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# Analysis Of Factors That Influence Online Purchasing Decisions In The Millennium

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**ABSTRACT**

This study aims to determine what factors influence the decision of consumers (millennial generation) to make online purchases. The population in this study is the millennial generation born in the 2000s. The research method used is quantitative descriptive using factor analysis techniques. Where the results of the study stated that there are three dominant factors that influence online purchasing decisions, namely lifestyle,easiness, and quality of information.

Keywords: life style, easiness, information quality, promotion, price, consumer review, and purcahsing decision

## 1. BACKGROUND

The rapid development of the technological world makes many difficult things easier. One of them is the economy. Currently conducting economic transactions is quite easy, so distance and time are no longer an obstacle in doing business.

This is indicated by the number of shopping sites in Indonesia and the growth of internet users in Asia. In 2018 users the number of internet users in Asia is 2,062,197,366 (www.internetworldstats.com) or can be seen from the following table :

**WORLD INTERNET USAGE AND POPULATION STATISTICS**
**JUNE 30, 2018 - Update**

| World Regions | Population ( 2018 Est.) | Population % of World | Internet Users 30 June 2018 | Penetration Rate (% Pop.) | Growth 2000-2018 | Internet Users % |
|---|---|---|---|---|---|---|
| Africa | 1,287,914,329 | 16.9 % | 464,923,169 | 36.1 % | 10,199 % | 11.0 % |
| Asia | 4,207,588,157 | 55.1 % | 2,062,197,366 | 49.0 % | 1,704 % | 49.0 % |
| Europe | 827,650,849 | 10.8 % | 705,064,923 | 85.2 % | 570 % | 16.8 % |
| Latin America / Caribbean | 652,047,996 | 8.5 % | 438,248,446 | 67.2 % | 2,325 % | 10.4 % |
| Middle East | 254,438,981 | 3.3 % | 164,037,259 | 64.5 % | 4,894 % | 3.9 % |
| North America | 363,844,662 | 4.8 % | 345,660,847 | 95.0 % | 219 % | 8.2 % |
| Oceania / Australia | 41,273,454 | 0.6 % | 28,439,277 | 68.9 % | 273 % | 0.7 % |
| WORLD TOTAL | 7,634,758,428 | 100.0 % | 4,208,571,287 | 55.1 % | 1,066 % | 100.0 % |

Picture 1. Figure 1. Percentage of Internet Users in the World
Source: www.internetworldstats.com

Of 49% of the population in Asia all are internet users. The use of the internet has not only become a lifestyle, but has become a necessity.

The use of the internet makes life easy, with the internet anyone can make transactions through his smartphone wherever he wants. The emergence of various online sites that offer a variety of products is becoming a very developing trend today. However, the decision to make an online purchase does not just happen because of many factors that influence it. One of them is the ease of doing transactions.

The results of research conducted by Wardoyo and Intan Andini (2017) state that lifestyle, trust, convenience, and quality of information simultaneously influence online purchasing decisions. Following the results of research from Asrizal and Linzzy (2019) states that there are 3 (three) factors that influence online purchasing decisions, namely convenience, lifestyle, and price. According to Schiffman, Kanuk (2004) Purchasing decision is the selection of two or more alternative purchasing decision choices, meaning that someone can make a decision, there must be several alternative choices.

## 2. METHOD OF RESEARCH

This research was conducted using descriptive and quantitative research methods, namely by providing an explanation or explanation of theories related to the title of research with quantitative methods, which are systematic of the parts and phenomena as well as their relationships and test the truth of the data obtained by Factor Analysis which aims to find out which factors are dominant that influence online shopping consumer decisions.

The population in this study were all students who shop online in Medan. By determining the NonProbability sampling to determine the sample the author uses an accidental sampling technique that is to determine the sample based on chance. Where, the questionnaire distributed via Google form.

Data collection techniques used in this study were questionnaires and documentation studies. The method of data collection is done through books and prior research relating to the research to be conducted and becomes a supporting reference material for researchers. While the data analysis technique used in the Principal Component Analysis statistical test is the method used to extract the original variables. This method was chosen because it has the main objective to determine the minimum number of variables extracted (as little as possible) but absorbs most of the information contained in all original variables.

