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The Influence of TikTok Shop's Predatory Pricing on Consumer Attraction and Purchasing Decisions of Fashion Products Among Generation Z

Ramadhani Dwi Priyanto[1], Alshaf Pebrianggara[2], Mochamad Rizal Yulianto[3]
[1,2,3]Muhammadiyah University of Sidoarjo, Indonesia

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ABSTRACT

Objective: *This study aims to empirically examine the effect of predatory pricing strategies on consumer attraction and purchasing decisions of fashion products on TikTok Shop among Generation Z, with consumer attraction serving as a mediating variable.* ***Method****: This study employed a quantitative approach with an explanatory research design and analyzed the data using Partial Least Squares Structural Equation Modeling (PLS-SEM). The sample consisted of 100 Generation Z respondents in Indonesia who actively shop for fashion products on TikTok Shop. Data were collected through a five-point Likert scale questionnaire distributed online and analyzed using SmartPLS.* ***Result:*** *The findings indicate that predatory pricing has a significant positive effect on both consumer attraction and purchasing decisions. Consumer attraction was also found to positively influence purchasing decisions and partially mediates the relationship between predatory pricing and purchasing decisions. The R^2 values for consumer attraction (0.871) and purchasing decisions (0.847) demonstrate very strong explanatory power, while the Q^2 values for each construct (>0.35) indicate high predictive relevance.* ***Novelty:*** *This study confirms that although extreme pricing strategies can trigger impulsive purchases and increase purchase urgency among Generation Z, long-term reliance on such practices may erode consumer trust and undermine market sustainability. Unlike previous studies that focused primarily on regulatory aspects and SMEs, this research provides empirical evidence of the paradoxical effects of predatory pricing on digital-native consumer behavior.*

INTRODUCTION

With the rapid development of digital technology, commerce has entered a new era in which interactions between customers and businesses occur primarily online and are no longer confined to physical spaces. One prominent example of this transformation is social media platforms that now integrate entertainment features with online shopping services. TikTok Shop exemplifies this convergence, combining creative content with user-friendly and instant e-commerce methods [1]. Through its dynamic visual and interactive approach, this phenomenon has become a focal point in digital marketing, as it successfully captures market interest, particularly among younger generations. Price competition has emerged as one of the key elements used to attract consumers. Predatory pricing, defined as setting selling prices extremely low, even below production costs, in order to attract buyers and outcompete rivals, represents one of the extreme pricing strategies currently gaining popularity [2]. This practice has reshaped digital market behavior and significantly influenced consumer attraction and purchasing decisions, especially among Generation Z, who constitute the majority of TikTok users in Indonesia.

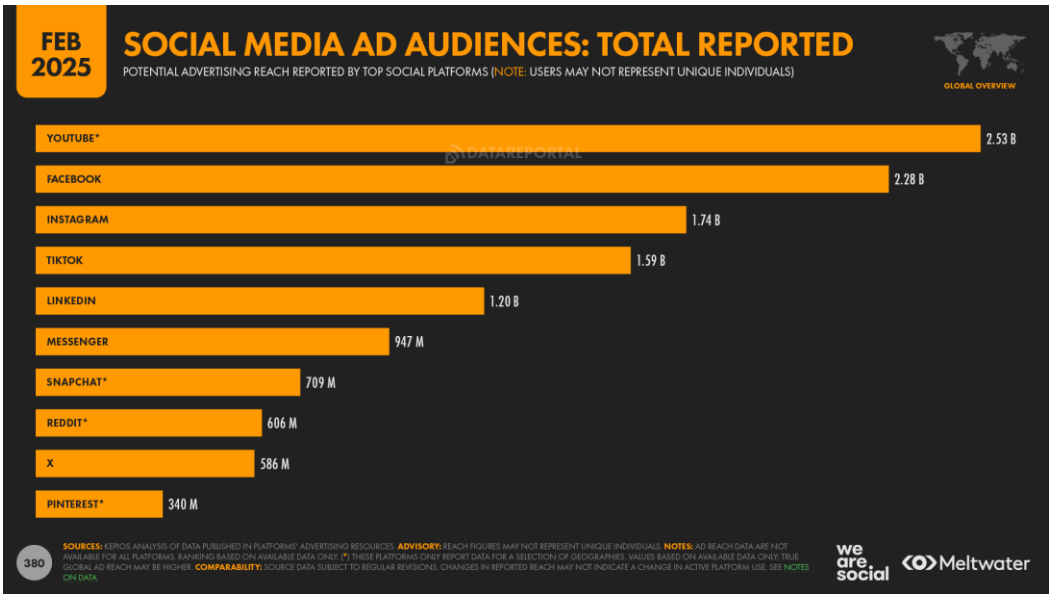

Figure 1. Data Reportal 2025.

