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The Influence of Shopee Pay Later on the Impulsive Buying of E-commerce Shopee Users: A Study from Indonesia Utilitarian and Hedonic Attributes in Online Purchase Intentions

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Abstract:
The purpose of this study is to show the influence of Shopee Pay later on impulsive buying through utilitarian attributes, hedonic attributes, affective attitude, and cognitive attitude variables. The researcher disseminates an online questionnaire via Google form to 232 respondents to conduct this study. The analysis of this study uses the method of Structural Equation Modelling (SEM) using the Smart PLS (Partial Least Square) software. The result of this study is that the utilitarian attributes, hedonic attributes, affective attitude, and cognitive attitude have a positive and significant relation to the impulsive buying variable. So, there are the higher value of the utilitarian attributes and hedonic attributes, the higher level of affective attitude and cognitive attitude, and then, there are the higher value of affective attitude and cognitive attitude, the greater level of consumer impulsiveness in shopping using the Shopee Pay later feature.

Keywords: Utilitarians attributes, hedonic attributes, affective attitude, cognitive attitude, impulsive buying

1. Introduction

With the advancement of technology and the internet in the world, shopping trends have changed from offline to online. People tend to prefer online shopping since it is more efficient and can be done anywhere. The rapid development of technology and the internet has also changed how Indonesians pay their bills, where payments can be made through e-wallets. Along with the rise of e-commerce shopping transactions, digital payment transactions also experienced a rapid increase, as seen by the rise of the digital payment market in the fourth quarter of 2020, achieving 41.7% and exceeding transactions using bank transfers and cash, reaching around 20.73% and 19.01%. In October 2021, the value of e-money transactions increased by 55.54% to IDR 29.23 trillion, which was much bigger. According to Bank Indonesia, the reason was the rapid pace of online shopping during the pandemic and the convenience of digital transactions.

E-wallets are one of the financial technologies that have become an alternative payment method using the internet. As time goes by, e-wallets provide the Pay Later feature. One of the famous Pay Later features is Shopee Pay Later which allows consumers to get instant loans or installments in paying their purchases at Shopee. This feature is similar to a credit card, where consumers will be required to pay bills according to the period selected when making payment transactions in the Shopee application (Shopee.co.id). Impulsive consumers tend to be easily obsessed with shopping even though they know the negative consequences (Omar et al., 2014). This explanation makes the author needs to research the influence of Shopee Pay Later on the Impulsive Buying of Shopee users.

2. Literature Review

2.1. Theoretical Review and Conceptual Background

2.1.1. Shopee Pay Later

Shopee is an e-commerce mobile application or marketplace from Singapore standing under the auspices of the SEA Group. Shopee was founded by Forrest Li and Christ Feng in 2015, isnd Shopee Indonesia was founded in December 2015. Shopee is a marketplace that provides various needs such as food, clothes, shoes, bags, household needs, and electronics. Shopee also provides other features such as money lending services, payments via credit, pulse, bills, and tickets. In 2019, Shopee presented a new feature Shopee Pay Later, which is paid via installments or credit.

2.1.2. Utilitarians Attributes

There are three basic reasons why consumers go shopping:
- Shopping motivation,

- Shopping value, and
- Consumers' decision–making styles (Rohman, 2012)

Shopping value is a shopping experience that is divided into utilitarian consumption value and hedonistic consumption value (Babin et al., 1994). Consumers go shopping based on individual and social needs. Utilitarian values are categorized as rational consumer thinking. Utilitarian attributes are defined as attributes related to consumer perceptions of the utility and function of an object (Moon et al., 2017). The characteristics of consumers who are prioritized usability can be seen from wise behavior in minimizing the cost of gaining a product and high satisfaction when successfully maximizing the usability of a product. Utilities are based on selecting and comparing the usability that will be received based on cost considerations that should be incurred or the profits earned (Luqman & Yeyen, 2021).

2.1.3. Hedonic Attributes

Impulsive buying often includes hedonic or affective components. This happens when consumers feel a strong impulse to buy a product or service (Rohman, 2012). This impulse is a consumer motivation to buy items hedonically which can cause emotional conflicts (Rohman, 2012). Consumers who go shopping to satisfy the desires of hedonism include searching for new experiences and looking for variety and pleasure, which can have a significant effect on consumers' impulsive shopping behavior (Hausman, 2000).

2.1.4. Impulsive Buying

Impulsive buying is an emergency, sudden, complex buying hedonism where the speed of the impulsive decision process obstructs intentional and exercised consideration of choices and information (Sari & Yasa, 2021). When consumers decide to buy items online, when they act impulsively and are triggered by easy purchases and access to a product when clicking orders, painless delivery, and there is no social pressure (Akram et al., 2018).