## 3. DATA ANALYSIS AND DISCUSSION

### 3.1 Validity test

The results of testing the validity of the questionnaire statements can be seen in the following table :

**Table 1. Test Results for Lifestyle Questionnaire Validity Statement**

| Statement | Correlation Value | Probability | Explanation |
|---|---|---|---|
| Statement 1 | 0,763 | 0,000 < 0,05 | Valid |
| Statement 2 | 0,511 | 0,000 < 0,05 | Valid |
| Statement 3 | 0,460 | 0,000 < 0,05 | Valid |
| Statement 4 | 0,564 | 0,000 < 0,05 | Valid |
| Statement 5 | 0,800 | 0,000 < 0,05 | Valid |
| Statement 6 | 0,692 | 0,000 < 0,05 | Valid |
| Statement 7 | 0,736 | 0,000 < 0,05 | Valid |
| Statement 8 | 0,720 | 0,000 < 0,05 | Valid |
| Statement 9 | 0,350 | 0,001 < 0,05 | Valid |
| Statement 10 | 0,327 | 0,003 < 0,05 | Valid |

Source: SPSS Data Processing Results (2019)

**Table 2. Validity Test Result for Easiness Statement Questionnaire**

| Statement | Correlation Value | Probability | Explanation |
|---|---|---|---|
| Statement 1 | 0,773 | 0,000 < 0,05 | Valid |
| Statement 2 | 0,366 | 0,001 < 0,05 | Valid |
| Statement 3 | 0,391 | 0,000 < 0,05 | Valid |
| Statement 4 | 0,633 | 0,000 < 0,05 | Valid |
| Statement 5 | 0,713 | 0,000 < 0,05 | Valid |
| Statement 6 | 0,657 | 0,000 < 0,05 | Valid |
| Statement 7 | 0,768 | 0,000 < 0,05 | Valid |
| Statement 8 | 0,799 | 0,000 < 0,05 | Valid |
| Statement 9 | 0,244 | 0,027 < 0,05 | Valid |
| Statement 10 | 0,173 | 0,120 > 0,05 | Tidak Valid |

Source: SPSS Data Processing Results (2019)

**Table 3. Validity Test Results for Information Quality Statement Questionnaire**

| Statement | Correlation Value | Probability | Explanation |
|---|---|---|---|
| Statement 1 | 0,749 | 0,000 < 0,05 | Valid |
| Statement 2 | 0,807 | 0,000 < 0,05 | Valid |
| Statement 3 | 0,440 | 0,000 < 0,05 | Valid |
| Statement 4 | 0,507 | 0,000 < 0,05 | Valid |
| Statement 5 | 0,580 | 0,000 < 0,05 | Valid |
| Statement 6 | 0,884 | 0,000 < 0,05 | Valid |
| Statement 7 | 0,766 | 0,000 < 0,05 | Valid |
| Statement 8 | 0,796 | 0,000 < 0,05 | Valid |
| Statement 9 | 0,344 | 0,000 < 0,05 | Valid |
| Statement 10 | 0,403 | 0,000 < 0,05 | Valid |

Source: SPSS Data Processing Results (2019)

**Table 4. Validity Test Results for Promotion Statement Questionnaire**

| Statement | Correlation Value | Probability | Explanation |
|---|---|---|---|
| Statement 1 | 0,510 | 0,000 < 0,05 | Valid |
| Statement 2 | 0,598 | 0,000 < 0,05 | Valid |
| Statement 3 | 0,471 | 0,000 < 0,05 | Valid |
| Statement 4 | 0,401 | 0,000 < 0,05 | Valid |
| Statement 5 | 0,567 | 0,000 < 0,05 | Valid |
| Statement 6 | 0,661 | 0,000 < 0,05 | Valid |
| Statement 7 | 0,521 | 0,000 < 0,05 | Valid |
| Statement 8 | 0,662 | 0,000 < 0,05 | Valid |
| Statement 9 | 0,525 | 0,000 < 0,05 | Valid |
| Statement 10 | 0,573 | 0,000 < 0,05 | Valid |

Source: SPSS Data Processing Results (2019)

**Table 5. Validity Test Results for Price Statement Questionnaire**

| Statement | Correlation Value | Probability | Explanation |
|---|---|---|---|
| Statement 1 | 0,544 | 0,000 < 0,05 | Valid |
| Statement 2 | 0,528 | 0,000 < 0,05 | Valid |
| Statement 3 | 0,493 | 0,000 < 0,05 | Valid |
| Statement 4 | 0,449 | 0,000 < 0,05 | Valid |
| Statement 5 | 0,557 | 0,000 < 0,05 | Valid |
| Statement 6 | 0,685 | 0,000 < 0,05 | Valid |
| Statement 7 | 0,608 | 0,000 < 0,05 | Valid |
| Statement 8 | 0,455 | 0,000 < 0,05 | Valid |
| Statement 9 | 0,606 | 0,000 < 0,05 | Valid |
| Statement 10 | 0,554 | 0,000 < 0,05 | Valid |