The results from Figure 1 illustrate that as of February 2025, TikTok, with an advertising reach potential of 1.59 billion users and approximately 60% of its user base belonging to Generation Z, has become one of the most effective platforms for digital marketing. Its advanced recommendation algorithm and creative video format foster a high level of user engagement, making it highly suitable for building brand awareness and capturing the attention of younger audiences quickly and widely.

When it comes to TikTok Shop, the phenomenon of rushed pricing has become increasingly popular, particularly in the fashion category, which is the most frequently searched by users. Sellers often offer products at extremely low prices, sometimes to the point of being unreasonable when compared to normal production costs [3]. This raises the hypothesis that such pricing strategies are intended to capture the market aggressively rather than simply improving efficiency or promotional efforts. Customer perceptions and behaviors can be significantly influenced by this practice, especially among Generation Z, who are active TikTok users and tend to make quick impulsive purchases. Price plays a crucial role in determining a product's attractiveness to consumers. When prices fall far below market value, customers may perceive them as an opportunity to save money or even as the primary motivation to make a purchase. Conversely, excessively low prices may raise concerns about product quality or the seller's long-term intentions [4]. In the case of TikTok Shop, the extent to which extreme pricing influences the interest and purchasing decisions of Generation Z remains not fully understood.

Research on predatory pricing practices on the TikTok Shop platform has been widely conducted in recent years, primarily from the perspective of its impact on small and medium-sized enterprises (SMEs). Zahra, Ayunda, and Naben [5] in their study, highlighted the concerns of SME actors regarding the extreme pricing strategies implemented by TikTok Shop, which are perceived as threatening the sustainability of

local businesses due to unfair price competition. They argued that excessively low prices, even below production costs, trigger market imbalances and reduce the competitiveness of domestic enterprises. However, their research focused more on the macroeconomic dimension from the perspective of business actors rather than on consumer behavior.

Furthermore, the study conducted by Putra and Setiawan [6] examined the influence of predatory pricing, consumer attitudes, and interactive marketing on the sales growth of culinary SMEs in South Jakarta. Their findings revealed that predatory pricing had a significant partial effect on increasing sales. However, the focus of their research was limited to sales improvement among SMEs as the main object, without exploring in depth how extreme pricing perceptions shape consumer attraction or purchasing decisions, particularly among young active TikTok users.

From a regulatory perspective, Sapitri and Kurnia [7] explored the legal aspects of predatory pricing practices through an analysis of Law No. 5 of 1999. They concluded that TikTok Shop is suspected of violating Articles 19, 20, and 21 by selling products below market prices, which legally has the potential to create a monopoly. Although this study is important within the framework of digital market protection, it does not address the psychological aspects and consumer preferences affected by such pricing strategies.

Based on previous studies, it appears that no research has specifically investigated the influence of TikTok Shop's predatory pricing on two key aspects of consumer behavior, namely product attractiveness perception and purchasing decisions, particularly among Generation Z consumers. Yet, Generation Z represents the most active segment of TikTok users and is highly responsive to pricing strategies and visual stimuli. This research gap highlights the need for an empirical approach that focuses on consumer behavior in responding to extreme pricing strategies in the era of social commerce, thereby providing an important space for this study to contribute.

Based on the phenomenon of predatory pricing on TikTok Shop, several patterns of relationships among variables can explain the behavior of Generation Z consumers. First, regarding the relationship between Predatory Pricing (X) → Purchasing Decision (Y), extremely low pricing strategies combined with intensive promotions such as flash sales and limited-time offers have been proven to create purchase urgency, which drives impulsive buying behavior. Research [8] indicates that the combination of price promotions, attractive visual content, and flash sale systems on TikTok Shop has a positive and significant effect on the purchasing decisions of Generation Z. Nevertheless, the negative effect is the potential occurrence of post-purchase regret, particularly when product quality does not meet consumer expectations [9].

Second, regarding the relationship between Predatory Pricing (X) → Consumer Attraction (Z), low-price strategies such as flash sales or large discounts have been shown to increase perceived value and attract the initial interest of Generation Z consumers. Study [10] explains that although consumers enjoy low prices, this factor primarily acts as a trigger for initial attraction to TikTok Shop products, even though it may pose risks to the long-term sustainability of SMEs. On the negative side, predatory pricing strategies applied on TikTok Shop often force sellers, particularly SME actors, to suppress profit

margins to the minimum level. Findings from [6]. indicate that this pricing pressure not only results in reduced profits but also affects the quality of products offered. In the long run, such conditions can shape negative perceptions among consumers, where excessively low prices are associated with poor product quality, thereby weakening brand attractiveness and business sustainability.