2.2. Cognitive Attitude & Affective Attitude

Cognitive attitude refers to the scope in which an individual likes an object based on the use and function given by the object (Moon et al., 2017). While affective attitude is related to the emotional sensations and experiences of individuals that come from the utilization or experience of an object (Moon et al., 2017). Commonly, affective and cognitive attitudes affect decision-making, where the affective attitude refers to feelings, emotions, and moods, and the cognitive attitude refers to thinking, understanding, and interpreting information (Coley & Burgess, 2003). When the affective state overcomes the cognitive, impulsive buying behavior becomes more possible (Coley & Burgess, 2003).

2.3. Empirical Review

Utilitarian values are categorized as rational consumer thinking, whereas utilitarian attributes are defined as attributes related to consumer perceptions of the utilities and function of an object (Moon et al., 2017). According to Chakraborty & Soodan (2019), utility shopping motivation orients to task and work assignment goals such as durability, quality, and convenience. In previous studies, it stated that utilitarian attributes are related to more cognitive aspects of attitudes when buying online (i.e., convenience, economic value for the money, or time savings). Hedonic attributes are known as an essential predictor of online shopping. Similar to shopping offline, consumers also go shopping online for fun and amusement purposes (Moon et al., 2017). Impulsive buying occurs when consumers experience a continuous, sudden, and strong impulse to buy an item. This happens because there is a failure in self-control (Omar et al., 2014).

Madiha Khan & Shejutie Haque (2020) stated that education can increase the demand for luxury items and the standard of living for Pay Later users. The Pay Later payment method has a significant effect on increasing the value of annual product purchases, and the results show that it causes impulsive buying (Khan & Haque, 2020). Impulsive buying is often accompanied by affective reactions such as a strong impulse to buy or feelings of pleasure and excitement (Kimiagari & Asadi Malafe, 2021). The affective aspect of impulsive buying is more related to feelings and emotions. Hence, impulsive buying is a way to deal with emotions (Caner, 2010). According to the theory of reasoned action (TRA), the individual attitude is a very vital factor in influencing one's behaviors, and this attitude is divided into cognition-based attitude and affective-based attitude (Wu et al., 2018).

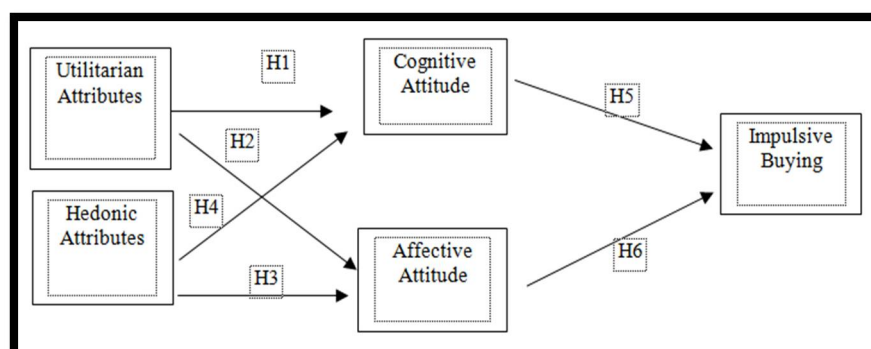The following is the framework of this study.

Figure 1: Research Framework

3. Research and Methodology

This study uses a sample with a non-probability sampling technique and an incidental sampling method. The criteria used in selecting respondents are those who have used or are currently using the Shopee Pay Later feature. The total no. of respondents in this study is 232 people. The data will be obtained by disseminating an online questionnaire using Google Forms. This study uses a Likert scale rating from 1 to 7.

3.1. Data Analysis Technique

This study uses the Structural Equation Modelling Partial Least Square (SEM-PLS) testing method using Smart PLS software. Before conducting further testing, it is necessary to test the validity and reliability. The validity and reliability were tested by using the SPSS application for the pre-test and 232 respondents will be using smart PLS. A validity test was carried out to test whether each instrument was valid or not. After that, the reliability test was carried out to find out whether the variables were reliable and consistent or not.

4. Analysis and Findings

4.1. Validity and Reliability Test

The results are proved to be valid if the P-value on the indicator value is below 0.05. So it can be concluded that all indicators in table 1 are significant because the P values are 0.000, which is below 0.05. Based on this study, the outer loading value has fulfilled the requirements above 0.5.

