

Original Article

The Influence of Price Discounts and Experiential Marketing on Purchase Decisions Among Gen Z: Using E-Wom as A Mediator

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Abstract: Online food delivery has become an increasingly popular choice, utilizing internet platforms to facilitate the ordering, payment, and delivery of food. An example of an e-commerce site that provides the service is ShopeeFood. This research will investigate the effect of price discounts and experiential marketing on purchasing decisions. It will identify the role of women as a mediator between experiential marketing and purchasing decisions. The population used in this research are 100 Generation Z members who use the ShopeeFood service in Jakarta. The sample was chosen employing non-probability sampling with a purposive sampling method. The data were gathered employing an online questionnaire through Google Forms. Structural Equation Modeling (SEM) was employed for the data analysis. Data processing was done using SmartPLS 4.0 software. The findings of this study are that price discounts positively but insignificantly impact purchasing decisions, and e-commerce and experiential marketing have a positive and significant impact on purchasing decisions. Experiential marketing can be mediated positively and significantly by e-wom in purchasing decisions.

Keywords: Price Discounts, Experiential Marketing, E-WOM, and Purchase Decisions.

I. INTRODUCTION

The evolution of digital technology and social media has drastically changed market dynamics and consumer behavior patterns. As technology use grows, it has influenced innovation and new product marketing, particularly shifting how customers access products and services. The key driver of this change is the shift in consumer expectations, especially among the young population (Zhong et al., 2022). Based on the 2024 report of the Indonesian Internet Service Providers Association (APJII), the number of internet users in 2024 was 221 million, out of Indonesia's total population of 278 million in 2023. The report further stated that the internet penetration rate in Indonesia was 79.5%, while in 2023 it was 78.19%. This has propelled the shift of digital business processes. The application of digitalization in the food sector is evident in the trend of buying food online or through online food delivery services (Djakaria, 2023).

Online food delivery, which uses internet platforms to enable ordering, payment, and delivery, has become a popular service. A successful example in Indonesia is Shopee, which introduced ShopeeFood in 2021 to broaden its services in the food and beverage sector. Such a service is extremely popular with Generation Z, the main users of ShopeeFood. An easy-to-use app providing convenience in the process of ordering and delivery is prioritized by ShopeeFood (Faizah, 2021). This indicates that Generation Z has a significant tendency to be affected by digital innovation when making decisions regarding online culinary services.

However, all such changes among customers also create problems for culinary firms when designing suitable marketing strategies. Generation Z is more driven by outside influences like social media trends, discount promotions, and sustainability and social value-supporting brands. They are prompted to buy by price discounts, experiential marketing, and others' recommendations via electronic word of mouth (E-WOM) (Saputra & Soewarno, 2019). This indicates that digital influences and social media influence drive purchasing behaviour more than price alone. ShopeeFood is also engaged in different marketing activities, including providing free shipping promotions and executing innovative ads on different internet platforms, including social media platforms like TikTok and Instagram (Yohansyah & Rodhiah, 2022).

Existing research, including by Baruno and Sulistydea (2021), indicates that price discount affects purchasing decisions in a positive and significant manner, and Hamdani et al. (2023) indicate that experiential marketing and E-WOM have a significant and positive influence on purchasing decisions. Compared to past research, the novelty of this study is that not many studies have extensively examined the combined effect of price discount, experiential marketing, and E-WOM on purchasing behavior, especially among Generation Z, who are the primary consumers of ShopeeFood. Thus, in this research, an attempt has



been made to examine the effects of these variables individually and cumulatively on Generation Z online food delivery users, such as ShopeeFood consumers' purchase behavior.

II. LITERATURE REVIEW

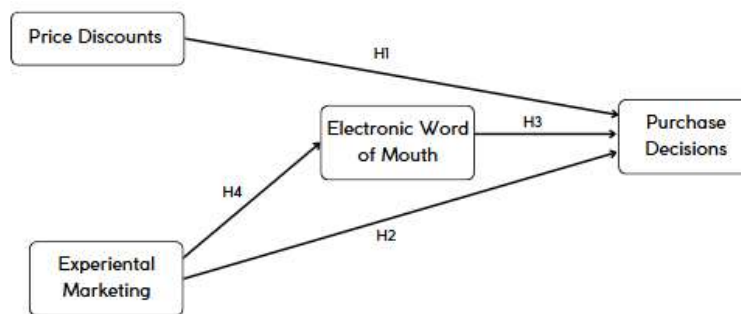
As stated by Tjiptono (2016), a price discount is a price reduction offered as an incentive to stimulate purchases, normally with some conditions to entice consumer attention. In contrast, Das et al. (2021) explain price discount as a pricing strategy that not only conveys valuable information to customers but also shapes consumer behavior and drives sales. The success of such a strategy is determined by demand factors such as customer price sensitivity and competitive pricing considerations. Thus, price discounts not only lure customers but also enable firms to meet market challenges better. From the above definitions, it can be stated that price discounts are price reductions offered by sellers to affect consumer behavior and enhance sales, whose success relies on demand factors such as price sensitivity.

