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Financial Literacy Factors in Purchasing Products on the TikTok Shop Feature (A Study of TikTok Shop Customers Among Students of Unsika and UBP Karawang)

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Abstract

Technological developments have changed people's lifestyles and lifestyles and created new cultures. It is clear that local culture is being replaced by a new culture that prioritizes accessibility and time efficiency. One of the new cultures that has emerged is the Tiktok Shop. Having a Tiktok shop or online shop makes students more active in online shopping. The aim of this research is to determine the financial literacy factors of Tiktok shop features in purchasing products (Survey of Tiktok shop customers among Unsika and UBP Karawang students. are budget understanding, knowledge of products and prices, payment methods, ability to save and invest, awareness of promotions and discounts, as well as self-control and consumption behavior are the most important factors that influence purchasing decisions his wish was fulfilled

Keywords:Tiktok shop, Financial Literacy, Product Purchase

INTRODUCTION

The rapid development of technology has made people's lives easier and can change their consumption habits. Having the internet as a communication system is crucial for some students. The websites Hootsuite and We Are Social (kompas.com) have the fourth-largest TikTok user base in the world, with around 50 million active users.

Online shopping isn't just a shopping option; it has brought about socio-cultural changes among the younger generation. It turns out that it's not just female students who enjoy online shopping; they also have TikTok stores on social media. Everyone has their own way of fulfilling their needs. Some execute it wisely, while others go overboard, leaving someone feeling neglected. In other words, this isn't just about fulfilling primary

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and secondary, tertiary, or additional needs. Changes in people's shopping habits have even given rise to the trend of shopping in TikTok stores.

On the other hand, people need to understand financial literacy to manage their finances. Financial literacy plays a crucial role in improving one's financial situation. Poor financial decisions are driven by individual knowledge. Low financial literacy makes individuals vulnerable to consumption mistakes due to neglecting basic needs.

Financial literacy is a person's ability to understand how money works, how to earn it, how to manage it, and how to invest it. It has also been argued that financial literacy is consumer knowledge that then influences decision-making. People with good financial literacy tend to save and make sound financial decisions. Therefore, financial literacy has become a life skill that everyone should master for a long-term life.

METHOD

The research method used in this study is qualitative. The approach used is a descriptive qualitative approach. With this descriptive qualitative method, the research topic is clearly outlined and explained. Data collection techniques in this study are observation and interviews. By conducting observations, the researcher directly observes the conditions in the field to obtain a comprehensive picture of the problem being studied. The technique used through interviews is a direct question and answer session between the researcher and the research participants with the aim of obtaining information and answers to the research questions.

Stei Indonesia, (2017) qualitative research refers to research that aims to understand holistically and with the help of words and descriptions of phenomena related to the experience being studied, such as behavior, perception, motivation, actions, etc. language in a certain natural context using different natural methods.

This research used qualitative methods because they directly present the relationship between researchers and respondents. They also provide in-depth descriptions and understanding of phenomena, detailing the research and relevant facts in the field. The resulting data is descriptive and cannot be represented by numbers or statistics. This study uncovers factors related to financial literacy among Unsika and Ubp Karawang students when purchasing products from the TikTok store feature.

The respondents for this study were students from Unsika University and UBP Karawang who shopped using the TikTok Shop feature. Since the purpose of this study was to gather opinions about the TikTok Shop feature, the students were asked for their opinions, especially those who had previously purchased from the TikTok Shop feature,

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so they could learn more. The research topic can provide a good overview of the TikTok Shop feature.

RESULTS AND DISCUSSION

A purchasing decision is an action taken by a consumer and ultimately followed through when they decide to purchase a product. Therefore, purchasing decision-making is the process of selecting one of many available options to make a decision that ultimately determines their next action.

Some marketing management experts argue that many buyer behaviors are nearly identical in terms of their frequency of occurrence. One well-known model is the buyer behavior model (Kotler, 2012), which means that a buyer's purchasing decision is actually a series of decisions (Anwar and Satrio, 2015).

