

PRICE DISCOUNT VERSUS FREE SHIPPING: COMPARING PROMOTIONAL EFFECTIVENESS AMONG GENERATION Z TIKTOK SHOP USERS

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Abstract

This study examines the effects of price discounts and free shipping on the purchase intention of Generation Z consumers using TikTok Shop in Indonesia. It also compares the relative effectiveness of these two promotional strategies in stimulating purchase intention within a social commerce environment. The study was conducted using a quantitative explanatory design. Responses were collected from Generation Z TikTok Shop users through an online questionnaire based on purposive sampling. The data analysis was carried out using Partial Least Squares Structural Equation Modeling (PLS-SEM) with the assistance of RStudio. The measurement model was first examined to confirm its validity and reliability, followed by an evaluation of the structural model using path coefficients, bootstrapping, effect size analysis, and comparative analysis. The findings indicate that both price discounts and free shipping positively and significantly influence purchase intention. However, free shipping demonstrates a stronger influence than price discounts, indicating that eliminating shipping costs is more effective in reducing consumers' psychological barriers during the purchasing process. The findings suggest that minimizing transaction friction is more influential than conventional price reductions in encouraging generation Z consumers' purchase intention. This study extends the social commerce literature by directly comparing the effectiveness of price discounts and free shipping within a single analytical model.

Keywords: Free shipping, Price discount, Purchase intention, TikTok Shop, Generation Z

INTRODUCTION

The global retail market has undergone profound changes as social media functions have become increasingly integrated with digital commerce activities, a phenomenon widely known as social commerce. In Indonesia, this development is no longer merely an alternative sales channel but has evolved into a major marketplace that transforms the way consumers interact with products. Currently, TikTok Shop has introduced a new approach that combines short-form entertainment content, live-streaming interactions, and seamless direct transactions within a single application. The primary characteristic of this platform is its ability to create a shopping environment driven by momentary emotional impulses, where the boundary between enjoying entertainment and making purchasing decisions becomes increasingly blurred (Indriyani, Kasofi, Usman, & Parlyna, 2026; Ulfamiyati & Bangsa, 2026). For business actors, this situation requires a deeper understanding of consumer decision-making patterns, as consumers are now expected to make rapid decisions while viewing content on their mobile devices.

The growth of this platform as a new center of digital economic power in Indonesia has been largely driven by Generation Z as the largest group of active users. This demographic exhibits several distinctive behavioral characteristics. They are highly responsive to visual presentations, prefer immediate gratification, and are easily attracted to trends that are currently popular on social media (Ulfamiyati & Bangsa, 2026). At the same time, Generation Z is also a technologically savvy group with a strong awareness of cost efficiency regarding every expenditure they make. Consequently, attracting attention and fostering purchase intention among this dynamic market segment pose a significant challenge and requires carefully designed strategies from sellers. Conventional marketing approaches are often insufficient to convince them; therefore, business actors must be capable of designing promotional appeals that simultaneously address both their rational considerations and emotional responses.

In an effort to encourage consumer's purchasing intention, sellers on TikTok Shop generally rely on two forms of financial incentives: price discounts and free shipping (Büyükdağ, Soysal, & Kitapci, 2020; Huang, Shen, & Liang, 2019). In general, these two strategies are seen as having a similar function: reducing the total cost consumers must incur to acquire a product. However, from a consumer psychology perspective, price discounts and free shipping are evaluated through different cognitive processes by consumers. Price discounts tend to be perceived as an added benefit that increases the value of the purchased product, while free shipping is seen as the elimination of an additional cost that often reduces the convenience of the shopping experience.

Various studies have examined digital marketing strategies, including those conducted by Nuseir et al. (2023), Christina, Fenni, and Roselina (2019), and Charles (2018). Although digital marketing strategies have been widely researched, studies that specifically compare the effectiveness of price discounts and free shipping directly in one analytical model are still limited. Previous studies have primarily investigated the effect of price discounts on consumers' purchase intention as an independent factor (Pasek & Kasih, 2021; Katt & Meixner, 2020), or only focuses on how free shipping programs independently influence purchasing decisions (Salsabila, Soemitra, & Aisyah, 2024; Ma, 2017). This condition creates difficulties in determining promotional strategies that might be more efficient when faced with limited promotional budgets. This research attempts to fill this gap by testing these two strategies simultaneously within an integrated framework of "Stimulus Organism Response" (SOR) and Perceived Value.