Source: SPSS Data Processing Results (2019)

**Table 6. Validity Test Results for Consumer Review Statement Questionnaire**

| Statement | Correlation Value | Probability | Explanation |
|---|---|---|---|
| Statement 1 | 0,180 | 0,106 < 0,05 | Valid |
| Statement 2 | 0,518 | 0,000 < 0,05 | Valid |
| Statement 3 | 0,654 | 0,000 < 0,05 | Valid |
| Statement 4 | 0,774 | 0,000 < 0,05 | Valid |
| Statement 5 | 0,766 | 0,000 < 0,05 | Valid |
| Statement 6 | 0,760 | 0,000 < 0,05 | Valid |
| Statement 7 | 0,587 | 0,000 < 0,05 | Valid |
| Statement 8 | 0,148 | 0,185 < 0,05 | Valid |
| Statement 9 | 0,485 | 0,000 < 0,05 | Valid |
| Statement 10 | 0,351 | 0,000 < 0,05 | Valid |

Source: SPSS Data Processing Results (2019)

From the table above it can be seen that all statements in the questionnaire are valid or in other words the statements described are appropriate for measuring the two research variables, except for the tenth statement on the convenience variable and the first and eighth statement on the consumer opinion variable. Invalid statements were not included in the study.

### 3.2 Reliability Test Results

The results of the reliability test can be seen in the table below:

**Table 7. Test Results for the Reliability of Lifestyle Questionnaire Statements**

**Reliability Statistics**

| Cronbach's Alpha | N of Items |
|---|---|
| ,771 | 10 |

Source: SPSS Data Processing Results (2019)

**Table 8. Test Result for the Realiability of Easiness Questionnaire Statements**

**Reliability Statistics**

| Cronbach's Alpha | N of Items |
|---|---|
| ,784 | 9 |

Source: SPSS Data Processing Results (2019)

**Table 9. Test Results for the Reliability of Information Quality Questionnaire Statements**

**Reliability Statistics**

| Cronbach's Alpha | N of Items |
|---|---|
| ,812 | 10 |

Source: SPSS Data Processing Results (2019)

**Table 10. Test Results for the Reliability of Promotion Questionnaire Statements**

**Reliability Statistics**

| Cronbach's Alpha | N of Items |
|---|---|
| ,738 | 10 |

Source: SPSS Data Processing Results (2019)

**Table 11. Test Results for the Reliability of Price Questionnaire Statements**

**Reliability Statistics**

| Cronbach's Alpha | N of Items |
|---|---|
| ,741 | 10 |

Source: SPSS Data Processing Results (2019)

**Table 12. Test Results for the Reliability of Consumer Review Questionnaire Statements**

**Reliability Statistics**

| Cronbach's Alpha | N of Items |
|---|---|
| ,745 | 8 |

Source: SPSS Data Processing Results (2019)

From the table above it can be seen that the statements for the questionnaire in this study are reliable because all three have values above 0.6.

### 3.3 Factor Analysis

Factor analysis is a technique used to reduce and summarize data. Each variable is expressed as a linear combination of the underlying factors. Principal Component Anaylsis is a

method used to extract native variables. This method was chosen because it has the main objective to determine the minimum number of variables extracted (as little as possible) but absorbs most of the information contained in all original variables.

**Table 13. Factor Analysis Results**
**Communalities**

| | Initial | Extraction |
|---|---|---|
| lifestyle | 1,000 | ,632 |
| easiness | 1,000 | ,738 |
| information quality | 1,000 | ,531 |
| promotion | 1,000 | ,796 |
| price | 1,000 | ,805 |
| consumer review | 1,000 | ,883 |

Extraction Method: Principal Component Analysis.
Source: Data Processing Results (2019)

The table above shows how large a variable can explain the following factors:

1. Variable X1 value is 0.632, meaning that variable X1 (lifestyle) can explain a factor of 63.2%.
2. Variable X2 is 0.738, meaning that variable X2 (easiness) can explain the factor of 73.8%.
3. Variable X3 is 0.531, meaning that variable X3 (information quality) can be a factor of 53.1%.
4. Variable X4 is 0.796, meaning that variable X4 (promotion) can explain the factor of 79.6%.
5. Variable X5 has a value of 0.805, meaning that the variable X5 (price) can explain a factor of 80.5%.
6. Variable X6 has a value of 0.883, meaning that the variable X6 (consumer review) can explain a factor of 88.3%.