4.2. Average Variance Extracted (AVE)

The results in table 1 show that the Average Variance Extracted (AVE) has an average greater than 0.50. The discriminant validity test is done by analyzing the values of all variable items. A variable is proved to be discriminately valid when its value exceeds the criteria (> 0.50). Based on the table below, it can be seen that each variable has a good construct validity value.

Table 1 shows that the value of all variables in reliability testing is good. Cronbach's alpha reliability value is > 0.60, composite reliability value is > 0.70, and validity testing using AVE value is > 0.50. Therefore, it can be concluded that the variables tested are valid and reliable, so it can be continued to test the structural model.

	Cronbach's Alpha	Composite Reliability	(AVE)
Affective Attitude	0		.946 0.961 0.862
Cognitive Attitude	0		.912 0.938 0.792
Hedonic Attributes	0		.923 0.936 0.620
Impulsive Buying	0		.884 0.915 0.683
Utilitarian Attributes	0		.918 0.934 0.671

Table 1: Composite Reliability, Cronbach's Alpha, and Average Variance Extracted
Source: Research Data (2022), Analyzed SmartPLS 3.0

4.3. Discriminant Validity

Cross-loading can be a method to determine the value of discriminant validity by looking at the value of cross-loading. The following are the results of the cross-loading value in this study.

	Affective Attitude	Cognitive Attitude	Hedonic Attributes	Impulsive Buying	Utilitarian Attributes
AA1	0				.953 0.651 0.661 0.667 0.630
AA2	0				.959 0.649 0.628 0.661 0.621
AA3	0				.912 0.653 0.570 0.560 0.645
AA4	0				.888 0.561 0.610 0.684 0.572
BD1	0				.492 0.478 0.697 0.382 0.473
BD2	0				.490 0.541 0.744 0.425 0.539
BD3	0				.499 0.500 0.748 0.431 0.518
C1	0				.598 0.622 0.523 0.573 0.798
C2	0				.484 0.544 0.422 0.410 0.776
C4	0				.528 0.609 0.530 0.505 0.795
CA1	0				.681 0.878 0.573 0.574 0.697
CA2	0				.541 0.897 0.460 0.549 0.663

	Affective Attitude	Cognitive Attitude	Hedonic Attributes	Impulsive Buying	Utilitarian Attributes
CA3	0				.551 0.914 0.445 0.512 0.691
CA5	0				.626 0.869 0.477 0.553 0.746
EU1	0				.538 0.611 0.488 0.490 0.864
EU2	0				.568 0.656 0.463 0.565 0.864
EU3	0				.533 0.703 0.425 0.462 0.793
EU5	0				.549 0.745 0.458 0.480 0.839
IB1	0				.584 0.653 0.418 0.824 0.592
IB2	0				.609 0.585 0.441 0.871 0.555
IB3	0				.554 0.426 0.494 0.773 0.443
IB4	0				.569 0.391 0.515 0.845 0.452
IB5	0				.550 0.453 0.437 0.818 0.453
R1	0				.533 0.384 0.776 0.409 0.449

	Affective Attitude	Cognitive Attitude	Hedonic Attributes	Impulsive Buying	Utilitarian Attributes
R2	0				.541 0.438 0.828 0.510 0.477
R3	0				.592 0.448 0.821 0.517 0.472
S1	0				.507 0.344 0.806 0.387 0.364
S2	0				.557 0.388 0.856 0.455 0.411
S3	0				.489 0.339 0.798 0.381 0.341

Table 2: Cross Loading
Source: Research Data (2022), Analyzed SmartPLS 3.0

A variable is proved to reach the Fornell-Larcker criteria if the AVE value for each latent variable is higher than R^2 with other latent variables. In table 3 below, it can be seen that the variable has reached the Fornell-Larcker Criteria.

	Affective Attitude	Cognitive Attitude	Hedonic Attributes	Impulsive Buying	Utilitarian Attributes
Affective Attitude	0.928				
Cognitive Attitude	0 .677	0.890			
Hedonic Attributes	0		.666 0.551 0.787		
Impulsive Buying	0			.695 0.616 0.554 0.827	
Utilitarian Attributes	0				.664 0.788 0.577 0.609 0.819

Table 3: Fornell-Larcker Criteria
Source: Research Data (2022), Analyzed SmartPLS 3.0

4.4. Coefficient of Determination (R-Square)

Then, table 4 shows the results of R^2 from each variable as follows:

	R Square	R Square Adjusted
Affective Attitude	0 .561	0.557
Cognitive Attitude	0 .635	0.631
Impulsive Buying	0 .522	0.518

Table 4: Value of R^2 Dependent Variable
Source: Research Data (2022), Analyzed SmartPLS 3.0

Based on table 4, affective attitude is influenced by the model from this study with 56.1%, and the rest is influenced by the model outside this study. Cognitive attitude has a determinant coefficient counted 63.5%. Further, Impulsive Buying has a determinant coefficient of 52.2%, while the rest, counted at 47.8%, is influenced by the model outside this study.

