

## The Influence of Instagram on Interest and Purchasing Decisions on Shopee E-Commerce (Case Study of Students in Politeknik Negeri Medan)

Deny Juni Hansen Sembiring<sup>1</sup>, Efni Siregar<sup>2</sup>, Ratna Dewi<sup>3</sup>

Email: [junihans06@gmail.com](mailto:junihans06@gmail.com)

Politeknik Negeri Medan

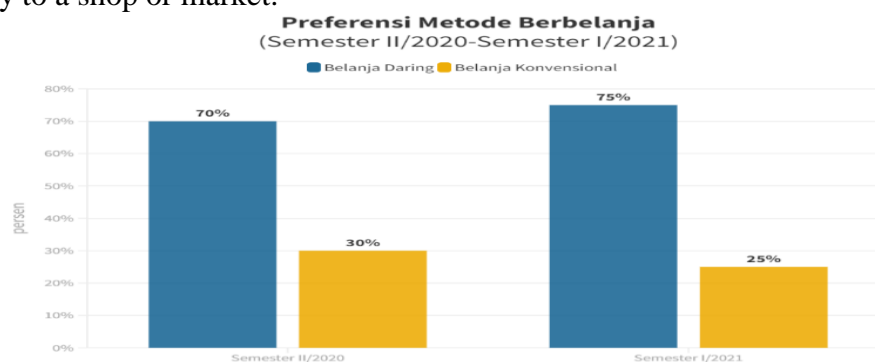
### ABSTRACT

*This research aims to determine and analyze the influence of Instagram on interest and purchasing decisions among Medan State Polytechnic students. This research took research subjects from Medan State Polytechnic students, especially Shopee e-commerce users. The type of research used is quantitative research with survey methods. The subjects in this research were 100 respondents using non-probability sampling techniques and purposive sampling techniques. The research method used was structural equation modeling (SEM), which was processed using the SmartPLS program. The results of this research show that: (1) Instagram has a positive and significant effect on purchasing interest on Shopee among Students of Politeknik Negeri Medan; (2) Instagram has a positive and significant effect on purchasing decisions on Shopee among Students of Politeknik Negeri Medan. (3) Interest buying has a positive and significant effect on purchasing decisions on Shopee among Students of Politeknik Negeri Medan; (4) Instagram has a positive and significant effect on purchasing decisions through the moderator variable buying interest on Shopee among Students of Politeknik Negeri Medan. The variable most dominantly influenced by Instagram is the purchase interest variable.*

**Keywords :** Instagram, Purchase Interest, Purchase Decision.

### INTRODUCTION

Indonesian people's shopping patterns have begun to change, especially during the Covid-19 pandemic. Now, more and more people prefer to shop online rather than having to come directly to a shop or market.

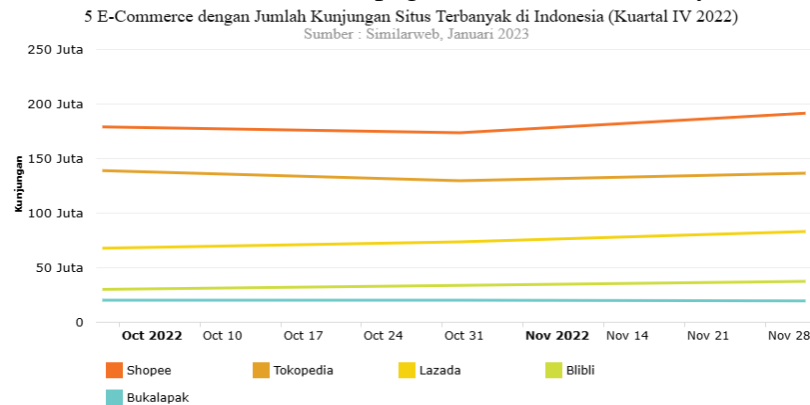


**Figure 1. Shopping Method Preferences**

There are 75% of people choosing to shop online in Indonesia as of semester I/2021. This percentage increased compared to the same period the previous year by 70%. Meanwhile, the proportion of people choosing to shop conventionally is only 25%, a decrease compared to 30% in semester I/2020. One of the reasons for the high preference for online shopping is the pandemic conditions which make people worried about going out to shop

conventionally.