Based on previous research, financial literacy encompasses understanding budgeting and financial management, product and pricing information, payment methods, awareness of offers and discounts, self-control, and consumer behavior when purchasing TikTok Shop features. Below, we explain in more detail the other factors influencing financial literacy in purchasing TikTok Shop features, as studied among Unsika and UBP Karawang students who purchased the TikTok Shop feature:

Understanding Budgeting and Financial Management

A budget is a detailed plan that includes estimated income and expenses over a specific period. It serves as a guideline to help individuals manage their finances. Students with a clear budget will find it easier to control their spending and ensure they can meet basic needs without exceeding their available income.

Budgeting is crucial for college students because they often have limited sources of income, such as pocket money from parents, scholarships, or part-time work. With a sound budget, students can ensure they don't overspend on non-essentials and maintain a reserve fund for emergencies or unforeseen needs.

Personal financial management involves various activities such as budgeting, monitoring expenses, saving, and investing. Students skilled in personal financial management tend to be more prudent in managing their finances, avoiding unnecessary debt, and preparing for a more stable financial future.

According to undergraduate students of the Industrial Engineering study program at Buana Perjuangan University, Karawang in 2022.

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"She sometimes sets a specific budget for shopping at TikTok Shop and is very good at managing her spending when shopping online at TikTok Shop. However, she also sometimes feels like she's going over her predetermined budget. So she uses reminders or other tools to manage her spending on TikTok Shop."

(Interview Date May 27, 2024)

According to a 2022 undergraduate student of Management at Singaperbangsa University, Karawang.

"He himself never set a specific budget for online shopping at TikTok Shop, nor does he even manage his spending for online shopping, including at TikTok Shop. Sometimes he can shop online at TikTok Shop beyond his budget because he doesn't use the reminder feature or other tools to manage his spending at TikTok Shop." (Interview, May 27, 2024)

Product Knowledge and Pricing

Pricing knowledge encompasses an understanding of a product's market price, including the ability to compare prices across platforms and identify fair and unfair prices. It also involves understanding the pricing strategies used by sellers, such as discounts, bundled offers, and promotional pricing. Price awareness helps students ensure they don't overpay for a product. By comparing prices across platforms, they can find the best deals and save money.

Product prices can be compared across various e-commerce platforms, price comparison apps, and user reviews. TikTok Shop offers a feature that allows users to view product prices and special offers directly on the platform.

According to undergraduate students of the Accounting study program at Buana Perjuangan University, Karawang in 2022.

"Before purchasing a product, I usually compare the price of the product on TikTok Shop with other online platforms like Shopee or Lazada. I also check the product reviews and ratings first. It turns out that most of the product prices and quality on TikTok Shop are more affordable and of higher quality than on other platforms." (Interview, May 27, 2024)

Payment Methods

In the digital age, various payment methods are available, including e-wallets, credit cards, bank transfers, and cash payments. Students need to understand how each payment method works, including the advantages and risks associated with each. For

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example, e-wallets and credit cards offer convenience and often come with cashback programs or reward points, but they also require careful management to avoid excessive debt.

Security is a crucial aspect of online transactions. Students need to be aware of the risks associated with digital transactions, such as fraud and data theft. They should take steps to protect their personal and financial information, such as using secure websites, enabling two-factor authentication, and regularly monitoring their account activity.

According to undergraduate students of the Accounting study program at Singaperbangsa University, Karawang, 2022.

"The payment method I often use when shopping online is e-wallet. Why? Because it makes payments more convenient and secure." (Interview, May 27, 2024)

Awareness of promotions and discounts

In the context of e-commerce, promotions and discounts are highly effective marketing tools for attracting consumers. For students, who often have limited budgets, promotions and discounts can provide an opportunity to purchase desired items at more affordable prices. However, awareness and understanding of promotions and discounts are crucial for utilizing these offers wisely. This discussion will explore how awareness of promotions and discounts influences students' purchasing decisions on TikTok Shop. Promotions offered on e-commerce platforms like TikTok Shop vary, including direct discounts, cashback, vouchers, flash sales, and product bundles. Students need to understand these types of promotions to evaluate which ones are most beneficial for them.