Third, in the relationship between Consumer Attraction (Z) → Purchasing Decision (Y), the positive outcomes indicate that a satisfying purchase experience can strengthen consumer attraction toward a brand. Study. [11] revealed that product conformity with descriptions, quality that meets expectations, and timely delivery can build positive consumer perceptions of a brand while also increasing their interest in continuously following the development of the products offered. In addition, [12] found that consumers who have positive purchasing experiences tend to show greater attraction to re-engage in promotional programs or live shopping events, as trust and emotional attachment to the brand have already been established. On the negative side, however, [13] emphasized that poor post-purchase experiences, such as low product quality or inconsistency with the description, can significantly reduce consumer attraction. Such disappointment not only weakens the level of trust but also lowers consumer interest in further interactions or repeat purchases, thereby hindering brand efforts to maintain market loyalty.

Fourth, in the mediating relationship of Predatory Pricing (X) → Purchasing Decision (Y) → Consumer Attraction (Z), the positive impact is evident when low-price strategies are combined with elements of visual interactivity, such as live shopping, which can enhance consumers' emotional engagement while simultaneously encouraging quick purchasing decisions. Study. [14] demonstrated that the application of price promotions, large discounts, and flash sale systems, when integrated with appealing visual content, exerts a significant positive effect on Generation Z's purchasing decisions in social commerce platforms. On the negative side, however, unsatisfactory post-purchase experiences, such as products not matching their descriptions or unresponsive after-sales services, may emerge. Study [15] emphasized that poor shopping experiences can lower consumers' perceptions of brand attractiveness, reduce their intention to repurchase, and weaken consumer trust in the platform, including TikTok Shop.

Based on the background and research gaps identified, this study aims to empirically examine how predatory pricing practices employed by TikTok Shop influence consumers' perceptions of product attractiveness and their decisions to purchase fashion items, particularly among Generation Z who are active users of the platform.

This research does not merely aim to explain the statistical relationships among the variables but also seeks to provide a deeper understanding of the short- and long-term impacts of predatory pricing on Indonesia's digital market. The primary focus of this study is on young consumers' behavior in responding to aggressive digital pricing strategies. The findings are expected to assist business practitioners, policymakers, and

academics in formulating fair and sustainable marketing strategies and regulations. Furthermore, this study contributes to the body of research on digital consumer behavior in the era of social commerce.

Research Questions

1. Does the predatory pricing strategy implemented by TikTok Shop influence Generation Z consumers' attraction to fashion products?
2. Does TikTok Shop's predatory pricing strategy affect the purchasing decisions of Generation Z consumers for fashion products?
3. Does consumer attraction serve as a mediating variable in the relationship between predatory pricing and purchasing decisions of Generation Z consumers for fashion products?

Research Objectives

1. To analyze the influence of TikTok Shop's predatory pricing strategy on Generation Z consumers' attraction to fashion products.
2. To analyze the influence of TikTok Shop's predatory pricing strategy on the purchasing decisions of Generation Z consumers for fashion products.
3. To examine the mediating role of consumer attraction in the relationship between predatory pricing and the purchasing decisions of Generation Z consumers for fashion products.

Research Benefits

1. Theoretical: This study contributes to the development of literature in the field of digital marketing, particularly regarding extreme pricing strategies such as predatory pricing and their impact on consumer behavior in the era of social commerce.
2. Practical: This study provides insights for online business practitioners, especially those marketing fashion products on TikTok Shop, in formulating pricing strategies that are both effective and ethical.

Purchasing Decision (Y)

A purchasing decision is the final stage of the consumer decision-making process, where individuals choose to buy a product or service after considering various factors such as price, quality, promotion, and product attractiveness. In the context of social commerce such as TikTok Shop, particularly among Generation Z, purchasing decisions are influenced not only by rational considerations but also by emotional factors shaped through visual interactions, aggressive price promotions, and the sense of urgency created by platform features.

The indicators of purchasing decisions in this study consist of four main aspects. First, purchase intention, which refers to the tendency or motivation of consumers to make a purchase after receiving specific marketing stimuli. Competitive price promotions and attractive product visualization have been proven to significantly increase purchase intention [16]. Second, decision-making speed, which refers to how quickly consumers decide to buy after receiving an offer. Strategies such as flash sales and live streaming create purchase urgency that drives impulsive buying and accelerates

the decision-making process [8]. Third, price satisfaction, which represents the level of consumer satisfaction with the price paid compared to the benefits received. Large-scale discount strategies on TikTok Shop increase consumer satisfaction and reinforce purchasing decisions [17]. Fourth, repurchase willingness, which reflects consumers' intention to make repeat purchases after a positive experience, where satisfaction with price and service quality plays a major role in building loyalty [15].

These four indicators are interrelated in shaping consumer purchasing behavior. A thorough understanding of these factors is essential for digital business practitioners, particularly within the TikTok Shop ecosystem, to design marketing strategies that can drive purchases and maintain consumer loyalty amid increasingly intense market competition.

