

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1. THEORETICAL REVIEW**

##### **2.1.1 Marketing**

According to Kotler and Keller (2016: 27) marketing is a deep procedure for individuals, groups, and society to get what is needed and are used through exchanges between created and created products and services offered to get a value. According to Wardani and Triyono (2019: 1) Marketing has meaning broad but has the same purpose. The small scope of knowledge marketing, which has aspects of public relations, advertising, and sales. Besides, the broad understanding of marketing is the existence of activities such as promotion, distribution, pricing, product development, research market and identify the needs that consumers need. According to Firmansyah (2019: 1) Marketing has a meaning which is essentially looking for what human and social needs and identifying needs There is also another definition of marketing, namely by way of reaching needs necessary and get a profit.

From the definitions that have been put forward by experts, it can be concluded that marketing, namely activities carried out by companies and customers individuals or groups who aim to convey, communicate and be able to meet customer needs to create good relationships and get a balance between the customer and the company According to Saleh and Said (2019: 1) Marketing is something that has a series of organizational processes and functions to communicate, create, and assess. These functions and processes are designed to establish relationships with the customer are in the process of adapting the relationship he has with the customer and with this method it can benefit the parties already establish and also profitable for the organization that founded it.

### 2.1.2 Marketing Mix

According to Kotler and Armstrong (2012: 92), a marketing mix is good marketing tool is a set of products, pricing, promotion, distribution, combined to produce the desired response of the target market ”. Meanwhile, according to Buchari Alma (2007: 130), the marketing mix is a strategy to mix marketing activities so that from the maximum combination so as to produce the most satisfying results. In the marketing mix there is a set of marketing tools known as the 4Ps, namely product, price, place (place or distribution channel), and promotion. Meanwhile, service marketing has additional marketing tools, namely people, physical evidence, and process (process), so it is known as 7P. The meaning of 7P according to Kotler and Armstrong (2012: 62)

1. Product is managing product elements including planning and development the right product or service to be marketed by changing that product or service exist by adding to and taking other actions and influencing various products or services.
2. Price is a company management system that will determine the base price appropriate for the product or service and must determine the strategy involved discounted prices, payment of freight costs and various related variables.
3. Place, A distribution place or channel is selecting and managing a trade channel which is used to distribute products or services and also serve target markets, as well as developing a distribution system for product delivery and commerce physically.
4. Promotion is an element used to inform and persuade market about products or services that are new to the company through advertising, sales personal, sales promotion or publication.
5. People are all actors who play an important role in the service delivery so that it can affect the perception of buyers. Element of people, namely employees companies, consumers, and other consumers. All employee attitudes and actions, ways employee dress and appearance have an influence on successful service delivery.

6. Physical evidence is a real thing that also influences consumer decisions buy and use the products or services offered. Elements included in physical facilities, including the environment or physical buildings, equipment, logos, colors and other items.
7. Process are all actual procedures, mechanisms, and activity flows that are used to deliver services. This process element means something for delivery services. Process in services is a major factor in the marketing mix of such services. Service customers will feel happy because the service delivery system is a part of merit itself.

### **2.1.3 Promotion**

In essence, promotion according to Kotler and Armstrong (2008: 219) is a form of marketing communication. Marketing communication is a marketing activity that spreads information, influences / persuades and reminds the target market of companies and products to be willing to accept, buy and be loyal to the products offered by the company. Promotion is also a determinant of success a company.

### **2.1.4 Promotion Mix**

According to Fandy Tjiptono (2008: 222), the forms of promotion have different functions the same, but these forms can be distinguished based on specific tasks. Duty the special is referred to as the promotional mix. The promotional mix includes:

1. Personal Selling, Namely face-to-face interaction with one or more prospective buyers with a purpose do presentations, answer questions, or create messages. The shape is like person to person or chatroom.
2. Advertising, That is all forms paid off from non-personal presentation and promotion of ideas, goods Or services through clear sponsorship. The form most recognized by the public is through electronic media or print media.