The increasing public interest in shopping online is certainly a blessing for various e-commerce operating in Indonesia such as Shopee, Tokopedia, Lazada, Bukalapak, Blibli, and others. The increase in visitors to their web pages also increases every month.

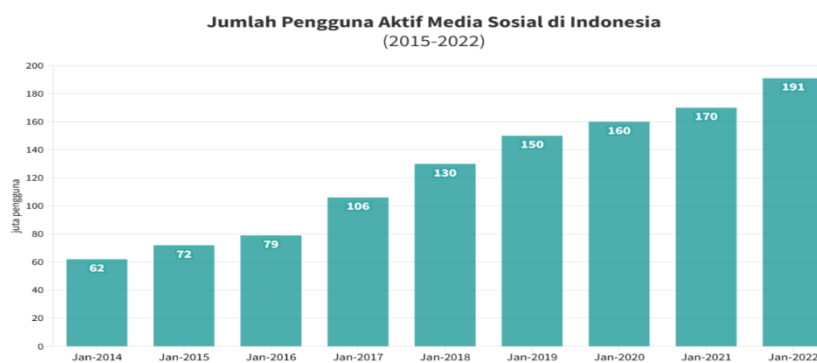


**Figure 2. The highest number of e-commerce site visits in Indonesia**

In October last year the Shopee site received 179 million visits, then rose to 191 million visits in December. The total monthly visitors make Shopee the first ranked e-commerce with the most visitors in Indonesia and the most widely used application by consumers. This proves that interest in online shopping at Shopee is high, so in this study researchers focused more on Shopee e-commerce.

Snapcart conducted research involving 1,000 survey respondents from all over Indonesia. The results placed Shopee as the online shopping site most frequently used for shopping at 66%. Based on age group, Shopee is most liked by young people in the consumer age group 19-24 years, amounting to 72% (Source: Sambas, 2022)

Social media has now become a platform that consumers often use when spending their time online. Social media is the right place to promote products to consumers. Social media gives an identity to the brand or brand being marketed and helps in spreading messages in a relaxed and communicative way.



**Figure 3. Number of Active Social Media Users in Indonesia**

The number of active social media users in Indonesia is 191 million people. WhatsApp is the highest social media at 88.7%. After that there are Instagram and Facebook with percentages of 84.8% and 81.3% respectively. Meanwhile, the proportion of TikTok and Telegram users is 63.1% and 62.8% respectively.

Instagram has become a phenomenon in itself among social media users, especially teenagers. Talking about social media users, students are the group of people most exposed to the distribution of information about a product through social media, especially Instagram. They have a lot of time to access information via social media, because in general they are not limited in using cellphones to carry out online activities on social media and have a lot of free time, which can influence them in doing things including online shopping on e-commerce.

This is also what many Students of Politeknik Negeri Medan do when purchasing products on Shopee e-commerce to meet their needs. Many students choose online shopping because of the convenience it offers, such as saving time and being able to choose goods according to their wishes without having to move between shops, so this can be more practical. There are several previous studies that have conducted studies on the relationship between social media and interest and purchasing decisions. The research results found by Adenia (2019) show that Instagram social media has a positive and significant effect on consumer buying interest among FEBI students. Based on the two studies above with students as the object of research, researchers are interested in conducting research on Students of Politeknik Negeri Medan to find out whether Instagram has a significant influence on interest and purchasing decisions on Shopee e-commerce.

Researchers hope that this research can provide new insights and add to the literature related to the material studied so that it can be used as a reference and information for other researchers who are interested in conducting similar research. Then, it is useful for students as information or requests and at the same time provides stimulation for research, especially in the field of marketing.