Consumer Attraction (Z)

Consumer attraction refers to the degree of an individual's interest in a product or brand, which is influenced by various factors such as product visual appearance, price promotions, direct interaction with sellers, and trust in the product's quality and the seller's integrity. In the context of social commerce such as TikTok Shop, particularly among Generation Z, consumer attraction is not only built through rational factors such as product specifications and pricing but also through emotional factors derived from interactive shopping experiences, appealing promotions, and assurances of trust in the seller.

The indicators of consumer attraction in this study include five main aspects. First, attractive product visualization, which refers to products presented in an aesthetic, clear, and trend-relevant manner, capable of triggering consumer interest to explore further and consider purchasing. Good visualization has been proven to increase consumer interest and engagement with products

[18]. Second, attractive price promotion, which includes favorable offers such as large discounts, flash sales, or shopping vouchers that create urgency and strengthen consumer interest. Aggressive price promotions on TikTok Shop have been shown to effectively capture attention and build a high perceived value of products [19]. Third, real-time interaction via live streaming, which allows consumers to directly communicate with sellers, ask questions, and observe product demonstrations in real time, thereby fostering emotional closeness and trust. This interaction has been proven to significantly increase consumers' purchase interest [20]. Fourth, trust in product and seller, which reflects consumers' confidence that the product offered is of the promised quality and that the seller has integrity and a good reputation. Trust becomes a decisive factor in maintaining consumer attraction [21]. Fifth, repurchase willingness, which represents consumers' intention to repurchase the same product or buy again from the same seller after a positive experience. Satisfaction with product quality, service, and pricing serves as the main driver of this repurchase willingness [22].

These five indicators are interconnected in shaping consumer attraction on TikTok Shop. Attractive product visualization becomes more effective when combined with compelling price promotions, direct interactions that build trust, and positive experiences

that encourage repurchase willingness, thereby creating a sustainable cycle of attraction and loyalty in the digital marketplace.

Predatory Pricing (X)

Predatory pricing is a strategy of setting prices extremely low, even below market prices or production costs, with the aim of attracting consumers on a massive scale while simultaneously weakening or driving competitors out of the market. In the context of social commerce such as TikTok Shop, this strategy has become one of the most prominent marketing tactics because of its ability to influence purchasing behavior, particularly among Generation Z. This strategy is generally implemented through a combination of aggressive price promotions, reduced shipping costs, and limited-time offers that create purchase urgency among consumers.

The indicators of predatory pricing in this study comprise four main aspects. First, large-scale discounts (flash sales, vouchers), which refer to significant price reductions offered within a specific period. Flash sale promotions have been proven effective in attracting consumer attention and encouraging impulsive purchases, although they may potentially reduce sellers' profit margins [2]. Second, lower prices compared to competitors, which is the strategy of selling products at prices far below the market average to capture a large share of consumers. Study [23] showed that this extreme pricing approach can increase sales volume but carries the risk of triggering unfair competition practices. Third, free or reduced shipping costs, which lower purchasing barriers by eliminating or reducing delivery fees. Study [24] demonstrated that free shipping on TikTok Shop significantly increases purchasing decisions by reducing the total cost paid by consumers. Fourth, limited-time price offers, which are short-duration promotions designed to create fear of missing out (FOMO), thereby prompting consumers to make quick purchases. Study [14] found that this strategy successfully generates urgency and increases impulsive buying in e-commerce.

These four indicators represent the distinctive characteristics of aggressive predatory pricing strategies on digital platforms. While consistent implementation can increase consumer attraction and transaction volume, improper regulation may have negative impacts on business competition and sustainability, particularly for small and medium-sized enterprises (SMEs).

Conceptual Framework

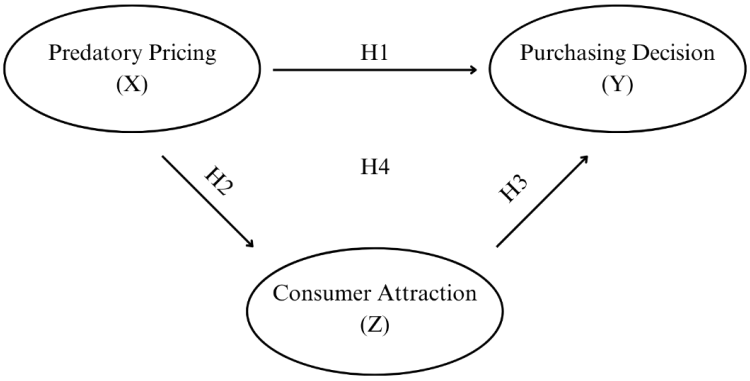

Figure 2. Conceptual Framework.