Experiential marketing, as stated by Araci et al. (2017), is a marketing strategy that emphasizes the feelings and moods of customers through the construction of positive and memorable experiences. On the other hand, Yuliawan (2016) defines experiential marketing as offering direct experiences that distinguish between one product or service and another through five methods: sense, feel, think, act, and relate. This strategy attempts to create strong emotional experiences among customers before or while they use a product or service. With the above definitions, it is safe to conclude that experiential marketing is a marketing method that centers on creating immediate and intense experiences among consumers to develop emotional connections and make a lasting impression.

According to Machado and Rodhiah (2020), e-WOM (electronic word of mouth) is the positive or negative opinion of potential, current, or past customers about a product or company communicated through online channels. Meanwhile, Soares et al. (2012) define e-WOM as personal communication regarding a brand, product, or service that is perceived as non-commercial. Based on the definition of e-WOM, it can be concluded that e-WOM is a way of delivering personal information about a product or service that can influence consumer perceptions of that brand or product.

According to Chen et al. (2021), purchase decision is the process in which consumers identify, evaluate, and choose the most suitable product or service. Kotler and Keller (2012) mention four indicators of purchase decisions: decisiveness in choosing, buying habits, recommending to others, and repurchasing. Meanwhile, Donthu et al. (2021) state that purchase decisions are part of consumer behavior. People tend to buy many items in their daily routine that require purchase decisions. Cheaper items require less cognitive effort, whereas for expensive items, people put in more cognitive effort to make the right decision about the amount they are willing to invest in purchasing them.

The research model's specifics are as follows:



Figures 1. Research Models

The research hypothesis can be formulated as follows:

- H₁: Price discounts positively affect purchase decisions on ShopeeFood among Generation Z.
- H₂: Experiential marketing positively affects purchase decisions on ShopeeFood among Generation Z.
- H₃: E-WOM positively affects purchase decisions on ShopeeFood among Generation Z.
- H₄: E-WOM mediates the effect of experiential marketing on purchase decisions on ShopeeFood among Generation Z.

III. RESEARCH METHODS

The subjects of this study are Generation Z individuals who have experience purchasing food and beverages through the ShopeeFood service app, and the object of this research is the consumer purchase decision on ShopeeFood. The population of this study consists of Generation Z individuals who have experience purchasing food and beverages on the ShopeeFood service

app in the Jakarta area. The sampling technique used is non-probability sampling with a purposive sampling method. The sample in this study consists of 100 respondents who are users of the ShopeeFood app in Jakarta.

The analysis technique is an alternative covariance-predictive model based on the structural equation model (SEM). This analysis process uses SmartPLS version 4.0 with the PLS Algorithm procedure to obtain evaluation values from the outer model (measurement model). The purpose is to test the feasibility of the measurement tool used (Hussein, 2015). The data processing of this research consists of two analyses: the outer model and the inner model.

IV. RESULTS AND DISCUSSION

A) Respondents Profile

Based on the respondent characteristics data, the majority of respondents are female (75%), with the dominant status being students (65%), with a monthly income ranging from IDR 2,000,000 - 4,000,000 (33%) and monthly expenses ranging from IDR 1,000,000 - 2,500,000 (50%).

B) Analysis

This study uses SEM-PLS 4.0. The outer model testing functions as a measurement model to assess the validity and reliability of the model. The model parameters and measurements (such as convergent validity, discriminant validity, composite reliability, and Cronbach's alpha) are evaluated through the algorithmic process. The inner model is a structural model to predict causal relationships between latent variables. This model illustrates the relationships between latent variables based on substantive theory. The structural model can be evaluated by examining several indicators, such as the R-squared (R²) value and the significance of each path coefficient, to determine if there is an influence between constructs (Latan & Ghazali, 2016).