3. Sales Promotion, They are short-term incentives to encourage trial product purchases or services. It can take the form of a raffle, prize, sample, discount, and so on.
4. Event and Experience, Namely company sponsored activities and programs designed for create daily interactions or interactions associated with a particular brand. Such as art festivals, entertainment, charity events, and others.
5. Public Relations and Publicity, It is a variety of programs designed to promote or protect images company or individual product. Such as, charity donations, speeches, seminars, and others.
6. Direct Marketing, Namely the use of letters, telephone, facsimile, e-mail or the internet to communicate directly with or soliciting responses or dialogue from customers and prospects certain.
7. Word of Mouth Marketing, Namely oral, written and electronic communication between related communities with excellence and experience in buying or using products and services. It looks like person to person or chatroom.
8. Interactive Marketing, Namely online activities and programs designed to engage customers or prospects directly or indirectly raise awareness, improve image or create sales of products and services.

### **2.1.5 Sales Promotion**

Sales promotion is a form of promotion mix that aims to attract new customers, influence consumers to try new products, encourage consumers to make more purchases, and beat competitors' promotions and increase purchases. According to Tjiptono (2008: 229) sales promotion is a form of direct persuasion through the use of various incentives that can be arranged to stimulate immediate product purchases or increase the number of items purchased by customers.

Sales promotions are used to influence consumer attention by providing information that leads consumers to buy these products. According to Kotler and Keller

(2007: 269), grouping the types of sales promotions is a tool that offers incentives to buyers consisting of:

1. Consumer promotion is an effort to encourage the purchase of larger units, create product testing among users, and attract consumers to switch brands from competitors. The tools used are samples, coupons, discount gifts, premiums, and others.
2. Trade promotion is an effort to persuade retailers to sell new products and have inventory levels and encourage off-season purchases. The tools used include purchase guarantees, gift items, joint advertisements, displays, and others.
3. Sales force promotion is an effort to encourage support for new products or models and encourage the search for more prospective customers. The tools used are like giving bonuses, contests and others.

According to Kotler and Keller in Benyamin Molan (2007: 299), promotional tools sales consist of:

1. Sample, Is an offer of a free or trial product to consumers with a purpose so that consumers like the product and make repeat purchases.
2. Discount, Is a direct reduction of the price of the goods on purchase in time and a certain period.
3. Sweepstakes, Is a form of inviting consumers to collect names and then raffled.
4. Special Price Packaging, Is a discount lower than the price that should be stated on label or wrap.
5. Gift, Is an item that is offered free of charge or free at a price very cheap as an incentive to buy a product.
6. Demonstration, Is a show that is done to show or prove effectiveness or how to use the product.
7. Cashback, Refunds back to consumers if there is a mismatch between product at a price or damage to the product purchased based on agreement.

8. Joint Promotion, Is two or more company brands working together to issue coupons, refunds and holding contests to increase attractiveness they.

### **2.1.6 E-Wallet**

According to Rahmayani (2018), an electronic wallet (e-wallet) is an electronic service for storing data on payment instruments, including payment instruments using cards and / or electronic money which can also accommodate funds, to make payments. Meanwhile, according to Nugroho (2016) explained that e-wallet is a form of payment that allows users to make payments electronically using a smartphone or gadget, replacing the use of a physical wallet. E-wallet (electronic wallet) is an electronic service to become a payment method that stores payment instrument data as well as personal data which has a maximum balance limit through an application available on a smartphone or gadget.

### **2.1.7 Cashback**

Cashback is money that is returned in a certain amount, both in cash and virtual. Cashback usually has restrictions for cash and virtual refunds. According to Kotler and Armstrong, (2014). Cashback, is an offer that has been used to withdraw attention to the promotions used to make it profitable for consumers and consumers interested in conducting transactions from cashback is a refund in the form of money or applications if a particular product is in the promotion category. cashback is an offer where the buyer is given a percentage of cashback or virtual money or even given a product but by fulfilling certain purchase conditions determined by the cashback organizer.

Most of the current cashback promotions that exist today are usually not actually in the form of direct cash returns to the buyer. The seller usually provides cashback in the form of a deposit. This method is used so that the buyer at another time will make a repurchase using the deposit to the party that provides the cashback promo. such as Shopee E-Wallet which provides cashback in the form of Shopee coins in the application. it is used to keep customers using Shopee E-Wallet. Currently, many cashbacks have been varied, many companies have provided cashback in the form of goods.