From the results of the above processing it can be concluded that all factors can explain the factors of online purchasing decisions. This is indicated by the extraction value of each variable above 50%.

### 3.4 Formable Factors

To determine how many factors might be formed. Can be seen in the following table:

**Table 14. Results of Explanation of Variants**
**Total Variance Explained**

| | Initial Eigenvalues | | | Extraction Sums of Squared Loadings | | |
|---|---|---|---|---|---|---|
| Component | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 1,736 | 28,934 | 28,934 | 1,736 | 28,934 | 28,934 |
| 2 | 1,582 | 26,363 | 55,298 | 1,582 | 26,363 | 55,298 |
| 3 | 1,067 | 17,782 | 73,079 | 1,067 | 17,782 | 73,079 |
| 4 | ,750 | 12,499 | 85,578 | | | |
| 5 | ,492 | 8,206 | 93,784 | | | |
| 6 | ,373 | 6,216 | 100,000 | | | |

Extraction Method: Principal Component Analysis.
Source: Data Processing Results (2019)

Based on the table above, variance can be explained by 3 (three) factors as follows:

1. 1,736 / 6 x 100% = 28.93%. So the total Factor 1 (one) will explain the variable of 28.93%, because the eigenvalues value is set to 1, then the total value taken is> 1 which is component 1. The value of the first total variable becomes the first factor is lifestyle. Because the total value of Initial eigenvalues is 1,736> 1.
2. 1,582/6 x 100% = 26.37%. So the total Factor 2 (two) will explain the variable of 26.37%, because the value of eigenvalues is set to 1, then the total value taken is> 1,

which is component 1. The value of the second total variable becomes the second factor is convenience. Because the total value of Initial eigenvalues is 1.582> 1.

3. 1.067 / 6 x 100% = 17.78%. So the total Factor 3 (three) will explain the variable of 17.78%, because the value of eigenvalues is set to 1, then the total value taken is> 1 which is component 1. The value of the total of the third variable becomes the third factor is information quality. Because the total value of Initial eigenvalues is 1.067> 1.

Based on these explanations, the factors formed are 3 (three) factors, namely life style, easiness, and quality of information.

## 4. Discussion

Based on the results of the study it can be seen that the factors that influence online purchasing decisions are lifestyle, easiness, and information quality. This is indicated by the total value of Initial eigenvalues, each> 1. Lifestyle is a person's lifestyle in the world of daily life expressed in the activities, interests, and income concerned (Yuniarti, 2005). Nowadays lifestyle is always related to technology and the internet, so one of the factors that influence consumers to make online purchases is lifestyle. Some people will feel ashamed if they have never made an online purchase.

Next is the convenience factor, convenience is everything that is obtained by consumers easily in every transaction that is done. In shopping online, especially for millennial children, convenience is one of the factors that influence the decision to make a purchase. This is due to the convenience gained from online shopping is to be able to make transactions wherever and whenever.

The last factor is the quality of information, for customers the information obtained must have high quality and in which there is truth to any information provided, the quality of information influences the decision of consumers to make online purchases.

Research conducted by Nasution and Linzzy (2019) states that there are 3 (three) factors that influence consumers' decisions to buy online, namely easiness, lifestyle, and price. Meanwhile research conducted by Agustini (2017) states that there are 4 (four) factors that influence buying decisions in the Online Shop, namely product quality, convenience, quality of information, and consumer confidence. Furthermore Astuti's research (2017) states that prices affect consumer purchasing decisions.

From the results of previous research and research, it can be concluded that the factors that influence consumer decisions in buying online are lifestyle, convenience, and quality of information.

## 5. Conclusion

From the results of the discussion above, it can be concluded that from the six factors examined namely lifestyle, convenience, quality of information, price, promotion, and consumer review. There are 3 (three) factors that influence online purchasing decisions on millennial generation, namely, lifestyle, convenience, and quality of information.

There are so many factors that can influence consumer decisions outside of this study such as risk, product quality, timeliness, and so on, therefore, it is expected that further researchers can conduct research on these factors.

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