In addition, many previous studies were conducted in conventional marketplace environments (Fatemaluo, Telaumbanua, Duha, & Laia, 2026; Tarigan, Silvani, Tarigan, & Hutagaol, 2022). On these conventional platforms, the shopping environment tends to be transactional, relatively rigid, and carefully planned by consumers. In contrast, TikTok Shop offers a different environment by integrating elements of entertainment and social interaction directly into the transaction process. This more dynamic shopping atmosphere indicates that consumer responses to various promotional stimuli can also be different. This is especially true for Generation Z consumers who cognitively integrate various promotional cues into a value perception. Therefore, research in social commerce ecosystems such as TikTok Shop is important to provide new, more contextual insights for developing knowledge in the field of digital marketing.

As Generation Z becomes increasingly dependent on the digital purchasing environment mentioned above, understanding the dynamics of their consumption

behavior requires a perspective that comprehensively explains the relationship between the environment and behavior. To capture these psychological mechanisms, this study uses the SOR model as a conceptual framework (Kim & Lennon, 2013). In this case, price discounts and free shipping act as external marketing cues or Stimuli (S) (Hetharie, Hussein, & Puspaningrum, 2019). According to the SOR paradigm, these external stimuli do not directly determine consumer behavioral responses but are first processed through consumers' cognitive (Kim & Heo, 2021) and emotional (Yadav & Mahara, 2020) states, representing the Organism (O). In Generation Z, this internal evaluation process can be explained by Perceived Value Theory, where consumers assess the net utility of a transaction by comparing perceived benefits with perceived sacrifices. However, in the modern social commerce ecosystem, these traditionally separate cognitive pathways are undergoing a fundamental shift. This occurs because real-time platform interfaces often blur the psychological boundaries between the various forms of financial incentives consumers receive. As a result, when Generation Z consumers receive various promotional stimuli on TikTok Shop, their internal cognitive evaluation of perceived value acts as a primary psychological mechanism. This perceived value determines Response (R), which is then manifested in purchase intention (Yadav & Mahara, 2020; Kim & Lennon, 2013).

The effectiveness of these two promotional strategies has become a key topic in digital marketing studies. Large discounts can quickly attract consumers' attention and create the impression that a product should be purchased immediately. However, previous and recent studies on consumer behavior have shown that shipping costs are often a major psychological barrier, causing consumers to hesitate to proceed with a purchase or cancel the transaction at the checkout stage. From the perspective of Perceived Value Theory, when shipping costs are eliminated, consumers experience a psychological relief. This has been shown to be more effective in reducing the psychological burden consumers feel when spending money than simply lowering the product price (Lee et al., 2026; Huang et al., 2019). By considering the characteristics of transactions on TikTok Shop, and based on the "Stimulus Organism Response" (SOR) framework, this study will examine promotional strategies that have a strong influence on increasing consumers' internal value perceptions and subsequently driving purchase intentions among Generation Z consumers.

Research Objectives

Based on the problems and research gaps discussed above, the objectives of this research are, (1) To analyze and explain the effect of price discounts on Generation Z TikTok Shop users' purchase intention; (2) To analyze and explain the effect of free shipping on Generation Z TikTok Shop users' purchase intention; (3) To compare the effectiveness of price discounts and free shipping in influencing purchase intention among Generation Z TikTok Shop users.

LITERATURE REVIEW

Social Commerce and TikTok Shop

The development of internet technology has brought significant changes to the way people interact and shop. One such change is the emergence of social commerce. Essentially, social commerce can be understood as a new digital environment that integrates social interaction with online commercial transactions (Ulfamiyati & Bangsa,

2026; Busalim, 2016). This social commerce utilizes social networks for content sharing and two-way communication to create more engaging social interactions and shopping experiences. This differs from conventional shopping platforms, which tend to be rigid and transaction-oriented (Herzallah et al., 2025; Wang et al., 2025). Currently, TikTok Shop has become a prime example of the application of this concept in Indonesia. Through various features such as live streaming and short videos, this platform has successfully eliminated the boundaries between content creators, sellers, and consumers, creating a highly interactive digital marketplace (Ulfamiyati & Bangsa, 2026; Indriyani et al., 2026; Wang et al., 2025).

In this dynamic ecosystem, Generation Z has become the most dominant user group and the most responsive to change (Ulfamiyati & Bangsa, 2026; Azhar et al., 2025; Huwaida et al., 2024). This generation's shopping behavior is heavily influenced by the digital environment in which they have grown up. They tend to be more attracted to engaging visual stimuli, prioritize ease of transaction, and are often driven to make purchases by following popular trends on social media (Indriyani et al., 2026; Sun & Xing, 2022; Lissitsa & Kol, 2021). Furthermore, because interactions on TikTok Shop are real-time and instantaneous, Generation Z's purchase intentions often emerge spontaneously in response to a pleasant shopping experience (Indriyani et al., 2026; Wang et al., 2025). This suggests that stimuli from the digital environment can influence their purchase intentions and is crucial for the sustainability of a business's marketing strategy.