C) Outer Model

This research employs two validity tests: convergent validity and discriminant validity. Outer loadings and the AVE value measure convergent validity. The minimum threshold for outer loadings is 0.7 (Ghozali & Latan, 2015). For AVE, the value needed to satisfy convergent validity is >0.5. The discriminant validity criterion is the value of the outer loadings of each indicator against other latent constructs. Discriminant validity is valid when the square root of the AVE of each construct is higher than the between-construct correlation in the model (Garson, 2016). Results from the analysis of loading factor values of control variables for each indicator are provided below:

a. Discriminant Validity Test

Table 1. Discriminant Validity Test (Cross Loadings)

Variable	Price Discounts	Experiential Marketing	E-WOM	Purchase Decisions
PD1	0.773	0.378	0.568	0.467
PD2	0.775	0.389	0.576	0.521
PD3	0.795	0.381	0.550	0.563
PD4	0.835	0.510	0.547	0.565
PD5	0.802	0.447	0.505	0.534
EM1	0.614	0.817	0.463	0.527
EM2	0.540	0.830	0.496	0.578
EM3	0.433	0.710	0.516	0.614
EM4	0.526	0.784	0.439	0.673
EM5	0.576	0.756	0.448	0.608
EWOM1	0.419	0.446	0.821	0.440
EWOM2	0.452	0.496	0.888	0.501
EWOM3	0.552	0.640	0.779	0.656
EWOM4	0.353	0.460	0.909	0.536
EWOM5	0.402	0.445	0.790	0.512
PuD1	0.444	0.385	0.602	0.725
PuD2	0.409	0.429	0.573	0.816
PuD3	0.472	0.376	0.528	0.784
PuD4	0.636	0.513	0.633	0.779
PuD5	0.591	0.730	0.652	0.789

All of the variables have valid discriminant validity since the Table 1 cross-loadings analysis results show that the correlation between the indicator and the construct is higher than that of other concepts.

b. Convergent Validity Test

Table 2. Average Variance Extracted (AVE)

Variable	Average Variance Extracted (AVE)
Price Discounts	0.634
Experimental Marketing	0.610
E-WOM	0.704
Purchase Decisions	0.607

The AVE value for each variable in Table 2 is > 0.5 , indicating that the predictor value for each variable is declared valid.

c. Reliability Test

Table 3. Composite Reliability dan Cronbach's Alpha

Variable	Composite Reliability	Cronbach's Alpha
Price Discounts	0.897	0.856
Experimental Marketing	0.886	0.839
E-WOM	0.922	0.895
Purchase Decisions	0.885	0.839

All constructs' composite reliability and Cronbach's alpha values are above 0.70. Therefore, all constructs have good reliability and meet the criteria, as the composite reliability and Cronbach's alpha values are each > 0.70 .

D) Inner Model

The inner model is a structural analysis performed to test the hypothesis.

a. R-Square Test

The R-squared value measures the level of variation in the independent variable's effect on the dependent variable. The influence is considered strong or substantial if the R^2 value is between 1-0.67. The influence is considered moderate if the R^2 value is between 0.66-0.33. Meanwhile, if the R^2 value is between 0.32-0.19, the influence is considered weak, according to Chin (1998; in Hock and Ringle, 2006).

Table 4. R-Square Test

Variable	R-square
E-WOM	0.369
Purchase Decisions	0.669

The r-square value shows a moderate influence of 0.369 or 36.9%, which explains that the variation in electronic word of mouth is influenced by experiential marketing, while the remaining 63.1% of the variation in electronic word of mouth is beyond the scope of this study. Meanwhile, the r-square value shows a strong influence of 66.9%, meaning that price discounts, experiential marketing, and electronic word of mouth influence the variation in purchase decisions. The remaining 33.1% is outside the scope of this study.

b. Path Coefficient Testing

The PLS-SEM algorithm approach assesses the path coefficients to ensure the correlation between the considered variables.

Table 5. Path Coefficient Testing

Variable	Path Coefficient	Information
Price Discounts – Purchase Decisions	0.205	Positive
Experiential Marketing – Purchase Decisions	0.486	Positive
Experiential Marketing – EWOM	0.608	Positive
EWOM – Purchase Decisions	0.240	Positive

The path coefficient test table shows that the variables of price discount, experiential marketing, and e-WOM have a positive influence on purchase decisions.

c. Bootstrapping Significance Test

A hypothesis test determines whether the proposed hypothesis is accepted or rejected based on the variables studied. The hypothesis is accepted at a 95% confidence level if the t-statistic value > 1.96 or the p-value ≤ 0.05 . Conversely, the hypothesis is rejected if the t-statistic < 1.96 or the p-value ≥ 0.05 .