There are many types of cashback programs or promos that are currently common around us:

1. Credit/Debit Card Cashback, This cashback is cashback given by certain banks. cashback will be given to the card user if the transaction has met a certain nominal.
2. Online Store/E-Commerce Cashback, This cashback is cashback given by online shops or e-commerce, where this cashback will be given by consumers if the consumer reaches the minimum purchase. This cashback is not given in the form of direct money but uses vouchers or coins that can be used for future purchases or uses.
3. Reward Cashback, this Cashback is cashback that given in poin. The points earned can be exchanged for attractive prizes.

### **2.1.8 Discount**

According to Kotler (2007: 485), a discount is a basic price adjustment to reward customers to certain reactions such as volume of purchases, overpayment of bills early, and others. According to Tjiptono (2007), discount is a discount given from the seller to the buyer as a reward for certain activities of the buyer that are pleasing to the seller. On the basis of this, it can be concluded that a discount is a reduction in price given by a seller to attract consumers to buy a product within a predetermined period. According to Sutisna (2001: 303) the purpose of giving discounts, is :

1. Encourage large purchases.
2. Increase so that purchases can be made in cash or a short time.
3. Tying up customers so as not to move to another company.

According to McCarthy and Perreault (2009: 362-263), there are several forms or types of discounts including :

1. Quantity Discounts are discount offers to encourage customers to buy products in larger quantities.

2. Cumulative Quantity Discount is a discounts that run during certain periods such as one year
3. The NonCumulative Quantity Discount only applies to individual orders where this type of discount will encourage larger orders. However, this does not bind the buyer to the seller after a purchase has occurred.
4. Seasonal discounts are discounts offered to encourage buyers to store their inventory earlier than is currently needed.
5. Cash discounts are reduced prices to encourage buyers to pay their bills quickly
6. Functional Discounts are deductions in the listed price given to channel members for work they will be doing.
7. Sale price is a temporary discount from the listed price or the official price. The definition of a sale price is intended for customers to buy immediately (McCharty, 2009: 363).

### **2.1.9 Security**

Security issue is an important aspect of an information system. Online transaction security is how to prevent fraud (cheating). there is fraud in an information-based system, where the information itself has no physical meaning. The very important value of information causes the desired information to be accessed only by certain people. The fall of information into the hands of other parties can cause harm to the owner of the information. For this reason, the security of the information system used must be guaranteed within acceptable limits.

Online transaction security continues to dominate discussions on e-commerce (Elliot and Fowel, 2000; Liao and Cheung, 2001; Szymanski and Hise, 2000). Consumers feel concerned about the disclosure of personal and financial information (Maholtra, Kim, and Agarwal, 2004). While most online shopping sites provide information privacy protection policies and security guarantees for transactions, they do not offer detailed information on how transactions and personal data are secured (Gauzente, 2004). According to Bailey and Pearson (1983), security perception is the consumer's perception of the ability of



online stores to control and secure transaction data from misuse or unauthorized changes. Park and Kim (2006) define security as the ability of online stores to control and security of data transactions.

Furthermore, Park and Kim (2006) said that security assurance plays an important role in building trust by reducing consumer attention to misuse of personal data and data transactions that are easily damaged. When the level of security guarantees is acceptable and meets consumer expectations, then consumers may be willing to disclose personal information and will buy with a sense of security. Raman Arasu and Viswanathan A. (2011), through a study conducted on online consumers in Malaysia, found that the safety factor has a positive and significant relationship in influencing online purchasing decisions. Security is at the heart of most internet transactions. Security is a key factor that concerns people using the internet to buy, because most transactions are carried out on the web. According to Raman Arasu and Viswanathan A. (2011), security indicators include assurance of data security and confidentiality.

### **2.1.10 Intention To Use**

Intention to use (intention to use) can be defined as a form of the user's desire to use or reuse a certain object. Interest is one aspect of human psychology that tends to pay more attention or feel greater pleasure to these objects which can encourage to achieve goals (Kusumah, 2009). Intention is influenced by two basic factors, namely personal factors and social influence factors. Both of these factors have a positive effect on positive individual behavioral intentions cause a behavior. Behavior is an individual's actual action as a result of the factors that influence it.