## **LITERATURE REVIEW**

### **E-Commerce**

According to Smith & Chaffey (2005:11) e-commerce is about selling online or the ability to transact online. This includes retail, online banking and shopping which involves transactions where buyers actually buy and shop. Some of the reasons why people are starting to move from offline to online shopping is because of the convenience provided by online shopping. Laudon & Traver (2017:9) state that e-commerce can be defined as digitally enabled commercial transactions between companies and individuals. Transactions carried out digitally include all transactions mediated by digital technology.

### **Factors that Influence Purchase Intention**

Wisnu & Permana (2022) stated that there are several factors that influence buying interest, namely:

1. Job differences. This can be interpreted as how someone's busy life can be a factor in purchasing intentions, consumers who have busy activities will have different intentions and decisions from consumers who tend to have more free activities.

2. Differences in social and economic class. This is because consumers with a high socio-economic level find it easier to achieve what they want, in contrast to consumers with a lower socio-economic level.
3. Differences in hobbies and diversity. This factor can be interpreted as how a consumer uses his free time so that it influences how interested he is in a product or service.
4. Gender differences. The psychological tendencies of men and women who shop also influence how purchasing intentions occur.
5. Age difference. The tendency for a person's needs and desires to differ with age differences. Adult consumers certainly have different needs for goods or other supporting activities than children or adolescent consumers.

### **Instagram's Relationship to Interest and Purchase Decisions**

The relationship between Instagram and buying interest in previous research written by Adenia (2019) shows that Instagram social media has a positive and significant influence on consumer buying interest. The relationship between Instagram and purchasing decisions in previous research written by Muslihah (2018) shows that there is a positive influence of Instagram social media marketing on purchasing decisions. This shows that there is a correlation between promotions carried out through social media and purchasing decisions.

### **METHODS**

This type of research is quantitative research with a survey method. This research was conducted in Medan City. The research period starts from May to June 2023. This research approach goes through several stages, namely collecting data through questionnaires, analyzing data, and testing hypotheses which aims to describe or describe the influence of Instagram social media on interest and purchasing decisions for a research object, which is Business Administration Students of Politeknik Negeri Medan.

The data processing technique uses the Structural Equation Modeling (SEM) equation model. According to Paramita et al (2021:147) Structural Equation Modeling (SEM) is a statistical technique used to build and test statistical models which are usually in the form of causal models. The variant base used is Partial Least Square (PLS) as an analysis tool to carry out testing with the help of the SmartPLS 3.0 program.

### **RESULTS AND DISCUSSION**

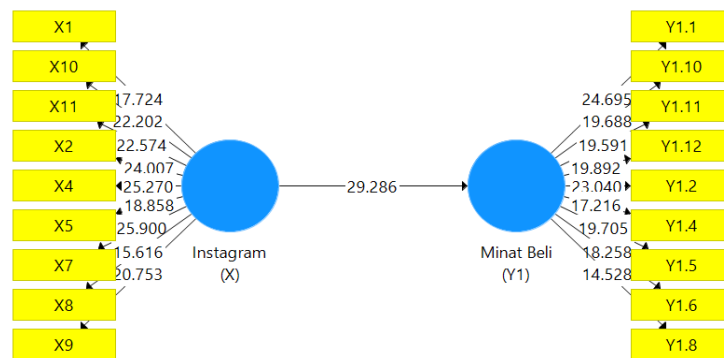
#### **Hypothesis Testing**

Hypothesis testing is carried out by testing the structural model (inner model) by looking at the R Square value which is a model goodness-of-fit test. Apart from that, looking at the total effects shows the parameter coefficient and significant t-statistic value of 1.96. In SmartPLS, statistical testing of each hypothesized relationship is carried out using simulation. In this case, the bootstrap method is also intended to minimize the problem of non-normality of research data. The estimated significant parameters provide very useful information about the relationship between research variables. Test results using bootstrapping from SmartPLS analysis can be seen as follows:

#### **1. Test the Direct Effect Hypothesis**

a. The Influence of Instagram on Purchase Interest

The following is a structural model for the hypothesis path (Path Coefficient) and the p-value obtained from the bootstrapping output results:



**Figure 6. Influence of Instagram on Purchase Interest**

In the analysis, Instagram has a significant effect on buying interest, it can be seen in table 6 below that the t-statistic value shows a number of 29,286 which is  $>1.96$  and can also be proven by the p-value being 0.000 or less than 0.05. This proves that Instagram has a significant influence on buying interest in Shopee e-commerce. So this test proves that **H1 is accepted**.

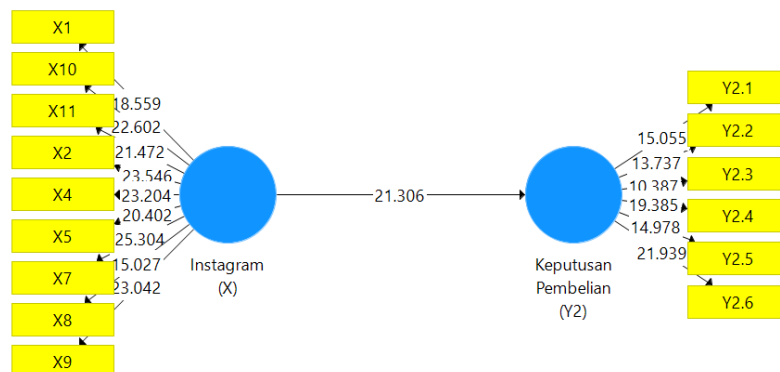
**Table 6. The Influence of Instagram on Purchase Interest**

	Original Sample	Sample Mean	Standard Deviation	t - statistics	p-values	Evidence
Instagram (X) -> Buying Interest (Y1)	0,871	0,873	0,030	29,286	0,000	Valid

Source: SmartPLS 3.2.9 Processed Data

b. The Influence of Instagram on Purchasing Decisions

The following is a structural model for the hypothesis path (Path Coefficient) and the p-value obtained from the bootstrapping output results:



**Figure 7. Influence of Instagram on Purchasing Decisions**

In the analysis, Instagram has a significant influence on purchasing decisions, it can be

seen in table 7 below that the t-statistic value shows a number of 21,306 which is  $>1.96$  and can also be proven by the p-value being 0.000 or less than 0.05. This proves that Instagram has a significant influence on purchasing decisions on Shopee e-commerce. So this test proves that **H2 is accepted**.

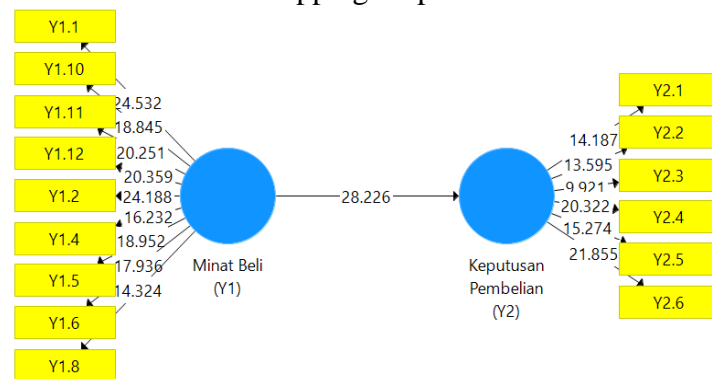
**Table 7. The Influence of Instagram on Purchasing Decisions**

	Original Sample	Sample Mean	Standard Deviation	t - statistics	p-values	Evidence
Instagram (X) -> Keputusan Pembelian (Y2)	0,018	0,823	0,038	21,306	0,000	Valid

Source: SmartPLS 3.2.9 Processed Data

c. The Influence of Purchase Interest on Purchase Decisions

The following is a structural model for the hypothetical path (Path Coefficient) and the p-value obtained from the bootstrapping output results:



**Figure 8. Influence of Purchase Interest on Purchase Decisions**

In the analysis of buying interest, it has a significant influence on purchasing decisions, it can be seen in table 8 below that the t-statistic value shows a number of 28,226 which is  $>1.96$  and can also be proven by the p-value being 0.000 or said to be smaller than 0.05. This proves that purchasing interest has a significant influence on purchasing decisions on Shopee e-commerce. So this test proves that **H3 is accepted**.