4.5. Path Coefficient (Hypothesis Testing)

The path coefficient was calculated using the bootstrapping technique. The following are the results of PLS Bootstrapping:
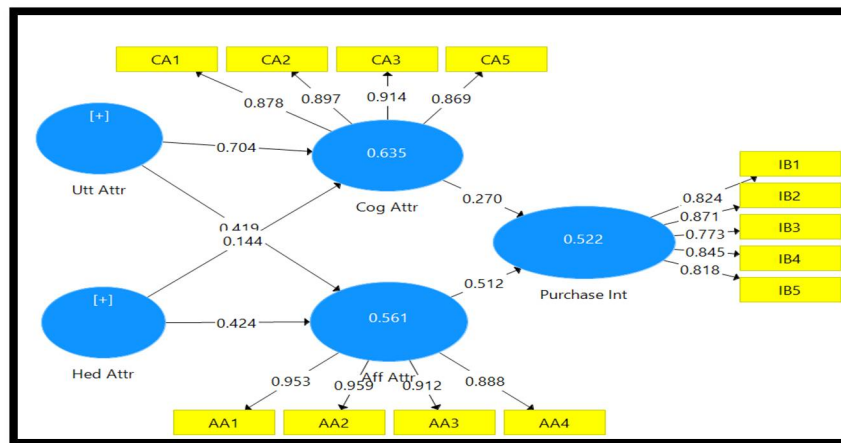

Figure 2: Bootstrapping

The path coefficient test shows that the hypothesis has a significant relationship because the t-statistic value is > 1.96, and the P-value is < 0.05. In the path coefficient table below, we can see that all hypotheses are accepted. The results of the hypothesis test can be seen in the table below.

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Affective Attitude -> Impulsive Buying	0				.512 0.513 0.067 7.599 0.000
Cognitive Attitude -> Impulsive Buying	0				.270 0.271 0.071 3.801 0.000
Hedonism Attribute -> Affective Attitude	0				.424 0.424 0.062 6.872 0.000
Hedonism Attribute -> Cognitive Attitude	0				.144 0.145 0.052 2.798 0.005
Utilitarian Attributes -> Affective Attitude	0				.419 0.422 0.057 7.311 0.000
Utilitarian Attributes -> Cognitive Attitude	0				.704 0.707 0.047 15.083 0.000

Table 5: Path Coefficient
Source: Research Data (2022), Analyzed SmartPLS 3.0

5. Discussion

This study analyzes five variables: utilitarian attitudes, hedonic attitudes, cognitive attitudes, affective attitudes, and impulsive buying. The first hypothesis states that there is a positive relation between utilitarian attributes on the cognitive attitude of Shopee Pay Later consumers. The utilitarian motivation behind online shopping significantly influences consumer attitudes. Consumer perceptions of the instrumental value of online shopping sites are essential determinants of consumer attitudes. In this study, it can be found that respondents between the ages of 20-29 have a fairly high utility variable value, so it can be concluded that many millennials judge products based on function and value. If the seller can provide more benefits than others, it will be a positive value that makes consumers buy the product. However, if we look at the psychological side, when people are never satisfied and tend to want more, individuals can be impulsive. After they become impulsive, they will be more motivated and encouraged to use the Pay Later feature in Shopee. Research conducted by (Moon et al., 2017) found that utilitarian attributes have a positive effect on cognitive attitude.

According to the theory of reasoned action (TRA), individual attitudes are a very vital factor in influencing their behavior (Wu et al., 2018). Attitudes can be divided into cognition-based attitudes and affective-based attitudes (Wu et al., 2018). Further, the second hypothesis shows that there is a positive relation between utilitarian attributes on affective attitude. Previous research conducted by Moon et al. (2017) found that utilitarian attributes had a positive effect on affective attitude. The utilitarian motivation behind online shopping can significantly influence consumer attitudes. Consumer perceptions of the instrumental value of online shopping sites are an important determinant of consumer attitudes. Although many consumers judge a product based on its function, the consumer's experience in using a product can influence consumer purchasing decisions. If the consumers are used to using product X, they will tend to buy product X instead of the other products, although the price of X is much more expensive. This is not a problem for consumers who have a good income. However, if their income is not enough, it can make consumers use Shopee Pay Later, which usually happens to the millennials when the price of necessities increases but the income does not.

