



The Impact of the COVID-19 Pandemic on Consumer Purchasing Power in the Online Retail Sectors

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Abstract

Purpose: This study aims to know the influence pandemic COVID-19 on people's purchasing power for the online retail sector.

Research Methodology: Research data were collected when the COVID-19 virus was announced in Indonesia, the implementation of the Large-Scale Social Restrictions or *Pembatasan Sosial Berskala Besar (PSBB)* policy in order to overcome the COVID-19 pandemic, then when the *PSBB* was re-announced, which was implemented and implemented, did not mean that providing for people's living needs was stopped.

Results: This study found that ease of online shopping services and competitive product prices significantly influenced consumers' online purchasing decisions during the COVID-19 pandemic. Simultaneously, all independent variables showed a significant effect on online shopping decisions, while product variety did not significantly affect purchasing decisions.

Conclusions: The COVID-19 pandemic accelerated the adoption of online retail purchasing behavior, where convenience and affordable pricing became the main drivers of consumer decisions. During the work-from-home period, consumers preferred online platforms that offered simple transactions and lower prices.

Limitations: This study was limited by the use of a relatively small sample size and focused only on selected variables such as convenience, price, and product factors. In addition, the research was conducted during a specific pandemic period, which may limit the generalizability of findings to normal economic conditions.

Contributions: This research contributes to the literature on consumer behavior by explaining how crisis situations such as COVID-19 reshape purchasing patterns toward online retail channels. The findings also provide practical insights for online retailers to improve service convenience and pricing strategies in uncertain environments.

Keywords: COVID-19, Online Retailer, Power Buy

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1. Introduction

The world was shocked by the emergence of a new virus outbreak that was widely reported on social media in early 2020. This virus has a deadly impact if someone is infected and attacked by the virus (Baloch et al., 2020; Ciotti et al., 2020). Based on research, this virus is dangerous because it attacks

the human respiratory system and damages the lungs and antibodies of a person, especially those who have a history of asthma, heart disease, and diabetes, which can be fatal (Fairlie, 2020). The deadly virus has not been found to have an antiviral drug to date, and the virus is a new type of virus like MERS (Middle East Respiratory Syndrome) or SARS (Severe Acute Respiratory Syndrome) whose mortality rate is still considered lower at around 2% compared to MERS (35%) and SARS (10%) (Bolisani et al., 2020). However, it still causes anxiety and panic in the community because the spread of infection is quite fast, and it is said that this virus outbreak is a global pandemic (international disaster) by the WHO (Brynjolfsson et al., 2020; Carnevale & Hatak, 2020).

The virus type is a new coronavirus Disease-2019 (COVID-19) and the method of transmission is almost the same as the transmission of flu in tropical areas (Indonesia), which often occurs when the rainy season changes to the dry season or vice versa. Meanwhile, the spread of infection (Donthu & Gustafsson, 2020; Kaushik & Guleria, 2020). COVID-19 Wrong except Happen Because has factor environment, Besides that, factor day stand body And factor a person's lifestyle. Environmental contact factors include objects that are touched, such as tables, handles, doors, and stair handles. These factors cause anxiety in the community because objects are a massive medium for transmission (Cowling et al., 2020; Dingel & Neiman, 2020; Dirani et al., 2020).

Indonesia, as one of the countries that "latest" experienced the COVID-19 outbreak, is trying to find solutions to break the chain of transmission of this COVID-19 outbreak (Amadasun, 2020). In this regard, the Government has developed several strategies to prevent the spread of COVID-19, one of which is maintaining physical distance or distance (Chinedu et al., 2020; Wang et al., 2021). To increase the effectiveness of physical distancing restrictions, the Government is giving the opportunity to local governments to approve Large-Scale Social Restrictions, known as *Pembatasan Sosial Berskala Besar (PSBB)* (Gerald et al., 2020). The *PSBB* policy was not implemented simultaneously throughout Indonesia. The Government strongly supports local governments that are ready to implement *PSBB* for a certain period. This *PSBB* policy was implemented and applied to all sectors, resulting in the emergence of the Work From Home (WFH) program for both the education sector and companies, both government and private (Khan, 2020; Shangguan et al., 2020; Xiang et al., 2021).

