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Factors Affecting Online Purchasing Power : Analysis of Sales Increase, Tight Competition and Price (Strategic Management Literature Review)

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Abstract: Factors affecting the Power of Online Purchasing: Analysis of Increased Sales, Tight Competition and Prices is a scientific article in the literature study within the scope of the field of science. The purpose of this article is to build a hypothesis of the influence between variables that will be used in further research. Research objects in online libraries, Google Scholar, Mendeley and other academic online media. The research method with the research library comes from e-books and open access e-journals . The results of this article: 1) Increased Sales has an effect on Online Purchasing Power; 2) Intense Competition has an effect on Online Purchasing Power; and 3) Price has an effect on Online Purchasing Power.

Keywords: Online Purchasing Power, Increased Sales, Tough Competition, Price

INTRODUCTION

Electronic commerce or e-commerce has grown rapidly in recent years, driven by advances in information and communication technology and changes in consumer behavior that increasingly rely on digital platforms. The ease, speed, and convenience offered make online shopping the main choice for many consumers in various parts of the world. Thus, it is important for business people and academics to understand the various factors that influence the power of online purchasing in order to be able to formulate effective strategies in facing the dynamics and challenges of the ever-evolving world of e-commerce.

Sales growth can be used as a benchmark for the success of a digital marketing strategy, because it reflects the company's ability to reach a wider audience and increase transaction volume. In the context of e-commerce, increased sales indicate high consumer interest and significant influence from the seller.

On the other hand, the intensity of competition in the e-commerce industry continues to increase along with the addition of new players and the implementation of aggressive marketing strategies by various companies. This condition encourages business actors to innovate in presenting products and services, while improving the quality of the consumer shopping experience. As a result, consumers become more careful and selective in determining the choice of platforms and products that are in line with their needs and preferences.

Price is one of the crucial aspects that influence customer decisions in making online purchases. The variety of products offered on e-commerce platforms makes it easy for consumers to compare prices and determine the most optimal choice. In many cases, price is

the main consideration that drives customers to choose a product over other alternatives, thus playing an important role in determining the level of competitiveness of a company in the market.

Based on the background explanation above, this study is intended to explore the influence of price, competition intensity, and sales growth on online purchasing power. Through a literature study approach that refers to various academic sources, this study aims to broaden the understanding of the relationship between these variables in the context of strategic management in the e-commerce industry. Thus, the results of this study are intended to be the basis for subsequent studies and provide practical contributions in formulating effective business strategies in the e-commerce sector.

METHOD

study analyzes online purchasing power such as price, intense competition, and sales growth. Data were collected from Google Scholar, Mendeley, and leading e-journals. The selected books should be relevant to the research topic and have been published in the last 5 to 10 years. The analysis was conducted by classifying the results related to the three factors and finding the relationship between variables using price theory, competition theory, and consumer behavior theory. *Systematic Literature Review (SLR)* is defined as the stage of identifying, evaluating, and interpreting all available study evidence in order to prepare detailed answers to study questions (Kitchenham et al., 2009). In qualitative analysis, literature review needs to be used consistently with methodological assumptions. One of the reasons for conducting qualitative analysis is that this study is exploratory in nature, (Ali, H., & Limakrisna, 2013).

RESULTS AND DISCUSSION

Results

According to the background, objectives and methods, the results of this article are as follows:

The Power of Online Purchasing

Online Purchasing Power is the ability of consumers to influence purchasing decisions through aspects that influence customer attitudes on e-commerce platforms (E, 2018). Online Purchasing Power is influenced by various factors such as ease of access, convenience, and trust in e-commerce sites (Riyanto & Prasetyo, 2019).

Dimensions, indicators, synthesis, or aspects that influence Online Purchasing Power are the quality of user experience, platform reputation, and the diversity of products available. This Online Purchasing Power has been widely analyzed by previous authors including (Sutanto & Mahyudin, 2017), (Adityawarman & Wijaya, 2020).

Increase Sales

Sales Increase is an increase in transaction volume that occurs due to the effectiveness of promotions and appropriate marketing strategies on e-commerce platforms (Sari & Suryani, 2018). Sales Increase can occur when consumers feel they are getting more benefits from existing promotional programs and offers (Putra & Hidayat, 2019). Dimensions, indicators, syntheses, or aspects that influence Sales Increase are promotional programs, brand awareness, and the level of consumer satisfaction with the services provided. This Sales Increase has been widely analyzed by previous authors including (Lestari & Fauziah, 2017), (Martini & Darmawan, 2019).

High competition

Tight Competition in the Indonesian e-commerce market refers to a situation where many platforms offer similar products with different pricing strategies and service quality to attract consumers (Widiastuti, 2017). Tight Competition is increasing with the presence of many new platforms and players in the e-commerce industry (Pramudito & Fitria, 2020).