Price Discount

In online marketing, price discounts are one of the most frequently used financial incentives by sellers to attract consumers. A price discount can be defined as a reduction from the previously established selling price for a product within a specific period (Liang et al., 2021; Lv et al., 2020). According to Perceived Value Theory, the provision of these discounts directly influences consumers' evaluation of the benefits obtained from a transaction (Büyükdağ et al., 2020; Chen & Li, 2020). When consumers perceive a price reduction for a product, they tend to perceive it as an increase in acquisition utility. In this case, they perceive greater value for a smaller financial sacrifice.

How price discounts shape consumers' purchase intention has also been demonstrated in various previous studies (Zhong et al., 2022; Büyükdağ et al., 2020; Lee & Chen-Yu, 2018). These immediate price reductions can reduce consumers' cognitive barriers and create a sense of urgency, especially when such promotion is offered for a limited time, as occurs during live streaming sessions on TikTok Shop (Indriyani et al., 2026; Yang & Mattila, 2020). For Generation Z, the presence of price discounts is a highly attractive incentive because it provides direct economic benefits. When the economic value of a product is perceived as more profitable, consumer interest increases and quickly develops into strong purchase intentions (Ulfamiyati & Bangsa, 2026).

Free Shipping

In addition to price discounts, shipping costs are another important factor influencing the success of online retail transactions. Previous studies have shown that shipping costs are often perceived by consumers as an additional burden that reduces shopping experience (Lee et al., 2026; Huang et al., 2019). This psychological barrier

typically arises when consumers move from the product selection page to the checkout page, where shipping costs are not displayed on the previous page. Consequently, shipping costs are often a major reason consumers hesitate to proceed with a purchase and ultimately abandon the transaction (Lee et al., 2026; Lissitsa & Kol, 2021; Huang et al., 2019). This situation demonstrates that shipping costs are not simply a small monetary expense but also a psychological friction that can directly interfere with consumer purchase intentions (Lee et al., 2026).

This psychological aspect has given rise to the marketing strategy of free shipping as a highly effective transaction incentive (Huang et al., 2019). From a consumer psychology perspective, free shipping is considered through loss avoidance or surcharge avoidance mechanisms. Consumers tend to feel more comfortable knowing that the price displayed from the start is the total amount they must pay (Lee et al., 2026). Furthermore, the word "free" has a unique psychological effect because it can generate significantly greater emotional satisfaction in the minds of consumers (Lee et al., 2026; Yang & Mattila, 2020). Therefore, this strategy is highly effective in maintaining and encouraging consumer purchase intentions to complete their transactions (Lee et al., 2026; Huang et al., 2019).

Purchase Intention

Purchase intention refers to a consumer's willingness and conscious decision to buy a product when a future opportunity or specific purchasing situation arises (Ulfamiyati & Bangsa, 2026; Hajli, 2020). Within the context of digital marketing, this variable serves as a critical indicator capable of predicting actual purchasing behavior in the future. Purchase intention does not emerge spontaneously; rather, it develops through consumers' internal evaluation processes after they are exposed to various external stimuli, such as product information quality, reviews from other users, and financial promotions offered by sellers (Lissitsa & Kol, 2021; Hajli, 2020).

Within a social commerce environment such as TikTok Shop, the formation of purchase intention occurs at a much faster pace (Ulfamiyati & Bangsa, 2026; Zhang et al., 2023). Consumers' desire to purchase is often triggered spontaneously when they watch engaging live-streaming interactions or product review videos (Indriyani et al., 2026; Ghenie et al., 2026). The role of purchase intention within this ecosystem is particularly important because the platform is designed to facilitate a rapid transition from mere interest to actual purchasing behavior through instant transaction features. Therefore, understanding the extent to which promotional strategies such as price discounts and free shipping can stimulate the purchase intention of Generation Z consumers is essential for evaluating the effectiveness of contemporary digital marketing strategies (Ulfamiyati & Bangsa, 2026).

Hypothesis Development

The Effect of Price Discount on Purchase Intention

Providing price discounts is one of the most effective external stimuli in generating direct consumer interest. When sellers on TikTok Shop offer an immediate price reduction from the normal price of a product, Generation Z consumers tend to consider the offer as an attractive financial benefit. From a Perceived Value Theory perspective, this price reduction will increase the perceived acquisition value because consumers feel they are getting the same benefits with smaller economic sacrifices (Büyükdağ et al., 2020). Considering the characteristics of Generation Z which is very

sensitive to spending efficiency, this price discount is psychologically able to reduce doubts in making purchasing decisions (Ulfamiyati & Bangsa, 2026). The pleasure of gaining direct profits resulting from these price cuts can increase consumers' internal motivation to make purchases, and then manifest in the form of increased purchase intention. Based on the preceding discussion, the following hypothesis is proposed.