## **2.2. PREVIOUS RESEARCH**

Table 2. 1 Previous Research

no	Researcher	Journal Title	Result	Differences
1	Wahyu Indar	FACTORS	From T test sig.	Subjects and

	Rachmawati, Budi Rustandi Kartawinata, Candra Wijayangka, and Imanuddin Hasbi (2019)	ANALYSIS THAT AFFECTING THE INTENTION TO USE DIGITAL PAYMENT (CASE STUDY ON OVO USERS IN JAKARTA, BOGOR, DEPOK, TANGERANG, BEKASI)	value of Security is 0.001it means smaller than 0.05. then Security affecting the intention to use digital payment	Objects Research
2	R Kevin Aditya Iswara1, Dinda Amanda Zuliestiana, S.E., M.M. idwan Gunawan1, Ati Mustikasari (2019)	PENGARUH HARGA DAN PROMOSI TERHADAP KEPUTUSAN PEMBELIAN TIKET PESAWAT DI TIKET.COM	The effect of consumer perceptions on the purchasing decision process is 62.2% while the remaining 37.8% is influenced by other variables not observed in this research.	Subjects and Objects Research
3	Fachrizi Alwafi, Rizal Hari Magnadi (2016)	PENGARUH PERSEPSI KEAMANAN, KEMUDAHAN BERTRANSAKSI,	From T test sig. value of Security is 0.003 it means smaller than 0.05.	Subjects and Objects Research

		KEPERCAYAAN TERHADAP TOKO DAN PENGALAMAN BERBELANJA TERHADAP MINAT BELI SECARA ONLINE PADA SITUS JUAL BELI TOKOPEDIA.COM	then Security affecting the intention to buy on Tokopedia	
4	LAI P C1; Head of Innovation and Business Development, University of Malaya Centre of Innovation and Commercialization (2016)	DESIGN AND SECURITY IMPACT ON CONSUMERS' INTENTION TO USE SINGLE PLATFORM E-PAYMENT	Security shows significant relationship between perceived ease of use and perceived usefulness which are almost the same.	Subjects and Objects Research
5	Amit Kumar Nag, Bhumiphat Gilitwala (2019)	E-WALLET-FACTORS AFFECTING ITS INTENTION TO USE	the result from the Pearson correlation analysis showed that the level of significance is equal to .000 which is less	Subjects and Objects Research

			<p>than .01 (.000 &lt; .01). It means that null hypothesis was rejected. Then, there is a statistically significant relationship between security/privacy confidence and intention to use at the 0.1 significant level.</p>	
6	<p>Aparna Mishra, Sangeetha Gunasekar, Deepak Gupta (2016)</p>	<p>INFLUENCE OF PRODUCT PERCEPTION AND DISCOUNTS ON THE PREFERENCE OF ONLINE PAYMENT</p>	<p>Overall, the results show that beyond payment infrastructure, discounts and product perception have the ability to drive online payments, and e-tailers can leverage these aspects to improve their business.</p>	<p>Subjects and Objects Research</p>

7	Resa Nurlaela Anwar, Aulia Afifah (2016)	PENGARUH KEPERCAYAAN DAN KEAMANAN KONSUMEN TERHADAP MINAT BELI DI SITUS ONLINE (STUDI KASUS PENGUNJUNG SITUS LAZADA DI JAKARTA TIMUR)	Based on TEST T rcount in Security is 1.660 its smaller than rtable (2,578)  It means Security has significant influence towards intention to buy.	Subjects and Objects Research
8	Cahaya, Dessy (2017)	PENGARUH PRICE DISCOUNT DAN BONUS PACK TERHADAP IMPULSE BUYING DI GIANT EKSTRA (SURVEY PADA KONSUMEN GIANT EKSTRA DI HYPERPOINT PASTEUR BANDUNG)	From T test sig. value of discount smaller than 0.05. then discount affecting the impulse buying at Giant Extra	Subjects and Objects Research
9	Br. Ginting, Shinta Srimenda (2019)	PENGARUH DISKON HARGA TERHADAP KEPUTUSAN PEMBELIAN	In this study discount has a significant influence towards purchasing	Subjects and Objects Research