H1: Predatory Pricing Has a Significant Effect on Purchasing Decisions

Predatory pricing strategies such as large discounts, flash sales, and below-market pricing can create a perception of urgency (purchase urgency) that accelerates the consumer decision-making process, particularly among Generation Z, who tend to be impulsive in online shopping. Study [19] showed that low prices and flash sales on Shopee have a significant effect on purchasing decisions. This emphasizes that purchasing decisions can be strongly driven by extreme pricing strategies.

H2: Predatory Pricing Has a Significant Effect on Consumer Attraction

Prices set far lower than competitors, combined with free shipping promotions, trigger a high perceived value in the minds of consumers. Generation Z, as a segment highly sensitive to pricing, is more easily attracted to extreme offers such as flash sales or discount vouchers. Study [25] demonstrated that flash sales and free shipping have a positive effect on purchasing decisions in e-commerce, which can be interpreted as initial attraction that stimulates consumer interest.

H3: Consumer Attraction Has a Significant Effect on Purchasing Decisions

Consumer attraction is formed through appealing product visualization, aggressive price promotions, live streaming interactions, and trust in the seller. Study [11] revealed that perceived attraction, such as brand image and positive reviews, can enhance purchasing decisions for cosmetics among digital consumers. Thus, the higher the level of attraction perceived by consumers, the greater the likelihood that they will make purchasing decisions.

H4: Predatory Pricing Has a Significant Effect on Purchasing Decisions Through Consumer Attraction

In addition to its direct impact, predatory pricing can also influence purchasing decisions through the enhancement of consumer attraction. Extreme price offers packaged with appealing visualization and live shopping interactions encourage consumers' emotional engagement, which ultimately accelerates decision-making. Study [14] found that the combination of discounts, live shopping, and the fear of missing out (FOMO) phenomenon had a significant effect on impulse buying among Generation Z in Bandar Lampung. This reinforces the argument that consumer attraction serves as an important mediating variable

RESEARCH METHOD

Type and Approach of Research

This study employs a quantitative approach with an explanatory design, aiming to examine the causal relationship between predatory pricing on TikTok Shop and the purchasing decisions of Generation Z for fashion products, with consumer attraction as a mediating variable. Data analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM) with the assistance of SmartPLS software for data processing.

Population and Sample

The population of this study consists of Generation Z users of TikTok Shop in Indonesia. The sampling technique employed is purposive sampling, a non-probability sampling method in which respondents are selected based on specific criteria relevant to the research objectives. The respondent criteria are as follows:

1. Belonging to Generation Z (aged 15–27 years).
2. Actively using TikTok at least three times a week.
3. Having purchased fashion products on TikTok Shop.
4. Having seen or participated in price promotions (discounts, flash sales, or vouchers) on TikTok Shop.

Lemeshow's Formula (1990):

$$n = \frac{Z^2 . P . (1 - P)}{d^2}$$

Explanation:

n = minimum sample size

Z = z-value at a 95% confidence level (1,96)

p = population proportion (0,5)

d = margin of error (0,1)

$$n = \frac{(1{,}96)^2 . 0{,}5 . (1 - 0{,}5)}{(0{,}1)^2}$$

$$n = \frac{3{,}8416 \, . \, 0{,}25}{0{,}01}$$

$$n = \frac{0{,}9604}{0{,}01}$$

$$n = 96{,}04$$

The sample size was determined using Lemeshow's formula since the exact population size is unknown. With a 95% confidence level (Z = 1.96), population proportion p = 0.5, and margin of error (d) = 0.1, the minimum required sample size was calculated to be 96 respondents, which was then rounded up to 100 respondents to meet the requirements of data analysis. This number is considered sufficient to provide a representative overview of the influence of predatory pricing on consumer attraction and purchasing decisions among Generation Z users.

Data Collection Technique

Data were collected through a Google Form-based questionnaire using a Likert scale of 1–5 to measure the variables of predatory pricing, consumer attraction, and purchasing decisions among Generation Z TikTok Shop users. The questionnaire was distributed via social media platforms popular among Gen Z, such as TikTok, Instagram, and WhatsApp. The collected data were then processed using SmartPLS.