The implementation of *PSBB*, especially in Jakarta, which began on April 10, 2020, caused a large part of the public to work from home. The public of Jakarta complied with the appeal and implemented the *PSBB* policy in all sectors, both education and companies, and strived to participate in minimizing the opportunity for the spread of COVID-19 by maintaining the safety of themselves and their families, and also imposed sanctions on companies that violated the policy based on public reports (Ogbonnaya et al., 2017; Spagnoli et al., 2020).

The implementation of *PSBB* does not mean that people's basic needs have to be met during the pandemic. These needs can be fulfilled through various means, one of which is online purchasing. Fulfilling one's basic needs constitutes consumer behavior. According to Wikipedia, consumer behavior is the process of searching, selecting, purchasing, using, and evaluating products and services to meet one's needs and desires. These factors (consumer behavior) underlie a person's purchasing decision. Consumers make decisions easily when the price of an item is low (low), and they carefully consider the decision-making process for a high-priced item.

2. Literature Review

2.1 Consumer Behavior

Before making a purchase, consumers first search for information related to the products and services they will use. Then, they enter the purchasing stage, where the consumer will make the purchase, then

enter the product usage or consumption stage, and evaluate the product's performance, which ultimately leads to the consumer disposing of the product after it is finished or used up. These stages of activity indicate that consumers as individuals are directly involved in obtaining and consuming products or services, which includes the decision process in preparing and determining the stages of these activities (Hofacker et al., 2016; Mandel et al., 2017).

Several experts have defined consumer behavior. Consumer behavior involves initiating and following a decision to purchase. These actions directly involve the process of acquiring, consuming (using), disposing of, or possibly abandoning a product or service. White et al. (2019) defines consumer behavior as the actions that occur through direct participation in the stages of acquiring, consuming (using), and disposing of products and services, including the processes that precede and follow these actions.

Agarwala et al. (2019) consumer behavior is the study of units and stages of decision-making involved in receiving, using (consuming), and determining goods (products), services, and ideas. Consumer behavior can also be influenced by several other factors, namely, cultural, personal, social, and psychological factors. Consumer behavior is a process that individual buyers go through in the process of searching, buying, consuming (using), listening, and acting on the consumption of a product or service, and ideas that are expected to meet the needs of the individual (Cruz-Cárdenas & Arévalo-Chávez, 2018).

According to the American Marketing Association, consumer behavior is a dynamic process of sharing interactions from influence as well as ability, behavior, and Environment Which individuals do We part of his life. From this definition, three ideas can be taken from the understanding of consumer behavior, these three ideas include the following (Yoseph et al., 2019):

1. Consumer behavior is dynamic, which means that the behavior of an individual consumer, consumer groups/groups/organizations, or even the wider community is always changing and evolving.
2. Consumer behavior is known to involve interaction, meaning that there is a relationship between affect and cognition, and behavior and events at that time.
3. Consumer behavior refers to the exchange or interaction that occurs between individuals. This ensures that the definition of consumer behavior remains consistent with the current definition of marketing, which emphasizes exchange. The role of marketing is to create an exchange with consumers through formulation, implementation, and marketing strategy.

Consumers, whether individuals or groups/organizations, have different roles in consumption behavior. They may act as initiators, buyers, influencers, users, and payers (Paul & Rosenbaum, 2020). In an effort to better understand consumers and better meet their needs, desires, and wants, a company can classify its consumers within a group that shares certain similarities (Sima et al., 2020). These similarities refer to groupings based on geography, psychographics, behavior and demographics. Many factors influence a person's decision to purchase a product or service. Management must study these factors to ensure that their marketing programs are more successful and effective. These factors include economic, sociological, psychological, and anthropological aspects (Tafesse & Wien, 2018).

There are several theories of consumer behavior (Hanaysha, 2018).

1. Microeconomic Theory: Every individual consumer or organization strives to achieve maximum satisfaction. They will try to pass on the purchase of a product to other individuals if they obtain satisfaction from the product they have consumed, where this satisfaction is equal to or greater than the marginal utility derived from the value of spending on similar products.
2. Psychological Theory: This theory emphasizes the psychological factors within individuals that are influenced by their environmental conditions. This psychological aspect is very complex in analyzing consumer behavior because a person's mental processes cannot be observed directly and

vary from one individual to another.

3. Anthropological Theory: Emphasis on the purchasing behavior of a community group or organization with a very broad scope, such as culture in a region, social classes, and soon.