**Table 8. The Influence of Purchase Interest on Purchase Decisions**

	Original Sample	Sample Mean	Standard Deviation	t - statistics	p-values	Ket
Buying Interest (Y1) -> Buying Decisions (Y2)	0,847	0,850	0,030	28,226	0,000	Valid

Source: SmartPLS 3.2.9 Processed Data

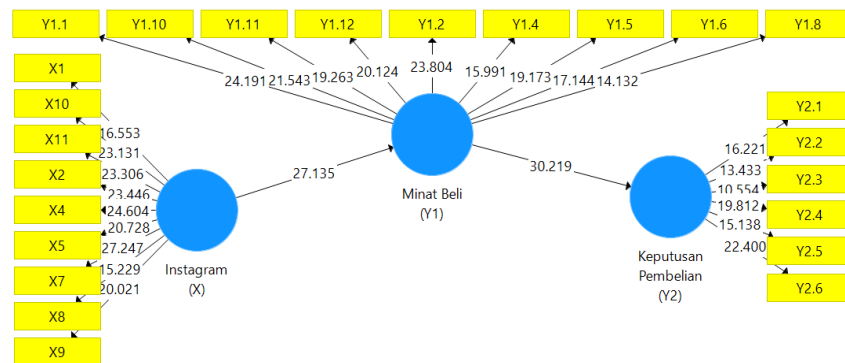
## 2. Uji Hipotesis Pengaruh Tidak Langsung

### a. The Influence of Instagram on Purchasing Decisions through the Moderator Variable



of Purchasing Interest

The following is a structural model for the hypothetical path (Path Coefficient) and the p-value obtained from the bootstrapping output results:



**Figure 9. The influence of Instagram on purchasing decisions through the purchase interest variable**

In the analysis, Instagram has a significant effect on purchasing decisions through the moderator variable buying interest. It can be seen in table 9 below that the t-statistic value shows a number of 16,631 which is  $> 1.96$  and can also be proven by the p-value being 0.000 or called smaller. from 0.05. This proves that Instagram has a significant influence on purchasing decisions through the moderator variable buying interest in Shopee e-commerce. So this test proves that **H4 is accepted**.

**Table 9. The Influence of Instagram on Purchasing Decisions Through the Purchase Interest Variable**

	Original Sample	Sample Mean	Standard Deviation	t - statistics	p-values	Evidence
Instagram (X) -> Buying Interest (Y2) -> Buying Decisions (Y2)	0,738	0,739	0,044	16,631	0,000	Valid

Source: SmartPLS 3.2.9 Processed Data

## Discussion

### The Influence of Instagram on Purchase Interest

Regarding the influence of Instagram on purchasing interest, namely to answer the problem formulation and the first hypothesis which states that Instagram influences purchasing decisions which will be discussed below. Based on the inner path analysis model, it shows that Instagram (X) has a significant effect on buying interest (Y1), so it can be concluded that it has a positive effect or the hypothesis is accepted. Based on this, this research is in line with previous research by Adenia (2019) which stated that Instagram has a positive effect on buying interest.

In this research, the most influential variable on Instagram (X) is the connecting indicator, where it will be easier for consumers to find out about Shopee products because of

product posts on Instagram social media. However, by reading the comments on product photos/videos uploaded on Instagram social media, consumers are still hesitant to buy Shopee products. Based on the path coefficient value, it is found that the highest value that influences Instagram (X) is purchase interest (Y1). This shows that purchasing interest has a higher influence on Instagram than the influence of purchasing decisions. Thus, buying interest is the most dominant variable in influencing students to shop at Shopee via Instagram.