Data Analysis

The research data were analyzed using the Partial Least Squares Structural Equation Modeling (PLS-SEM) method, a highly useful analytical technique because it can be

applied to various data scales without requiring strict measurement assumptions. The analysis was conducted using the SmartPLS application, as it is well-suited for complex causal models involving mediating variables, relatively small sample sizes, and data that are not necessarily normally distributed. PLS-SEM consists of two main stages: the outer model (measurement model) and the inner model (structural model). The outer model is used to test the validity and reliability of indicators, including convergent validity, discriminant validity, and construct reliability. Convergent validity is demonstrated when the loading factor value exceeds 0.70 and the Average Variance Extracted (AVE) is greater than 0.50, as shown in study [26] on the Indonesian e-commerce industry, where indicators of perceived usefulness and perceived ease-of-use were valid when meeting the AVE threshold. Meanwhile, reliability is tested using Cronbach's Alpha and Composite Reliability (CR), both of which should exceed 0.70, consistent with the findings of study [27] Shopee, which confirmed that the variables of brand trust and customer reviews exhibited high reliability. Once the measurement model is validated, the next stage is the inner model, which assesses the relationships between latent variables using several indicators. These include the R^2 value, which measures the explanatory power of independent variables (0.25 weak, 0.50 moderate, 0.75 strong). For instance, study [28] found that TikTok live streaming explained more than 60% of the variance in Generation Z's purchase intention for fashion products. Additionally, the **effect size (f^2)** is used to evaluate each variable's contribution, with interpretations of 0.02 (small), 0.15 (medium), and 0.35 (large), as applied by study [29] in the context of customer loyalty. The predictive relevance (Q^2) is evaluated using the blindfolding method, where $Q^2 > 0$ indicates predictive relevance of the model. This aligns with study [30] which found that perceived value mediation enhanced the predictive relevance of impulse buying behavior among Generation Z on TikTok Shop. The path coefficient is used to test the significance of relationships between latent variables through bootstrapping, with significance criteria of t-statistics > 1.96 and p-value < 0.05. This approach is consistent with studys [31] which confirmed the significant influence of influencer marketing and social media marketing on purchasing decisions in TikTok Shop, with brand awareness as a mediating variable. Multicollinearity testing is also performed by assessing the Variance Inflation Factor (VIF), where values below 5 indicate no multicollinearity issues, as demonstrated in study [27]. Furthermore, mediation testing is conducted to examine the role of consumer attraction as a mediator between predatory pricing and purchasing decisions. The results of bootstrapping may indicate partial mediation if both direct and indirect paths are significant, or full mediation if only the indirect path is significant. This is supported by study [30] which demonstrated perceived value as a mediator of impulse buying behavior among Generation Z on TikTok Shop, and study [31], which showed brand awareness as a mediator in the relationship between influencer marketing and purchasing decisions.

RESULTS AND DISCUSSION

A. Research Findings

Based on the results of the survey conducted with 100 respondents, the data show that all respondents were Generation Z aged 17–27 years. All respondents were active TikTok users, had seen or participated in price promotions, and had purchased fashion products on the TikTok platform more than once.

B. Data Analysis

Data analysis was carried out using the Partial Least Squares Structural Equation Modeling (PLS-SEM) method, with data processing assisted by SmartPLS software. This technique involves two stages of testing: the Measurement Model (Outer Model) test, which aims to ensure the accuracy of the measurement instruments, and the Structural Model (Inner Model) test, which aims to examine the relationships and effects among variables.

1. Outer Model Test (Measurement Model)

The measurement analysis was conducted to assess the validity and reliability of the model and to determine whether the measurement instruments used can be categorized as appropriate. This measurement includes convergent validity, discriminant validity, and composite reliability.

Convergent Validity

Convergent validity is used to evaluate the extent to which indicators are able to explain latent variables. The higher the value of convergent validity, the greater the ability of the indicators to explain the latent variable [32]. However, in studies that are still in the process of developing scales or models, loading factor values between 0.5 and 0.6 are still considered acceptable. This provides flexibility in testing newly developed models, particularly when several indicators need to be further examined to ensure their validity [33].

Table 1. Convergent Validity.

	Consumer Attraction	Predatory Pricing	Purchasing Decision
CA1	0.800		
CA10	0.720		
CA2	0.808		
CA3	0.812		
CA4	0754		
CA5	0.754		
CA6	0753		
CA7	0.794		
CA8	0.704		
CA9	0.771		
PD1			0.715
PD2			0.835

PD3		0.660
PD4		0.800
PD5		0.7022
PD6		0.757
PD7		0.669
PD8		0.633
PP1	0.775	
PP2	0.714	
PP3	0.824	
PP4	0.816	
PP5	0.749	
PP6	0.881	
PP7	0.757	
PP8	0.790	

Based on Table 1, the convergent validity test for the reflective model was evaluated through outer loadings (the correlation between item scores and construct scores), calculated in SmartPLS as a reference. Loadings greater than 0.70 are considered highly adequate, while values between 0.50–0.60 may still be retained if construct reliability is achieved. The results in the table show that most indicators of the three constructs Consumer Attraction, Predatory Pricing, and Purchasing Decision were above 0.70. Some indicators were below 0.70 but still above 0.50 (e.g., CA2 = 0.508, PD3 = 0.660, PD7 = 0.669, PD8 = 0.633), and thus remain acceptable with notes for further evaluation. Therefore, overall, the measurement meets the criteria for convergent validity.

