafa et al., (2024) which states that free shipping and online customer reviews simultaneously have an impact on purchasing decisions.

## CONCLUSION

Based on the results of research and discussions conducted by researchers, researchers can conclude that the development of creative industry-based MSMEs aims to produce goods or services from productive community businesses in creating business products with the knowledge and skills possessed by business actors. This business development is carried out using a business development strategy, this development strategy is a process that increases the effectiveness of business actors in making changes to marketed products. In increasing revenue, a business certainly requires a development strategy. This strategy is a plan formulated to accelerate problem solving in a business obstacle. Based on the results of research that has been conducted on business actors in the fields of crafts, culinary, fashion and music, the strategies used to develop businesses consist of improving the quality of MSME products, marketing MSME products, utilizing digital technology, creativity and innovation of MSME products. With this development strategy, it becomes a solution for business actors to continue to be able to improve and develop MSME businesses in their respective fields.

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