		IMPULSIF SECARA ONLINE (STUDI PADA PENGGUNA APLIKASI LAZADA DI KECAMATAN PANCUR BATU)	decision.	
10	Jaya, Rama Chandra (2016)	PENGARUH DISKON HARGA DAN ONLINE STORE IMAGETERHADAP NIAT BELI PRODUK PADA ONLINE STOREHIFFU BANDUNG	This study show that discount has a significant positive influence towards intention to buy.	Subjects and Objects Research
11	Adizka, F (2020)	PENGARUH SALES PROMOTION TERHADAP CUSTOMER LOYALTY PENGGUNA APLIKASI MOBILE PAYMENT, DANA	In this study shows that Discount and Cashback has a positive indluence towards consumer loyalty.	Subjects and Objects Research

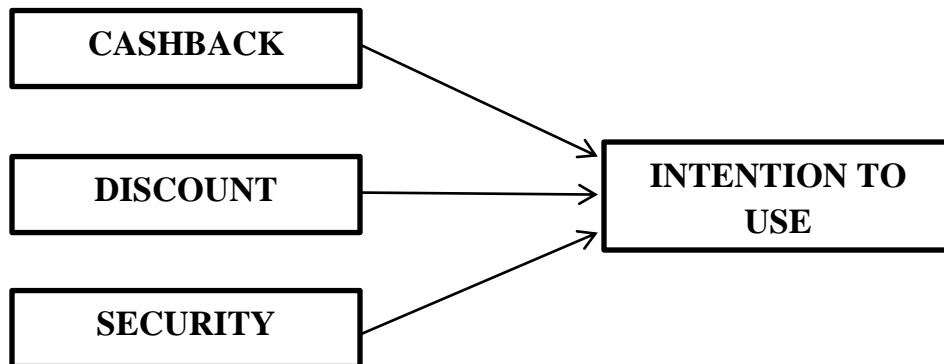
12	Robetmi Jumpakita Pinem, Teuku Afrizal, Jumadil Saputra (2020)	THE RELATIONSHIP OF CASHBACK, DISCOUNT, AND VOUCHER TOWARD DECISION TO USE DIGITAL PAYMENT IN INDONESIA	This study proved that three variable under marketing strategy has a significant positive relationship on the decision to use e- wallets.	Subjects and Objects Research
13	Lai, P C (2016)	DESIGN AND SECURITY IMPACT ON CONSUMERS' INTENTION TO USE SINGLE PLATFORM E- PAYMENT	Security Has Direct Relationship With Consumers' Intention To Use. The Results Show That Security Has Strong Direct Relationship With Consumers' Intention To Use Of The System	Subjects And Objects Research
14	Agmeka, F ,Wathoni, R ,Santoso, A (2019)	THE INFLUENCE OF DISCOUNT FRAMING TOWARDS BRAND REPUTATION AND BRAND	The result for the first hypothesis that states that discount framing influences brand reputation is accepted	Subjects And Objects Research

		IMAGE ON PURCHASE AND INTENTION AND ACTUAL BEHAVIOUR IN E- COMMERCE	(p<0.000). The previous research also supports this statement and mention that a marketer can build decent brand reputation by using discount framing.	
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### 2.3. FRAMEWORK

Table 2.2 Framework

Source : Conceptual Framework adopted from Peter, Zamhari, Miranda, (2018)



The framework will explain the theoretical relationship between the variables to be studied. The thinking framework is a conceptual model about how theory relates to various factors has been defined as an important problem (Sugiyono, 2017). In doing business, of course, the company owner must be biased doing a business in marketing activities, namely starting with an understanding of marketing activities. Marketing according to Kotler and Armstrong in Bob Sobran (2014: 6) is a process by which the company creates value for customers and builds strong relationships with customers to capture the value of the customer in return.