H1: Price discount has a positive effect on the purchase intention of Generation Z consumers on the TikTok Shop platform.

The Effect of Free Shipping on Purchase Intention

In online shopping, shipping costs are often a significant factor influencing consumers' final purchasing decisions. Various studies have shown that additional costs beyond the product price are often perceived as a separate disadvantage, reducing transaction convenience (Lee et al., 2026; Huang et al., 2019). When sellers implement a free shipping strategy, this psychological barrier can be effectively eliminated. In this context, free shipping operates through a loss avoidance mechanism, whereby consumers perceive a higher transaction value because the final amount they pay is actually the same as the product's initial price (Lee et al., 2026). Furthermore, the psychological effect of the word "free" can elicit a unique emotional satisfaction and encourage consumers to make purchasing decisions (Yang & Mattila, 2020). For Generation Z consumers who prioritize speed and convenience when shopping on TikTok Shop, eliminating shipping costs provides a sense of psychological comfort (Cao et al., 2023; Lissitsa & Kol, 2021), thus increasing their purchase intention. Based on the preceding discussion, the second hypothesis is proposed as follows.

H2: Free shipping has a positive effect on the purchase intention of Generation Z consumers on the TikTok Shop platform.

Comparing the Effectiveness of Price Discount and Free Shipping

Although price discounts and free shipping both aim to reduce total consumer costs, these two forms of financial incentives are processed through different psychological mechanisms in the consumer's mind. Discounts are generally perceived as an added benefit related to a product's value, while shipping costs are often viewed as an unfair additional cost or a reduction in transaction convenience (Lee et al., 2026). In the fast-paced TikTok Shop transaction environment, shipping costs are a major reason consumer abruptly abandon purchases at checkout, even after receiving a discount (Huang et al., 2019). When shipping costs are eliminated, a psychological sense of relief is created. Therefore, eliminating shipping costs has been shown to be more effective in reducing the pain of paying than simply lowering the product price (Lee et al., 2026).

Subsequently, this comparison mechanism undergoes a fundamental shift due to consumers' ongoing cognitive bundling process. Conventional economic theory views discounts (as a benefit) and free shipping (as a form of loss aversion) as two processes separated through different mental accounts. Meanwhile, Perceived Value Theory explains that in modern digital society, particularly Generation Z, they strive to minimize overall transaction friction. In a fast-paced live streaming environment with instant checkout features, these various financial incentives are processed simultaneously. As a result, the theoretical distinction between the utility of a product's price and the sacrifice due to shipping costs becomes increasingly blurred, creating a highly symbiotic interdependence. These two forms of incentives operate as an integrated promotional ecosystem, rather than as stand-alone transactions (Zafar et al.,

2021). Therefore, in a social commerce shopping environment, free shipping strategies are expected to have a stronger influence on Generation Z consumers' purchase intention than conventional discount strategies. Based on the preceding discussion, the third hypothesis is proposed as follows.

H3: Free shipping has a stronger effect on purchase intention than price discount among Generation Z consumers on the TikTok Shop platform.

Research Model

The research model is presented in Figure 1.

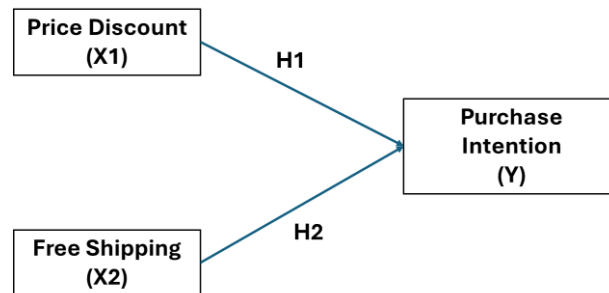


Figure 1. Research Model

Notes:

1. The path from price discounts (X1) to purchase intention (Y) represents the test of the first hypothesis (H1).
2. The path from free shipping (X2) to purchase intention (Y) represents the test of the second hypothesis (H2).

RESEARCH METHOD

Research Design

A quantitative approach with an explanatory research design was adopted to examine the proposed relationships among the study variables. This design is appropriate because the study seeks to explain causal relationships and examine the effects of the independent variables, namely price discount and free shipping, on the dependent variable, namely purchase intention.

Population and Sample

The respondents in this study are Generation Z users of TikTok Shop. Participants were selected using a purposive sampling technique based on the following criteria: respondents must belong to Generation Z and actively engage in purchasing transactions on the TikTok Shop platform.