Table 6. Significance Test

Variable	T-statistics	P-values	Information
Price Discounts > Purchase Decisions	1.717	0.086	Rejected
Experiential Marketing > Purchase Decisions	4.839	0.000	Accepted
E-WOM > Purchase Decisions	2.580	0.010	Accepted
Experiential Marketing > E-WOM > Purchase Decisions	8.228	0.000	Accepted

Table 7. Specific Indirect Effect

	Original Sample	Sample Mean	Standard Deviation	T-statistics	P-values
Experiential marketing > E-WOM > Purchase Decisions	0.146	0.140	0.063	2.331	0.020

Table 8. Mediation Analysis

Connection	Conclusion	Type of Mediation Conclusion
Direct effect (Experiential Marketing > Purchase Decisions)	Significance	Partial Mediation
Indirect effect (Experiential Marketing > Electronic Word of Mouth > Purchase Decisions)	Significance	

The mediation test can be seen through the values of direct and indirect effects. Based on the bootstrapping results, the direct effect of experiential marketing on purchase decisions shows significant results, with a p-value of 0.000 (≤ 0.05). Meanwhile, the indirect effect of experiential marketing on purchase decisions through electronic word of mouth also shows significant results, with a p-value of 0.000 (≤ 0.05). Therefore, the type of mediation in hypothesis H4 indicates that electronic word of mouth can partially mediate the positive effect of experiential marketing on purchase decisions at ShopeeFood among Generation Z, which is partial mediation.

V. DISCUSSION

One hypothesis was rejected, and three hypotheses were accepted. Below are the results of the hypothesis testing based on data analysis using the evaluation of the inner model:

The results of testing hypothesis H1 show that the hypothesis is rejected, meaning that price discounts do not positively influence purchase decisions. Although price discounts can influence purchase decisions, not all consumers respond to them as expected. This suggests that price discounts may not always be effective in attracting consumers, especially if they already have strong preferences for certain brands. This result is inconsistent with previous research by Kurniaditya et al. (2024), which stated that price discounts positively and significantly affect purchase decisions. However, the findings of this study align with Puspita Herdian (2023), where price discounts did not significantly impact purchase decisions. Promotions that are not followed by product quality or congruence with customer needs are among the reasons customers would choose not to buy.

The outcome of hypothesis H2 testing indicates that the hypothesis is accepted, as experiential marketing can positively impact purchasing decisions. The shopping experience on the ShopeeFood app and recommendations can satisfy potential consumers' expectations for the information they seek to acquire, thus driving Generation Z consumers in purchasing decisions. This agrees with the earlier study conducted by Lie et al. (2013), which established that simultaneously feeling, thinking, acting, relating, and experiencing greatly impact purchase decisions. The evidence from testing hypothesis H3 indicates that the hypothesis is accepted: electronic word of mouth (e-WOM) positively impacts purchase decisions.

Referrals by relatives, family, and friends can impact future consumers because the information they desire to buy influences Generation Z consumers to purchase. This has been found with the findings from existing research undertaken by Wang et al. (2018) that revealed the existence of significant correlation between purchase decisions and e-WOM. The findings of hypothesis testing H4 indicate that the hypothesis is accepted, i.e., experiential marketing can positively impact purchase decisions via e-WOM. The mediation in hypothesis H4 is partial since experiential marketing can affect purchase decisions directly or indirectly via electronic word of mouth.

Buying food and drinks on ShopeeFood, coupled with good recommendations or comments from friends, relatives, or family members, can give prospective buyers a high degree of trust in making a purchase. Generation Z can read other people's reviews in the review section before buying food and drinks on ShopeeFood. This result aligns with those from earlier studies by Hamdani et al. (2023), which indicated that e-WOM mediates between experiential marketing and buying decisions.

VI. CONCLUSION AND SUGGESTIONS

According to the outcome of the tests and discussions done on every variable, the following conclusions can be made from this research:

1. Price discounts have a positive but minimal impact on ShopeeFood purchase decisions among Generation Z.
2. Experiential marketing significantly and positively influences buying decisions on ShopeeFood among Generation Z.
3. E-WOM positively and significantly affects purchase decisions for Generation Z ShopeeFood.
4. E-WOM can positively and significantly mediate the effect of experiential marketing on purchase decisions on ShopeeFood for Generation Z.

For future researchers, increasing the sample size of the research variables is recommended, as more samples and variables will lead to more varied data. In addition, it is hoped that future research can explore other independent and mediating variables besides price discounts and electronic word of mouth to determine their impact on purchase decisions. Other potential independent variables could include product quality, service quality, trust, etc.

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