Dimensions, indicators, synthesis, or aspects that influence Tight Competition are price, product quality, and differentiation methods used by the company. This Tight Competition has been widely studied by previous researchers including (Riyadi & Santosa, 2018), (Hendrayani & Irwan, 2019).

Price

Price in e-commerce is an important variable that greatly influences consumer purchasing decisions, where consumers are more likely to compare prices on several platforms before making a transaction (Sutrisno & Kurniawati, 2018). Price is also influenced by discount factors and special offers provided by e-commerce to increase consumer appeal (Santosa & Suprpto, 2020).

This price has been widely analyzed by previous authors, including (Sari & Setyowati, 2017), (Kusuma & Dewi, 2019).

Relevant Article Review

Reviewing relevant articles becomes the basis for determining the study hypothesis by outlining the results of previous studies, outlining the similarities and differences in the study plan, from relevant previous studies in the form of table 1 below.

Table 1: Relevant Research Results

No	Author (Year)	Previous Research Results	Similarities With This Article	Differences With This Article	H
1	The Last Supper (2018)	Increased Sales and Promotions have a positive and significant impact on Online Purchasing Power	Increased Sales Influences Online Purchasing Power	Promotions influence Online Purchasing Power	H1
2	Son & Hidayat (2019)	Increased Sales and offers have a positive and significant impact on Online Purchasing Power	Increased Sales Influences Online Purchasing Power	Offers Influence Online Purchasing Power	H1
3	Widiastuti (2017)	Intense Competition and Pricing Strategy Have a Positive and Significant Influence on Online Purchasing Power	Tight Competition Affects Online Purchasing Power	Pricing strategy influences online purchasing power	H2
4	The Last Supper (2020)	Tight Competition and Differentiation Strategy Have a Positive and Significant Influence on Online Purchasing Power	Tight Competition Affects Online Purchasing Power	Differentiation strategy influences online purchasing power	H2
5	The Last Supper (2020)	Price and discount have a positive and significant effect on Online Purchasing Power	Price affects Online Purchasing Power	Discounts affect Online Purchasing Power	H3
6	The Last Supper (2018)	Price and platform comparison have a positive and significant impact on Online Purchasing Power	Price affects Online Purchasing Power	Platform comparison influences online purchasing power	H3

Discussion

Based on the research results, the discussion in this article focuses on a review of the appropriate literature, correlation analysis between the variables studied, and the preparation of a conceptual framework as a basis for designing the direction of further research.

The Impact of Increased Sales on Online Purchasing Power.

Sales Increase is an increase in the number of transactions caused by the use of appropriate promotional and marketing tactics on e-commerce platforms (Sari & Suryani, 2018).

The principles or concepts of Sales Enhancement are promotional plans, attractive offers, loyalty programs, increasing customer satisfaction, and brand awareness designed to attract customers to purchase products through online platforms (Putra & Hidayat, 2019).

Increased sales have an impact on online purchasing power. If increased sales are perceived positively by consumers, then the perception of online purchasing power will also increase, and vice versa. This suggests that consumers tend to make larger purchases when they feel they are getting more value from each transaction, especially through attractive promotional offers and satisfying shopping experiences.

Several factors that influence increased sales in the context of e-commerce include the effectiveness of promotional programs, brand awareness levels, customer satisfaction with services, exclusive offers provided, and ease of transaction processes provided by the platform.

To increase Online Purchasing Power in considering Sales Increase, the result that needs to be implemented by management is optimizing digital marketing strategies that include interactive promotions, periodic discounts, and improving the quality of customer service where these strategies play a role in forming positive consumer perceptions of the value of the products offered, while strengthening their level of trust in the e-commerce platform used.

Increased sales have an impact on online purchasing power, this is in line with studies conducted by:

Sari & Suryani (2018) showed that appropriate promotion can increase purchasing intensity.

Putra & Hidayat (2019) showed that consumer perceptions of special offers drive purchasing decisions.

Martini & Darmawan (2019) found a positive relationship between brand awareness and online purchasing power.

The Impact of Intense Competition on Online Purchasing Power.

Tight Competition is a condition in which a large number of e-commerce platforms compete in offering similar products by implementing various strategies, such as price adjustments, providing additional features, and improving service quality, in order to attract consumer interest and loyalty (Widiastuti, 2017).

The principles or concepts of Tight Competition are price competition, product differentiation, service innovation, improving product quality, and strengthening competitive advantages in order to retain consumers amidst the many choices available in the digital market (Pramudito & Fitria, 2020).