The third hypothesis shows that there is a positive influence between hedonic attributes on cognitive attitude. Research conducted by (Moon et al., 2017) shows that hedonic attributes are known as significant predictors of online shopping. Similar to offline shopping, online consumers also go shopping for fun and amusement (Moon et al., 2017). In this study, it can be found that many respondents between the ages of 20-29 have a high level of hedonism where there are several factors, including free shipping or cashback promos given to Shopee Pay Later users. Today's younger generations like discounts or cashback.

Next, in the fourth hypothesis, hedonic attributes have a positive effect on affective attitude. A study suggests that hedonic motivations are essential in determining consumer attitudes. Hedonic attributes are known as significant predictors of online shopping. Similar to offline shopping, online consumers also go shopping for fun and amusement (Moon et al., 2017). Consumers with a high level of hedonism can be caused by several things, including social status with luxury things and being happy to have valuable products. In today's era, the convenience of internet access allows millennials to get information about the latest trends. If the millennials have less self-control, it will be possible for them to buy a product because they want to look trendy among their friends, such as using a branded smartphone and other famous things. The millennials, who were born into affluent or wealthy families, can follow the latest trends. However, millennials from the middle and lower classes who lose their self-control will look for shortcuts to follow the trends, which is by using Pay Later.

The fifth hypothesis states that there is a positive relationship between cognitive attitude and impulsive buying. Impulsive buying behavior consists of unplanned and sudden purchases. Impulse buying is often accompanied by affective reactions such as a strong impulse to buy or feelings of pleasure and excitement (Kimiagari & Asadi Malafe, 2021). The affective aspect of impulsive buying is more related to feelings and emotions. So impulsive buying becomes a way to deal with emotions (Caner, 2010). Nowadays, a behavior has become a trend among younger generations, which is self-reward. Self-reward is a form of activity to reward oneself for the things that have been achieved (Asikin, 2021). Some of the benefits gained by self-reward are being able to relieve stress and becoming self-motivated as a form of self-love. Self-reward includes:

- Vacations,
- Shopping,
- Eating favorite foods,
- Doing hobbies, and others

However, sometimes people use self-reward as a cover for impulsive shopping, especially nowadays, there is a Pay Later feature that allows someone to have installments in online shopping. When someone needs self-reward, they will look for something they like on the internet or e-commerce, where there are many things they will find. If a person has less self-control, then he or she can buy a product without considering the costs and tends to act impulsively with a reason of self-rewards.

Hypothesis 6 states that there is a positive relation between affective attitude and impulsive buying, where the emotional experience of consumers while using the product can influence purchasing decisions. If all the variables are positively related and have high value, it will increase the possibility of someone making impulsive buying while using the Shopee Pay Later feature. The millennials are a generation that is proficient in using the internet and social media where they can access more information. The millennials will be more easily exposed to world developments which can cause their shopping desires and experiences to be more diverse. The needs of the millennials are also increasingly varied, which causes the fulfillment of needs not only primary and secondary but also tertiary. However, in reality, not all millennials have a good income to meet those tertiary needs, so Pay Later can be a way for them to fulfill their desires. Excessive use of Pay Later will make someone impulsive in shopping.

6. Conclusion

There is an influence of using the Shopee Pay Later feature on impulsive buying consumers. In this study, Utilitarian Attributes have a positive and significant effect on cognitive attitude, which means that the higher the value of utilitarian attributes felt by Shopee Pay Later consumers, the higher the consumer's cognitive attitude when using the feature. Utilitarian Attributes have a positive and significant effect on affective attitudes, which means that the higher the value of utilitarian attributes felt by Shopee Pay Later consumers, the higher the affective attitudes of consumers when using the feature. Hedonic attributes have a positive and significant effect on cognitive attitude, which means that the higher the value of hedonic attributes, the higher the value of cognitive attitude felt by consumers when using Shopee Pay Later.

Hedonic attributes have a positive and significant effect on affective attitude. The higher the value of hedonic attributes from consumers, the higher the value of affective attitude while using Shopee Pay Later. Cognitive attitude has a positive and significant effect on impulsive buying, which means that the higher the cognitive attitude felt by consumers who use Shopee Pay Later, the higher their impulsive buying of consumers. Affective attitude has a positive and significant effect on impulsive buying, which means that the higher the value of the affective attitude felt by consumers in using Shopee Pay Later, the higher the impulsive buying of consumers.

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