Data Collection

Data collection in this study was conducted through a survey method by distributing an online questionnaire using Google Forms. The data collection process fully adhered to the principles of research ethics, where respondents' participation in the survey was based on voluntary informed consent. Furthermore, respondents were assured that all collected data would be kept confidential and would not be disclosed for purposes other than academic research. All questions in the questionnaire were

structured as closed-ended statements, allowing respondents to choose the answer that best reflected their actual perceptions and experiences.

Table 1. Operational Definitions

No.	Variable	Measurement / Indicators	Main References
1	Price Discount (X1)	1. Magnitude of the price discount offered by the seller. 2. Compatibility of the discounted product price with consumers' budgets. 3. Frequency or intensity of price discount programs. 4. Clarity of price discount information communicated during live-streaming sessions.	Büyükdag et al. (2020);Ulfamiyati & Bangsa (2026)
2	Free Shipping (X2)	1. Ease of meeting the requirements for obtaining. 2. Availability of shipping cost exemptions without geographical restrictions. 3. Financial reassurance resulting from the elimination of separate additional charges at checkout.	Huang et al. (2019);Lee et al. (2026)
3	Purchase Intention (Y)	1. Consumers' interest in seeking further information about the product. 2. A strong intention to purchase the product in the near future. 3. Willingness to recommend the shopping platform to others. 4. Preference for choosing TikTok Shop over other conventional shopping platforms.	Ulfamiyati & Bangsa (2026);Indriyani et al. (2026)

Research Instrument and Measurement Scale

The variables in this study were measured using indicators adapted from previous marketing literature to ensure content validity. Responses to all measurement items were recorded on a five-point Likert scale, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

The details of the research instruments for each variable are presented in Table 1.

Data Analysis Technique

The proposed research model was analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) implemented in RStudio. The data analysis process consists of three main stages as follows.

Outer Model Analysis (Measurement Model)

At this stage, the measurement model was evaluated to establish the validity and reliability of the research instrument using established assessment criteria (Hair et al., 2019): (1) Factor Loadings: Indicator loadings of 0.70 or higher indicate that the observed variables adequately represent their respective constructs; (2) Average Variance Extracted (AVE): An AVE value of 0.50 or higher indicates that a construct explains more than half of the variance in its indicators; (3) Composite Reliability and Cronbach's Alpha: Values of 0.70 or higher for both reliability measures indicate that the constructs demonstrate satisfactory internal consistency; (4) Discriminant Validity: Discriminant validity was assessed to confirm that each latent construct is empirically

distinct from the others. This evaluation was performed using the Fornell–Larcker criterion and the Heterotrait–Monotrait Ratio (HTMT), with HTMT values below 0.90 indicating satisfactory discriminant validity.

Inner Model Analysis (Structural Model)

This stage is conducted to evaluate the strength of the relationships among variables and the predictive capability of the proposed model (Hair et al., 2019), (a) R-Square (R^2): Measures the percentage of variance in purchase intention that can be explained by price discount and free shipping; (b) Path Coefficient (β): The path coefficient reflects both the direction and strength of the relationship between an independent variable and its corresponding dependent variable; (c) Bootstrapping: Hypothesis testing was performed through bootstrapping, where a relationship is considered statistically significant when the t-statistic exceeds 1.96 and the p-value is below 0.05, (d) Effect Size (f^2): Measures the relative contribution of each independent variable to the increase in the R^2 value of the structural model; (e) Predictive Relevance (Q^2): Predictive relevance was evaluated to determine whether the model can adequately predict the observed values. A Q^2 value greater than 0 indicates that the model has predictive relevance.

Comparative Effectiveness Analysis

To address the third hypothesis (H3), a specific comparative analysis is conducted using two primary indicators, (1) Comparison of Path Coefficients: A direct comparison of the path coefficient (β) for the relationship between Price Discount (X_1) $\rightarrow$ Purchase Intention (Y) and Free Shipping (X_2) $\rightarrow$ Purchase Intention (Y). The variable with the higher coefficient value is considered to exert a stronger influence; (2) Comparison of Effect Sizes (f^2): An examination of the practical contribution of each promotional variable. The variable that produces a higher f^2 value is categorized as the more dominant promotional strategy in influencing consumers' purchase intention on the TikTok Shop platform.