## 2.4. HYPOTHESIS

### 1. The influence of Cashback towards intentions to use Shopee E-Wallet.

Cashback is money that is returned in a certain amount, both in cash and virtual. Cashback usually has restrictions for cash and virtual refunds. Shopee E-Wallet has many promotion in every transaction. Many consumer said that they are using a Shopee E-Wallet because the Cashback. Cashback is an offer for a refund after making a purchase. Shopee E-Wallet also implements this promotional tool which is quite attractive to consumers because the cashback provided by Shopee E-Wallet is very large and profitable so that many consumers are interested in using Shopee E-Wallet. Cashback on Shopee E-Wallet can be obtained by users when making a purchase transaction on Shopee E-Wallet. After making a purchase, users will feel the benefits. Shopee E-Wallet will return the user's balance in the form of coins. Based on the statement above it can be concluded, Cashback has a positive effect on using Shopee E-Wallet.

**H1 : Cashback has a positive influence towards intentions to use Shopee E-Wallet.**

### 2. The influence of Discount towards intentions to use Shopee E-Wallet.

Discounts are a sales promotion tool that is carried out by providing consumers with lower than normal prices to purchase products or services. Shopee E-Wallet also implements discount promotions to attract consumers to use Shopee E-Wallet even though the discount promotions offered are not as many as cashback and voucher promotions. Although it offers a few discount promotions, but still many consumers, especially young people, use these promotions because the prices they get are cheaper and profitable for them. According to research made by Ratih, Berlian, and Cindy (2017). Stated, Discount was considered good enough by the respondents. Based on statement above, it can be concluded, Discount has a positive influence towards intention to use Shopee E-Wallet.

**H2 : Discount has a positive influence towards intention to use Shopee E-Wallet**

3. The influence of Security towards intentions to use Shopee E-Wallet.

Raman Arasu and Viswanathan A. (2011), in Sukma (2011) through a completed study. Found that the security factor has a positive and significant relationship in influencing online purchasing decisions. Likewise, it can be concluded that consumers might use Shopee E-Wallet because the security provided by Shopee is very high. Consumers will not use Shopee E-Wallet if there is no guarantee of security. Because consumers might worry if there is no adequate security guarantee that ultimately prevents them from using Shopee E-Wallet.

**H3 : Security has a positive influence towards intention to use Shopee E-Wallet**

## 2.5. HYPOTHESIS TESTING

Hypotheses are statements that describe a relationship between two variables related to a particular case and are temporary assumptions that need to be verified in a study. Sugiyono (2014: 63), states that: "The hypothesis is a temporary answer to the formulation of research problems, where the formulation of the problem research has been stated in the form of a question sentence. It is said temporarily, because the answers given are only based on relevant theories, not based on empirical facts obtained through data collection.

### 2.5.1. T Test

According to Imam Ghozali (2013), the t statistical test shows how the influence of the independent variable can partially influence or explain the dependent variable. In determining whether the independent variable can partially affect or not the dependent variable, it can be seen through the following provisions:

- Sig. value  $< 0.05$ , then there is the influence of variable X and variable Y.

- Sig. value > 0.05, so there is no influence between variable X and variable Y.

If the significance value obtained from the results of data processing through SPSS 25 for windows is less than 0.05, it can be concluded that the independent variable partially can significantly influence the dependent variable. Conversely, if the significant value is greater than 0.05, the independent variable partially does not have a significant effect on the dependent variable.

## 2.6. MULTIPLE REGRESSION LINIER

The analysis was carried out by examining the relationship between the dependent variable and several independent variable. Multiple Linear Regression is a linear regression model involving more than one independent variable or predictor, because there is one the dependent variable and independent two variables. So this study uses Multiple Linear Regression (MLR). Multiple regression models can formulated as follows:

$$Y = a + \beta_1X_1 + \beta_2X_2 + \beta_3X_3$$

Y	= Intention to use
a	= constanta
X1	= Cashback
X2	= Discount
X3	= Security
$\beta$	= coefficient estimate

**SUMMARY**

The theories from the existing literature have been discussed clearly in this chapter where the researcher found that some study theories were relevant and some were not relevant for this study. Besides, this chapter also clearly discusses defining the scope of study and building a research framework, hypothesis and hypothesis testing for research topics effectively.