### **The Influence of Instagram on Purchasing Decisions**

This research was conducted to determine the influence of Instagram on purchasing decisions to answer the problem formulation and the second hypothesis which states that Instagram influences purchasing decisions. Based on the inner path analysis model, it shows that Instagram (X) has a significant effect on purchasing decisions (Y2), so it can be concluded that it has a positive effect or the hypothesis is accepted. Based on this, this research is relevant to previous research by Muslihah (2018) which stated that Instagram has a positive influence on purchasing decisions.

In this research, the most influential factor in the purchasing decision variable (Y2) is the post-purchase behavior indicator, where consumers will always make repeat purchases on Shopee e-commerce." Meanwhile, those that have the smallest influence are alternative evaluation indicators, where before buying a product it turns out that consumers feel reluctant to compare Shopee product prices with other e-commerce in terms of shopping satisfaction.

### **The Influence of Purchase Interest on Purchase Decisions**

We will discuss the influence of purchasing interest on purchasing decisions, this is to answer the problem formulation and the third hypothesis which states that purchasing interest influences purchasing decisions. Based on the inner path analysis model, it shows that buying interest (Y1) has a significant effect on purchasing decisions (Y2), so it can be concluded that the effect is positive or the hypothesis is accepted. Based on this, this research is in line with previous research by Sriyanto et al (2018) which states that buying interest has a significant influence on purchasing decisions. In this research, the most influential variable on buying interest (Y1) is the transactional interest indicator, where consumers have the desire to buy products on Shopee because of posts on Instagram social media. Meanwhile, the one that has the smallest influence is the preferential interest indicator, where consumers will think twice about shopping at Shopee in the future.

### **The Influence of Instagram on Purchasing Decisions through the Moderator Variable of Purchasing Interest**

The discussion regarding the influence of Instagram on purchasing decisions through the moderator variable purchasing interest is to answer the problem formulation and the fourth hypothesis which states that Instagram influences purchasing decisions through the moderator variable purchasing interest. Based on the inner path analysis model, it shows that Instagram (X) has a significant effect on purchasing decisions (Y2) through the moderator variable buying interest (Y1), so it can be concluded that it has a positive effect or the hypothesis is accepted. The path coefficient value of buying interest (Y1) has greater results than the path



coefficient value of Instagram (X). This shows that the role of purchasing interest proves to be very important in mediating the formation of purchasing decisions. This means that having Shopee products uploaded on Instagram will influence consumers to have a desire or form an interest in buying a product which can increase purchasing decisions on Shopee e-commerce.

## CONCLUSION

From the formulation of the research problem proposed, the data analysis that has been carried out and the discussion that was presented in the previous chapter, the following conclusions can be drawn from this research: (1) Instagram social media has a significant effect on buying interest in Shopee among Medan State Polytechnic Students, (2) Instagram social media has a significant influence on purchasing decisions on Shopee among Medan State Polytechnic Students, (3) Purchase interest has a significant influence on purchasing decisions on Shopee among Medan State Polytechnic Students, (4) Instagram social media has a significant influence on decisions purchases through the moderator variable buying interest on Shopee among Medan State Polytechnic Students, (5) Buying interest is the variable that is most dominantly influenced by Instagram.

Based on the conclusions above, there are several suggestions that can be given regarding the results or analysis and discussion in this research as follows: (1) Based on the results of this research, Shopee should introduce or provide more information related to a product via Instagram. By providing consumers with an overview of the product uploaded on Instagram social media, it will influence them to buy the product. Shopee must also pay more attention and conduct research on other competitors by studying what the competitors' strengths are so that Shopee products will be more attractive to consumers. (2) For future researchers who will research similar research, they can use this research as a reference in studies related to this research. Future researchers can also replace or add other variables not examined in this research such as price, product quality, brand image and trust and expand the scope of the research.

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