RESULTS AND DISCUSSION

Result

Based on the data presented in Table 2, the outer loading values for all indicators of the Price Discount (X_1), Free Shipping (X_2), and Purchase Intention (Y) constructs consistently exceed the critical threshold of 0.70. The lowest loading value is observed for indicator X2.1 at 0.727, while the highest loading value is recorded for indicator X1.3 at 0.877. These findings indicate that all indicators demonstrate satisfactory convergent validity and are suitable for representing their respective latent constructs. The reliability and AVE results are presented in Table 3, demonstrating that all constructs meet the required criteria for outer model assessment. The Composite Reliability (rhoC) values for each construct are above the recommended level of 0.70, with Price Discount showing the highest reliability value at 0.906. In addition, all constructs exhibit Average Variance Extracted (AVE) values exceeding 0.50, indicating that the indicators adequately represent their respective latent constructs and explain a substantial proportion of the variance.

Table 2. Results of Convergent Validity Testing (Outer Loadings)

Latent Variable	Indicator	Outer Loading Value	Critical Threshold	Conclusion
Price Discount (X1)	X1.1	0.775	> 0.70	Valid
	X1.2	0.834	> 0.70	Valid
	X1.3	0.877	> 0.70	Valid
	X1.4	0.871	> 0.70	Valid
Free Shipping (X2)	X2.1	0.727	> 0.70	Valid
	X2.2	0.832	> 0.70	Valid
	X2.3	0.790	> 0.70	Valid
Purchase Intention (Y)	Y1	0.767	> 0.70	Valid
	Y2	0.825	> 0.70	Valid
	Y3	0.840	> 0.70	Valid
	Y4	0.793	> 0.70	Valid

Table 3. Results of Reliability and AVE Testing

Latent Variable	Cronbach's Alpha	rhoC	AVE	Conclusion
Price Discount (X1)	0.860	0.906	0.706	Reliable & Valid
Free Shipping (X2)	0.687	0.827	0.615	Reliable & Valid
Purchase Intention (Y)	0.822	0.882	0.651	Reliable & Valid

Although the Cronbach's Alpha value for Free Shipping is 0.687, this construct is still considered reliable because its Composite Reliability value of 0.827 provides strong evidence of satisfactory internal consistency (Hair et al., 2019).

Table 4. Heterotrait-Monotrait (HTMT) Ratio Results

Construct	Price Discount	Free Shipping	Purchase Intention
Price Discount	-		
Free Shipping	0.951	-	
Purchase Intention	0.886	1.032	-

Based on the cross-correlation analysis using the Heterotrait-Monotrait Ratio (HTMT) method, the result shows a correlation value of 0.951 between Price Discount and Free Shipping. Meanwhile, the connection between Free Shipping and Purchase Intention reaches 1.032. In conventional research methodology, any score crossing the 0.90 threshold suggests a high conceptual overlap between these independent variables (Table 4).

In the social commerce ecosystem, this phenomenon reflects the psychological reality of Generation Z consumer behavior in Indonesia. Generation Z consumers no longer strictly separate direct discounts from shipping subsidies. Instead, they process both forms of incentives together as a single financial incentive when making purchasing decisions.

Table 5 shows that all indicator VIF values for Price Discount (X1), Free Shipping (X2), and Purchase Intention (Y) are well below the threshold of 5.00. This confirms that the research model is completely free from multicollinearity issues.

Table 5: Results of Multicollinearity Evaluation (VIF)

Construct Variable	Indicator	VIF
Price Discount (X1)	X1.1	1.726
	X1.2	1.971
	X1.3	3.020
	X1.4	3.055
Free Shipping (X2)	X2.1	1.295
	X2.2	1.529
	X2.3	1.325
Purchase Intention (Y)	Y1	1.687
	Y2	1.798
	Y3	1.992
	Y4	1.558

Table 6 Results of Path Coefficient Testing

Structural Relationship	Path Coefficient (β)	Direction of Effect
Price Discount (X1) $\rightarrow$ Purchase Intention (Y)	0.386	Positive
Free Shipping (X2) $\rightarrow$ Purchase Intention (Y)	0.503	Positive

Table 6 presents the relationships among the variables through the estimated path coefficients (β). The results indicate that all structural paths exhibit positive coefficients. The relationship between Price Discount (X1) and Purchase Intention (Y) yields a coefficient of 0.386. Meanwhile, the relationship between Free Shipping (X2) and Purchase Intention (Y) demonstrates a higher coefficient value of 0.503. These findings provide preliminary evidence that improvements in both price discount programs and free shipping promotions are associated with increases in consumers' purchase intention.

Table 7. Results of Coefficient of Determination (R-Square) Testing

Endogenous Variable	R-Square Value	Strength Category
Purchase Intention (Y)	0.685	Strong / Substantial

The structural model evaluation was further conducted by examining the coefficient of determination (R^2), as shown in Table 7. The R^2 value for the endogenous variable Purchase Intention (Y) is 0.685. This result indicates that 68.5% of the variation in consumers' purchase intention can be jointly explained by Price Discount (X1) and Free Shipping (X2).