Promotions can influence purchasing decisions by providing incentives to purchase products that might not otherwise be available. Students who are aware of promotions are more likely to explore the products on offer and consider making a purchase.

Discount awareness is the ability to identify and understand offers that are lower than the normal price. Discounts are often used by sellers to attract buyers and increase sales in the short term. Students must be able to evaluate whether the discounted price truly adds value. This includes comparing the discounted price with prices on other platforms or physical stores, as well as considering whether the product is truly needed.

According to undergraduate students of the Accounting study program at Singaperbangsa University, Karawang, 2022

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"When I opened the TikTok app and saw a video on FYP, a video of a content creator promoting and announcing a discount at the TikTok Shop, I really took advantage of the promotion or discount by buying what I needed. Buying something on sale saves a lot of money.

"(Interview with Ghina Amara Qurratuaini)

Self-control and consumption behavior

Self-control and consumption behavior are important aspects that influence how individuals manage their money and make purchasing decisions. For college students who often have limited budgets, the ability to exercise self-control and wise consumption behavior is key to achieving financial well-being. This section discusses how self-control and consumption behavior influence college students' purchasing decisions on TikTok Shop. Self-control refers to an individual's ability to resist the urge or temptation to engage in activities that align with their long-term goals. In a financial context, this means the ability to resist the temptation to make impulsive purchases and keep spending within a planned budget. Self-control is essential for students to resist various shopping temptations, especially on e-commerce platforms like TikTok Shop, which offer various promotions and discounts. Self-control helps students stay focused on their financial goals, such as saving for education or other urgent needs, and avoid unnecessary spending.

Strategies to Improve Self-Control

Some strategies that can help students improve self-control when shopping include:

1. Create and follow a shopping budget
2. Make a shopping list before shopping online.
3. Avoid storing credit card information on e-commerce platforms to reduce impulse purchases.

Wise consumption behavior is the act of purchasing goods or services that are truly needed and add value to an individual's life, while avoiding purchases based on momentary desires or external influences such as advertising and promotions. To encourage wise consumption behavior, students need to be educated about financial literacy and the importance of making rational purchasing decisions. This includes understanding the difference between needs and wants and considering the long-term consequences of impulsive purchases.

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According to undergraduate students of the Accounting study program at Buana Perjuangan University, Karawang in 2022.

"Actually, I buy things on TikTok sometimes for my own needs and sometimes just because they're on sale. I can't control myself when I see discounted items. I usually review my budget before buying so I don't spend more than I budgeted when shopping on TikTok. Because I often regret purchases I've made online because I saw something really interesting." (Interview with Chika Yudistiani)

CONCLUSION

In terms of budgeting and financial management, students at UNSIKA and UBP Karawang lack a good understanding of budgeting and the ability to manage their finances, tending to be more prudent in their spending. They can plan expenses, prioritize needs, and avoid unnecessary debt. This shows that poor financial literacy in terms of budgeting and financial management is crucial for student financial well-being. In-depth knowledge of products and prices allows students at UNSIKA and UBP Karawang to make more rational purchasing decisions. They can compare product quality and prices across various platforms, avoid impulse purchases, and ensure that they get the best value for their money. Good financial literacy in this case helps them become smarter and more critical consumers.

Understanding different payment methods and the fees associated with each gives students greater flexibility and control over their transactions. Students who understand this can choose the payment method that best suits their situation, avoid unnecessary additional fees, and increase the security of their transactions. A good awareness of promotions and discounts allows students to take advantage of special offers wisely. They can save money by taking advantage of promotions that offer genuine value, avoiding impulse purchases often driven by tempting but unnecessary promotions.

Students' self-control and consumption behavior are key to avoiding impulse purchases and optimizing spending. Students who are able to control themselves and consume wisely tend to have better financial well-being, avoid financial stress, and save for immediate needs or the future.

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