Consumer behavior characteristics can generally be divided into two types: rational and irrational ([Wang et al., 2020](#)).

The characteristics of rational consumer behavior are as follows ([Baicu et al., 2020](#)):

1. Consumers Choose goods or services with guaranteed quality.
2. Consumers Choose products or goods based on their needs.
3. Consumers Choose goods and services based on their price in accordance with the consumer's ability.
4. Goods chosen by consumers provide Utility And optimal benefits.

Characteristics of irrational consumer behavior:

1. Consumers choose branded goods that branded (branded) And known.
2. Consumers Choose goods based on need, except for prestige.
3. Consumers are interested in advertisements and promotions in electronic or print media.

Factors influencing consumer behavior:

1. Influence environment.
2. Differences And influences of individuals.
3. Process Psychology.

Not sure consumer behavior:

1. Personal.
2. Psychological.
3. Culture.
4. Social.

Room Scope behavior consumer :

1. Social economy.
2. Demographics.
3. Geography.
4. Function And Objective.
5. Style Life.

3. Methodology

The research method was quantitative ([Creswell, 2003](#)).

1. Formulate the problem with lift problems.
2. Data were gathered in the field with the appearance of the question study.

3. Analyze data and develop results studies.
4. Compile recommendations for making decisions and answering research questions.

Data Collection Techniques:

1. Observation field To observe the phenomenon.
2. Interviews were conducted, and relevant data were gathered.
3. Gather Bait return through question with Spraying Questionnaire.

4. Results and Discussion

Before proceeding with the analysis, the instrument was tested for normality, yielding normal results, and for multicollinearity, which yielded good results with no multicollinearity issues. The instrument also met the requirements based on the heteroscedasticity tests. The results of the subsequent analyses are presented below.

4.1 Regression Linear Multiple (f-Test)

The independent variables ease of online shopping services, online product prices, and online shopping products on dependent variable decision shopping on line. The results of the F test can be seen in the table below:

Table 1. Results Anova

ANOVA ^b					
Model	Amount from the boxes	df	Means Rectangle	f	Signature
Regression	5,622	3	1,874	11,337	0,000 ^a
Remainder	15,868	96	0.165		
Total	21,490	99			
^a Predictor: (Constant), average X_3 , average X_1 , average X_2					
^b Depends Variables: average					

Source : Data Proccesed, (2020)

Based on Table 1, the f value is 11.337 with a significance of 0.000, which is less than 0.05, so all independent variables have an effect on the dependent variable.

4.2 Regression Linear Multiple (t-test)

The t-test is a test of individual partial regression coefficients used to determine whether all independent variables affect the dependent variable.

Table 2. Results Anova

Coefficient ^a					
	Unstandardized Coefficients	Standardized Coefficients			
Model	B	Std. Error	Beta	t	Signature
(Constant)	1.334	.318		4.200	.000
Average X ₁	.183	.093	.204	1.960	.053
Average X ₂	.341	.121	.344	2.832	.006
Average X ₃	.045	.118	.044	.382	.703

^a Dependent Variable: Average Y

Source : Data Proccesed, (2020)

Based on Table 2, t-values of the competency variables for X₁ and X₂ are 1.960 with a significance value of 0.053 and 2.832 with a significance value of 0.006, respectively, thus stating that the independent variables X₁, ease of service, and X₂, competitive online product prices, have an effect on the dependent variable Y decision shopping online. Where as results t-test, test mark T variables independent mark 0.382 with mark articulation 0.703 so that state that variables independent X₃ product shopping on line no influential to variables depends Y.

5. Conclusions

The conclusions that can be drawn based on the formulation of the research problems, research hypotheses, and data analysis are as follows:

1. Convenience and price of products offered by retailers also influence online shopping decisions.
2. No has influence product shopping online to decision shopping online.
3. The convenience of online shopping services has been highly utilized by consumers during the ongoing pandemic, especially considering the varied and lower product prices, making it more optimal for consumers during the work-from-home (WFH) period.

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Author Contributions

DA contributed to conceptualization, methodology, formal analysis, and data collection, investigation, and supervision. DHP contributed to validation, writing—original draft preparation, and writing—review and editing.

Conflicts of Interest

The authors declare that there is no conflict of interest regarding the publication of this study. This research was conducted independently, and no financial or personal relationships influenced the results or interpretation of the findings.

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