According to the commonly accepted classification in PLS-SEM, this level of explanatory power falls within the substantial category. The remaining 31.5% of the variance is attributable to other factors not included in the present research model.

Table 8. Results of Effect Size (f^2) Testing

Path	f^2	Category
Price Discount $\rightarrow$ Y	0.220	Moderate
Free Shipping $\rightarrow$ Y	0.367	Strong

As presented in Table 8, the f^2 effect size for Price Discount $\rightarrow$ Y is 0.220, which falls into the moderate category. Meanwhile, Free Shipping $\rightarrow$ Y yields a larger f^2 value

of 0.367, indicating a strong effect on Purchase Intention (Y). This proves that free shipping plays a more dominant role in driving consumer purchase intention.

Table 9. Results of Predictive Relevance (Q^2) Testing

Endogenous Variable	Parameter	Value
Purchase Intention (Y)	Value Q^2 Predict	> 0

Table 9 demonstrates that the Q^2 predict value for the endogenous variable, Purchase Intention (Y), is greater than zero ($Q^2 > 0$). According to PLS-SEM criteria, a positive Q^2 value proves that the research model possesses good predictive relevance. It means that the exogenous variables are accurate in predicting consumer purchase intention.

Table 10. Results of Hypothesis Testing (Bootstrapping)

Hypothesis	Structural Relationship	T-Statistic	P-Value
H1	Price Discount → Purchase Intention	3.331	0.004
H2	Free Shipping → Purchase Intention	5.664	0.000

Table 10 summarizes the hypothesis testing results derived from the bootstrapping analysis. The first hypothesis (H1), which examines the relationship between Price Discount and Purchase Intention, was supported, as indicated by a t-statistic value of 3.331 and a p-value of 0.004. These values meet the required significance criteria, with the t-statistic exceeding 1.96 and the p-value below 0.05.

Similarly, the second hypothesis (H2) regarding the effect of Free Shipping on Purchase Intention was confirmed. The analysis produced a higher t-statistic value of 5.664 and a p-value of 0.000, demonstrating a statistically significant relationship between the two constructs.

Discussion

The Effect of Price Discount on Purchase Intention

The empirical findings demonstrate that Price Discount (X1) positively and significantly influences Purchase Intention (Y) among Generation Z TikTok Shop users. This is indicated by a path coefficient (β) of 0.386, a t-statistic of 3.331, and a p-value of 0.004. These results align with the Perceived Value Theory proposed by Büyükdağ et al. (2020). In the context of “Stimulus Organism Response” (SOR), price discounts act as an external marketing Stimulus (S) that actively influence the cognitive state of consumers as Organisms (O). When Generation Z consumers discover a price discount on a product on TikTok Shop, they perceive the discount as an attractive economic benefit. Psychologically, price reductions increase consumers' perceived acquisition utility because they believe that a product of the same value can be obtained with a smaller financial sacrifice. This price reduction also maximizes the overall perceived value.

Furthermore, the results of this study align with research by Ulfamiyati and Bangsa (2026), which showed that Generation Z consumers are highly sensitive to spending efficiency. Incentives in the form of discounts have been shown to be effective in reducing psychological barriers during the shopping process. Furthermore, these incentives can create a sense of urgency and act as a direct emotional trigger, resulting in a Response (R) in the form of a rapid increase in consumer purchase intention.

The Effect of Free Shipping on Purchase Intention

Free shipping (X2) has been shown to have a positive and significant effect on purchase intention (Y) among Generation Z consumers on the TikTok Shop platform. This strong influence is demonstrated by a path coefficient (β) of 0.503, a t-statistic of 5.664, and a p-value of 0.000, indicating a very strong level of significance. Therefore, hypothesis H2 is accepted.

These results reinforce previous research showing that shipping costs are often a major psychological barrier preventing consumers from completing a purchase (Lee et al., 2026; Huang et al., 2019). When viewed through the perspective of the “Stimulus Organism Response” (SOR) model and Perceived Value Theory, the free shipping strategy acts as a powerful environmental stimulus (S), altering the organism's (O) internal assessment of the sacrifices involved in a transaction. Implementing a free shipping strategy effectively eliminates this emotional barrier. The research findings indicate that the loss avoidance mechanism plays a significant role in consumer decision-making. Generation Z consumers experience greater transparency and psychological comfort because the price displayed from the outset represents the final amount they must pay, with no hidden additional costs (Lee et al., 2026). Eliminating shipping costs significantly increases perceived transaction value by eliminating what is known in digital marketing literature as checkout pain (Zeithaml, 1988). Furthermore, the psychological impact of the word "free" has been shown to generate high emotional satisfaction, in line with the theory proposed by Yang and Mattila (2020). Thus, the free shipping strategy effectively optimizes consumers' internal cognitive values, resulting in a strong Response (R), encouraging consumers to complete purchases without experiencing psychological hesitation during the transaction process.

