Proposed Marketing Strategy to Increase Purchase Intention on Tokopedia Package Subscription

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ABSTRACT: Tokopedia is offering merchants a new feature called packaged subscriptions. However, there is evidence of low sales for these paid features. This study creates a marketing proposition to solve this problem with low-purchase packages. The purpose of this study is to identify the top reasons for unwillingness to pay, identify the key factors that motivate sellers to purchase, and identify appropriate strategies to motivate sellers to pay for packaged subscriptions. This research utilizes Triangulation method consisting of internal, external and qualitative analysis to determine that the main drivers of sellers' purchase intention were price and information quality factors. The study uses the company's industry environment, competitors, company capabilities, and the user's analysis to generate recommendations using the QSPM matrix. The most pertinent recommendation is to offer a free trial program and scheduled in-app notifications to boost the seller's intent to purchase the subscription package.

KEYWORDS: E-commerce, Information, Price, Purchase Intention, Subscription.

1. INTRODUCTION

Tokopedia developed the platform where their user can open a merchant to operate their business in the Tokopedia platform. Not only giving their user an access to open the merchant, the company also offers the services with a paid subscription system called package subscription. It consists of several paid features that benefit the merchant to promote their product, giving the promos to buyers, and other operational features. By purchasing the package subscription, the merchant will get access to these paid features for a limited time. After the time limit, the merchant needs to repurchase the package subscription to utilize the paid feature again.

2. BUSINESS ISSUE

Within the growth over the period that the company has faced, there are more than 2 millions merchants registered in the Tokopedia platform. All of them have a chance to purchase the package subscription that the company offers. The package subscription will appear monthly in one of the sections in the application. However, the sales that generated from the package subscription is quite low as the package subscription is not purchased by at least 10% of the registered merchants. Even though this program is quite new, there is a vision for the company to utilize this package subscription as their one of revenue stream.

3. LITERATURE REVIEW

To acquire new customers and expand the market share, the e-commerce industry is focused on giving the customers all their online services with the free of charge condition [1]. However, the needs of diversification in the revenue stream led the e-commerce company to provide the fee-based online services in order to be sustainable from a business perspective [1]. To support the initiatives of providing features, user awareness needs to be considered. Awareness in e-commerce is related to the adoption of the feature. The lack of awareness will bring the lack of feature adoption as well [2]. Considering that in this case, the lack of feature adoption will bring the lack of revenue generated from the purchased packaged subscription, the user awareness also takes part to develop the purchase intention in e-commerce. Awareness of e-commerce is constructed by the perception of the e-commerce user and its projection on the feature benefit [2]. In the e-commerce environment, once a customer is aware of the feature presence and adopts the feature in the first time, then they will potentially re-adopt more than the user that never adopted [2].

The intention to purchase is the intention of consumers to engage in the exchange relationship at shopping platforms, such as giving information, maintaining business relationships, and running business transactions [1]. Based on the measurement of purchase intention using eight variables, there are four main variables that are important to influence customer purchase intention in C2C e-commerce sites in Indonesia, which are; trust, risk factors, usefulness, and benefit to the customer [3]. A customer's trust positively

affects a customer's perceived usefulness in e-commerce [3]. Trust is the factor that directly impacts the e-commerce business as the customer itself does not actually see the product, but rely on the information of the e-commerce itself [4]. Benefit is also one of the key factors that will trigger the consumer to purchase. When the consumers gain benefits during online transactions, the consumers themself are more likely will make online transactions [3].

The convenience is one of the critical factors to drive the payment in e-commerce [5]. Indonesian customers will prefer to use e-commerce and intend to purchase if the website is giving reliable information [5]. Not only just four variables, the price can also affect the purchase intention in e-commerce circumstances. In other opinions, the price is also the main reason for the customer to trigger the purchase intention [6]. Competitive prices have positive and significant effects on consumer purchase intention [6]. Price influences the purchase decision to the consumers which suggests that the products or services with reasonable price capture consumer attention and lead to the increasing consumer purchase intention [6].

Derived from the literature review, it can be concluded that on the consumer journey, the first step to identify is the awareness. After the consumer is aware of the selling goods or services, they will consider to purchase by considering the factors that will help them to decide whether to purchase or not. The purchase intention in an e-commerce environment is triggered by four factors, which are: perceived trust, perceived benefit, information quality, and pricing. After the consumer considers these factors and the factors are preferable to their needs, the customer will decide to purchase the product.