Tight competition has an influence on online purchasing power. If the intensity of competition is perceived positively by consumers, then online purchasing power will increase, and vice versa. This states that when consumers are faced with various choices, they tend to be more selective and critical in determining purchasing decisions. Therefore, e-commerce

platforms that are able to provide added value in the midst of tight competition conditions will have a competitive advantage in driving consumer purchasing decisions.

Factors that influence Tight Competition are the number of competitors in the industry, product quality and variety, pricing strategy, service differentiation, and brand strength.

Tight Competition plays a role in Online Purchasing Power, this is in line with studies conducted by:

Widiastuti (2017) explains that competition between e-commerce platforms creates dynamic market conditions, where each player tries to offer added value to win the attention of consumers.

Riyadi & Santosa (2018) found that better product quality can win the competition.

Pramudito & Fitria (2020) emphasized the importance of differentiation strategy in strengthening competitiveness and attracting online consumers.

The Influence of Price on Online Purchasing Power.

Price is the monetary value that customers need to pay to obtain a product or service, which is an important factor in making e-commerce purchasing decisions (Sutrisno & Kurniawati, 2018).

The principles or concepts of Price include price affordability, suitability between product value and quality, level of price competitiveness compared to other platforms, transparency in price presentation, and flexibility in providing discounts and promotional offers. (Santosa & Suprpto, 2020).

Price affects Online Purchasing Power, if the price is perceived positively by customers, as a result the online purchasing power will increase, and vice versa. This states that consumers who believe that the price of a product is comparable to the quality and benefits obtained, will have a greater tendency to make a purchase. In fact, this positive perception can encourage the formation of consumer loyalty to the e-commerce platform that is considered to provide the best value.

Factors that influence Price are the existence of discounts and special offers, the implementation of competitive pricing strategies, the ease of comparing prices between platforms, and consumer perception of the value offered by the product.

Price plays a role in Online Purchasing Power, this is in line with research conducted by:

Sutrisno & Kurniawati (2018) stated that price is the main consideration for consumers in online transactions.

Sari & Setyowati (2017) concluded that discounts and special offers increase purchasing interest.

Kusuma & Dewi (2019) found that consumers are more responsive to competitive and transparent prices.

Conceptual framework of the research

Based on the formulation of the problem, discussion and relevant studies, the conceptual framework of this article is obtained in the form of Figure 1 below.

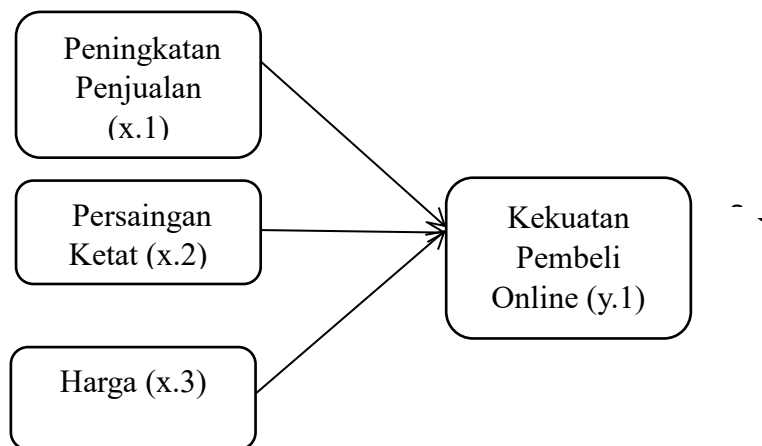


Figure 1: Conceptual Framework

According to the conceptual framework, then: Increased Sales, Tight Competition, and Price affects Online Purchasing Power. In addition to the three exogenous variables that affect Online Purchasing Power, there are many other variables, namely:

- 1) Service Quality : (Azhari, F., & Ali, H. 2024) . *Digital Marketing Strategy in Improving Online Consumer Purchasing Decisions* . Journal of Management and Business Science, 14(1), 45-56.
- 2) Consumer Trust: Ali, E., Evi, S., & Rahmat, A. (2018). *The Role of Social Media in Building Consumer Trust in Online Products* . Journal of Communication and Digital Business, 3(2), 23-33.
- 3) Product Quality & e-WOM (Electronic Word of Mouth): (Ikhsani, K., & Ali, H. 2017). *The Influence of Product Quality on Online Consumer Loyalty in Marketplace* . Journal of Management and E-Business, 7(2), 65-72.

CONCLUSION

Based on the objectives, results and discussion, the conclusion of this article is to formulate a hypothesis for further research, namely:

- 1) Increased Sales have an impact on Online Purchasing Power;
- 2) Tight Competition Affects Online Purchasing Power. and
- 2) Price influences Online Purchasing Power.

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