Comparing the Effectiveness of Price Discount and Free Shipping

Based on the comparison of the path coefficient (β) values obtained in the H3 test, Free Shipping (X2) has a higher coefficient value (0.503) than Price Discount (X1) (0.386). Furthermore, the significantly higher t-statistic value for Free Shipping (5.664) compared to Price Discount (3.331), supporting the third hypothesis (H3). These results indicate that the free shipping strategy has a stronger and more dominant influence on Purchase Intention than conventional price discount strategies among Generation Z TikTok Shop users.

The results of this study align with the arguments put forward by Lee et al. (2026) and Huang et al. (2019), which served as the theoretical basis for developing H3. Both price discounts and free shipping aim to reduce total consumer spending, but they are processed through different psychological mechanisms. Price discounts are perceived as an additional benefit or bonus attached to the product, while shipping costs are often viewed as an unpleasant additional expense. Therefore, eliminating shipping costs provides a greater psychological relief than reducing the price of a product by an equivalent amount.

This psychological mechanism becomes even more important in the context of TikTok Shop, where purchasing decisions are often made quickly and impulsively through live streaming and instant checkout features. In such situations, minimizing transaction-related friction becomes a crucial factor. Therefore, a free shipping strategy can effectively eliminate one of the most common frictions at the checkout stage, smoothing the purchasing process and encouraging consumers to complete the

transaction immediately. This explains why free shipping has a stronger impact on purchase intention than discount programs.

CONCLUSION AND SUGGESTIONS

Conclusion

Drawing on the findings and discussion presented in the preceding sections, this study arrives at the following conclusions, (1) Price Discount has a positive and significant effect on the purchase intention of Generation Z consumers on TikTok Shop. This finding indicates that direct price reductions from the regular price can instantly generate economic appeal, reduce consumers' cognitive barriers, and significantly increase their intention to purchase; (2) Free Shipping has a positive and significant effect on the purchase intention of Generation Z consumers on TikTok Shop. The elimination of shipping costs functions as a powerful transactional incentive through a loss avoidance mechanism. Consumers experience greater transparency and psychological comfort, which encourages them to complete transactions more readily; (3) Free Shipping exerts a stronger and more dominant influence on purchase intention than Price Discount. Within the fast-paced social commerce environment, the elimination of shipping costs is substantially more effective at reducing the pain of paying and removing unexpected friction during the checkout process. As a result, free shipping emerges as a more critical marketing tool than merely reducing the product price.

Suggestions

Based on the findings and limitations of this study, several practical and academic recommendations are proposed. Practical Suggestion, (1) Merchants should dynamically adjust shipping cost subsidies based on specific product categories. For low-involvement or high-volume items (e.g., fashion and beauty), providing full shipping waivers combined with threshold-based pricing (e.g., "Get 20% off + automatic free shipping on orders above Rp50,000") is highly effective in removing transaction friction; (2) Platforms should integrate time-sensitive promotional mechanisms by combining free shipping tokens with real-time flash sales during livestream sessions. This combination capitalizes on the scarcity effect, heightening emotional impulses and driving immediate purchase intention among Gen Z consumers; (3) Algorithms should utilize user behavior data (such as browsing history, livestream engagement time, and cart abandonment rates) to deliver personalized promotional bundles. For instance, price-conscious users could be targeted with bundled value vouchers that explicitly aggregate price discounts and free shipping into a single transparent price interface. Academic Suggestions, (1) Future studies should incorporate critical psychological mechanisms by testing mediating variables, such as perceived value or shopping enjoyment, within the SOR framework. Additionally, researchers are encouraged to investigate key moderating variables, such as consumers' price consciousness or personal impulse buying tendencies, to identify how individual traits alter responses to bundled economic stimuli; (2) While this study focuses exclusively on TikTok Shop, subsequent research should conduct comparative analyses across multiple social commerce platforms (e.g., Instagram Shopping, Shopee Live) to evaluate whether platform-specific interface designs and community dynamics influence promotional effectiveness; (3) Given the cross-sectional nature of this study, future research should

employ longitudinal tracking to monitor shifting consumer habits over time, or utilize experimental laboratory/field designs to isolate the causal impacts of price discounts versus free shipping without structural suppression effects.

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