4. METHODOLOGY

In the data collection, the author conducts qualitative research using the Triangulation method. Triangulation is a data analysis method which is able to analyze the findings from multiple-methods of research design [7]. The Triangulation method is frequently used to validate the result from several methods, which are interviewing the target customer, analyzing the case study and findings from previous research, and observing the phenomenon [7]. This research collected primary & secondary data. The primary data consist of in-depth interviews & qualitative questionnaires to Tokopedia sellers. The secondary data consist of the behavioral analysis, external, and internal analysis. The external analysis consists of PESTLE analysis, customer analysis, competitor analysis, and Porter Five Force Analysis. Then, the internal analysis consists of VRIO analysis, STP analysis, and the marketing mix. After analyzing all of these frameworks, the writer is able to cultivate the analysis using the SWOT framework and will arrange the suitable strategy in the TOWS matrix with the QSPM matrix that is filled with representatives of the company.

5. RESULT & DISCUSSION

At the beginning of the questionnaire, the writer questions the awareness of the package subscription and their history of transaction regarding this package subscription. From the data gathered from 77 respondents, 77.9% of respondents are aware of the Tokopedia packages subscription. Even though the awareness of package subscription can be considered as high, 63.6% of the respondents claim that they never purchase the package subscription, while other 28 respondents have purchased at least one time. Furthermore, we can acknowledge that there are some additional factors that potentially affect the performance of low-purchase package subscription. The sellers are given the question that is asking about the reason why they were not eager to purchase the package. The writer provides 5 options to answer as it will reflect the factor of purchase intention in the literature review along with one option for free answer. The options are: (i) the sellers are not trusting the package subscription offering, (ii) the package itself is not needed to the sellers, (iii) the price is not suitable for their preference, (iv) the seller are not understand about the package offering, and (v) the package duration is considered short term. The result details are illustrated in the table below.

Table I. Respondent Result: Factors not purchasing package

Purchase Intention factor	Factors	Number of Sellers	Percentage
Perceived Trust	Didn't trust package subscription	0	0%
Perceived Benefit	Didn't need the package subscription	11	14.3%
	Package Duration is short-term	20	26%
Information Quality	Not understand about package	26	33.8%
Price	The price is not suitable	29	37.7%

The pricing option is the most voted as there are 29 sellers that thought the price is not suitable for them. Not only based on 1 question, this findings about the price is also discovered from the in-depth interview and the open answer in the questionnaire. In the in-depth interview, some of them are complaining about the price that is not affordable enough from them. On the questionnaire open answer, several respondents tend to not purchase because they do not ensure that the price is equal with the benefit that they have. The writer is able to conclude that the primary data collection based on in-depth interview and questionnaire results, it can be stated that the root cause of the low purchased package subscription is about the System Information and Pricing factors. This acknowledgement can be considered an opportunity because now the company can focus on constructing the solution only related to the two factors, which are Pricing and Information Quality.

After collecting primary data, the writer continues to collect the secondary data by analyzing the PESTLE analysis, customer analysis, competitor analysis, Porter Five Force Analysis, VRIO analysis, STP analysis, and the marketing mix. The result of all of the analysis are gathered and divided into SWOT analysis below:

For the strength

[S1] Package subscription offering are hard to imitate to other competitor, as it can leverage the company value [S2] Strong resource of customer service readiness & complete data center as a basis to innovate features.

[S3] Targeting active sellers will bring instant impact to the new proposal feature.

[S4] Able to identify the new and low performer sellers will reduce the churn rate and maintain them.

[S5] Synergy between customer service insight & the availability of features will help the company to evaluate.

[S6] In terms of pricing, the company is able to give discounts, free offers, and various payment methods.

[S7] In terms of place & promotion, the company can utilize their all social media platform to build awareness.

For the weakness

[W1] Core foundations of the company are easy to imitate to the competitor (awareness, brand reputation, innovation).

[W2] Potential active sellers outside Jabodetabek area might not get the feature improvement.

[W3] The company has limitations to provide the free offerings, so they need to be selective on giving free items.

[W4] The company has limitations to provide the discount. Sellers need to use their funds to create a discount to buyers.

[W5] There is little "how to do" content for the features, only promoting new features, programs, or any promo.