Average Variance Extracted (AVE)

Table 2. Average Variance Extracted (AVE).

	Average Variance Extracted (AVE)
Consumer Attraction	0.593
Predatory Pricing	0.623
Purchasing Decision	0.525

Based on Table 2, the Average Variance Extracted (AVE) was used to assess convergent validity in reflective constructs, with the general criterion being AVE ≥ 0.50 (meaning that, on average, the indicators are able to explain more than 50% of the variance of the construct). The results show that Consumer Attraction = 0.593, Predatory Pricing = 0.623, and Purchasing Decision = 0.525; all values are above 0.50, indicating that the three constructs are valid.

Discriminant Validity

Table 3. Discriminant Validity.

	Consumer Attraction	Predatory Pricing	Purchasing Decision
Consumer Attraction	0.770		
Predatory Pricing	0.933	0.790	
Purchasing Decision	0.900	0.908	0.725

Explanation of Table 3: Discriminant validity was evaluated using the Fornell–Larcker criterion, where the square root of the Average Variance Extracted (AVE) on the diagonal of the matrix must exceed the correlations between constructs. The results show AVE values of Consumer Attraction = 0.770, Predatory Pricing = 0.790, and Purchasing Decision = 0.725; however, the correlations CA–PP = 0.933, CA–PD = 0.900, and PP–PD = 0.908 were higher than their respective AVE values. Thus, the three constructs did not meet discriminant validity and indicated overlapping among constructs.

Reliability Test

Table 4. Reliability Test.

	Cronbach's Alpha	Composite Reliability
Consumer Attraction	0.923	0.936
Predatory Pricing	0.913	0.930
Purchasing Decision	0.869	0.898

Table 4 presents the results of the reliability test for three constructs using two metrics, Cronbach's Alpha and Composite Reliability (CR), with CR generally being preferred in PLS-SEM because it accounts for loading variations. All three constructs meet the criteria for good internal consistency (commonly accepted threshold ≥0.70): Consumer Attraction has $\alpha = 0.923$ and CR = 0.936; Predatory Pricing has $\alpha = 0.913$ and CR = 0.930; and Purchasing Decision has $\alpha = 0.869$ and CR = 0.898. All values fall within the good–excellent range (0.80–0.95) and remain below 0.95, indicating no item redundancy. Therefore, it can be concluded that the indicators of each construct are reliable and suitable for retention.

2. Inner Model Test (Structural Model)

The structural model (inner model) is used to analyze the relationships between variables through several tests. R-Square (R^2) indicates the extent to which the independent variables explain the dependent variable, with values of 0.75 considered strong, 0.50 moderate, and 0.25 weak. Q-Square (Q^2) assesses how well the model can predict, where a value greater than 0 is required for the model to be considered valid. F-Square (F^2) evaluates the impact of independent variables on the dependent variable, categorized as 0.02 (small effect), 0.15 (medium effect), and 0.35 (large effect). To test the significance of the relationships between variables, path coefficients are used with T-statistics ≥ 1.96 and p-values ≤ 0.05 to ensure that the research hypotheses are accepted and have a significant effect [34].

R-Square Values

Table 5. R^2 Value.

	R Square	R Square Adjusted
Consumer Attraction_	0.871	0.869
Purchasing Decision_	0.847	0.843

This table reports the explanatory power of the model on the endogenous constructs. The R^2 value for Consumer Attraction is 0.871 (Adj. 0.869), indicating that approximately 87.1% of the variation in Consumer Attraction is explained by the predictors in the model, primarily Predatory Pricing. Meanwhile, the R^2 value for Purchasing Decision is 0.847 (Adj. 0.843), showing that 84.7% of the variation in Purchasing Decision is collectively explained by Predatory Pricing and Consumer Attraction. According to PLS-SEM guidelines, $R^2 \geq 0.75$ is considered substantial, indicating that both constructs have very strong explanatory power. The proximity of the Adjusted R^2 to R^2 suggests a parsimonious model, meaning no excessive predictors were added.

Q-Square Values

Table 6. Q^2 Value (Predictive Relevance).

	Q^2 (=1-SSE/SSO)
Consumer Attraction	0.509
Predatory Pricing	
Purchasing Decision	0.431

Table 6 reports the Stone–Geisser $Q^2 = 1 - SSE/SSO$ from the blindfolding procedure to assess the predictive relevance of the model for the endogenous constructs. A Q^2 value > 0 indicates that the model can predict the construct indicators well. The guideline for effect size is: 0.02 (small), 0.15 (medium), and 0.35 (large). The results show that Consumer Attraction = 0.509 and Purchasing Decision = 0.431, both > 0.35, indicating strong predictive power for both constructs. The Predatory Pricing row is empty because this construct is exogenous (Q^2 is not calculated in blindfolding for exogenous constructs). For reporting purposes, also include the omission distance (d) used and, if necessary, complement the analysis with PLSpredict to provide evidence of out-of-sample prediction.