For the opportunity

[O1] Having the formal regulation on online activity of transacting and opening the business online.

[O2] The features are already available to increase traffic, transaction, and buyer awareness in their shop.

[O3] Utilizing different social media channels will help the company to promote the new features and program.

[O4] Technology capabilities & resources can be explored to develop new features.

[O5] If the company provides the suitable pricing & complete information, the seller will prefer to purchase more.

[O6] There are no similar package subscription offerings, so it can strengthen the company value proposition.

[O7] Tokopedia branding positions & credibility are hard to duplicate from the new entrance in the industry.

For the threat

[T1] Some programs that are related to shipping may be at risk of delay depending on the climate and traffic conditions.

[T2] New seller have no intention to purchase because the price is too high for them

[T3] The information on package subscription are not clear to seller

[T4] There are a lot of similar features in other e-commerce & the program can potentially be imitated.

[T5] Sellers can suddenly shift to the offline market if they experience online commerce not giving any revenue.

With this SWOT analysis, the writer will be able to create several strategies. With the TOWS matrix below, the writer will be able to prioritize the suitable strategies to match with the issue.

Figure.1 TOWS Analysis

	Opportunity	Threat
Strength	**SO** Provide a free-trial package for new purchaser & variative pricing. [S1, S2, S3, S4, S6, O5, O6]	**ST** Personal admin chatting for new & lower performer sellers. [S2, S4, S5, T1, T5]
Weakness	**WO** Create "how to" content on social media. [W2, W5, O2, O3, O5, O6]	**WT** Scheduled in-app notification info. [W1, W2, W3, W4, T1, T3, T4, T5]

After providing four proposed solutions, the writer and representative of the company filled out the calculation of QSPM matrix that calculates the impact of each strategy towards all of the aspects of SWOT analysis. As the result, from the total attractiveness score (TAS), the strategy SO which is Provide a free-trial package for new purchaser and variative pricing are the most valued with the score 7.6 followed by strategy to provide scheduled in-app notification info with 6.6 score. Furthermore, the strategy ST which provides a personal admin chatting for new & lower performer sellers are in the third rank with the total score of 6.1. The strategy to create "how to" content on social media got the lowest score with 5.85. Referring to the company perspective and its business acumen, the rank is also reasonable considering that from rank 1 to rank 4, the effort of resources and cost from the company to implement the strategy is aligned with the rank, from the lowest cost (rank 1) to the highest (rank 4).

Derived from the previous analysis that has been written above, there are two strategies that can act as a complement to each other. The very first strategy is giving the free-trial package subscription for the seller that never purchased the package subscription. Then the company also added more packages with variative range of pricing to capture the seller that already subscribed the free-trial. To complete the first strategy, the company can also develop the second strategy, which is In-App Notification to targeted sellers. The targeted seller is a seller that is considered as a new and low performance seller in Jabodetabek area that is actively replying to chat from the buyers and using the Tokopedia features. By giving them the in-app notification, they will be more aware of the availability of new free-trial package subscription programs and new package offerings with various pricing so that they will get the complete information regarding the package and consider purchasing after they experience the free-trial packages.

6. CONCLUSION

As Tokopedia faces low sales for packaged subscriptions from its users, this project is to identify the main reasons for unwillingness to pay for a package subscription, identify the key factors to induce the merchant to buy this package subscription, and determine the merchant's willingness to pay for the package by constructing the right strategy. Perceived trust, perceived benefit, quality of information, and pricing are key factors in eliciting purchase intention from merchants. The price and quality of information factors became the main reasons for unwillingness to pay as a result of customer analysis on package subscriptions. Dominantly the new and lower performer merchants do not find the package affordable enough, followed by the unclarity of information towards the package in the platform. The analysis is generating two suitable strategies to solve the low-purchase package subscription in the company. First is to offer free trial packages and additional package offers at lower prices. The second initiative is giving scheduled in-app notifications that synchronize with the package's sales period. The free-trial package will give the real experience for merchants about the benefit of the package. Then after the end period, the merchant will consider purchasing again with more price options. To support these journeys, the in-app notification as a second initiative will maintain the merchant's awareness towards the availability of free-trial and additional affordable packages. By these two initiatives, it will address the merchant's pain point about price issues and information quality issues in order to escalate their purchase intention through this package subscription.

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