F-Square (f^2) Effect Sizes

Table 7. f^2 Value (effect size).

	Consumer Attraction	Predatory Pricing	Purchasing Decision
Consumer Attraction			0.140
Predatory Pricing	6.738		0.234

Purchasing Decision	

Table 7 presents the f^2 effect sizes, showing the additional contribution of each predictor to the R^2 of the endogenous variables (guidelines: 0.02 small, 0.15 medium, 0.35 large). The results indicate that Predatory Pricing → Consumer Attraction has an f^2 = 6.738, which is extremely large, as Consumer Attraction is almost entirely predicted by Predatory Pricing. For Purchasing Decision, the contribution of Predatory Pricing is f^2 = 0.234 (medium), whereas Consumer Attraction contributes f^2 = 0.140 (between small–medium). In summary, both predictors are significant for Purchasing Decision, with the additional effect of Predatory Pricing being stronger than that of Consumer Attraction, while the relationship between Predatory Pricing and Consumer Attraction is highly dominant.

Path Coefficient & Significance

Table 8. Path Coefficient & Significance.

	Original Sample (O)	T Statistics (|O/STDEV|)	P Values	Results	Hypotesis
Predatory Pricing x -> Purchasing Decision y	0.527	4.670	0.000	Positive and Significant Effect	Accepted
Predatory Pricing x -> Consumer Attraction z	0.933	75.046	0.000	Positive and Significant Effect	Accepted
Consumer Attraction z -> Purchasing Decision y	0.408	3.696	0.000	Positive and Significant Effect	Accepted
Predatory Pricing x-> Consumer Attraction z-> Purchasing Decision y	0.381	3.640	0.000	Positive and Significant Effect	Accepted

Table 8 presents the analysis results, showing that all hypotheses are supported because the p-values = 0.000 < 0.05 and T-statistics > 1.96. Therefore, all relationships between the variables are proven to have a positive and significant effect.

C. Research Results

Based on the research and data analysis using SmartPLS (Partial Least Squares) as described above, it can be determined the extent to which predatory pricing on TikTok Shop affects consumer attraction and the purchasing decisions of Gen Z consumers for fashion products.

H1: Predatory Pricing Has a Significant Effect on Purchasing Decision

The test results indicate that predatory pricing has a positive and significant effect on purchasing decisions, with a coefficient of 0.527, a t-statistic of 4.670, and a p-value of

0.000 (<0.05). This implies that the direct effect of predatory pricing on purchasing decisions shows that highly competitive pricing is not merely an "initial lure" but genuinely encourages consumers to press the buy button. Behaviorally, extreme pricing reduces perceived risk and increases the perception of value for money, prompting immediate purchase intentions. A coefficient of 0.527 SD is considered strong for a direct relationship between standardized constructs.

H2: Predatory Pricing Has a Significant Effect on Consumer Attraction

The test results show a coefficient of 0.933, a t-statistic of 75.046, and a p-value of 0.000 (<0.05). This indicates that an increase in the intensity of the pricing strategy is almost proportionally associated with a surge in consumer attraction. The mechanism is plausible: aggressive pricing heightens attention, creates a sense of urgency, and gives consumers a feeling of "winning" relative to the reference price. However, such a large effect also serves as a reminder to implement the strategy in a "controlled" manner, ensuring that the original price is clear, the value message is unambiguous, and avoiding the perception of "too good to be true," which could lead to skepticism.

H3: Consumer Attraction Has a Significant Effect on Purchasing Decision

Consumer attraction translates into purchasing decisions (O = 0.408; T = 3.696; p = 0.000), reflecting the funnel role: from attention → interest → action. An effect size of 0.41 SD is considered medium–strong and provides concrete managerial insights: once attention is captured, conversion is influenced by the quality of the experience—clarity of information, social proof (reviews/ratings), guarantees/warranties, and low checkout friction.

H4: **Predatory Pricing Has a Significant Effect on Purchasing Decision Through Consumer Attraction**

The test results show that there is a significant indirect effect from X to Y through Z of 0.381 (product of 0.933 × 0.408), with T = 3.640; p < 0.001. Since the direct path X → Y (0.527) is also significant, this mediation is partial. The total effect of X on Y is 0.908 (0.527 + 0.381), and the Variance Accounted For (VAF) is 41.9%, meaning approximately 42% of the price effect on purchasing decisions occurs through the increase in consumer attraction. This indicates that the pricing tactic is effective not only as a direct "trigger" but also works by enhancing interest, which subsequently converts into purchases.

CONCLUSION

Fundamental Findings : This study empirically demonstrates that predatory pricing on TikTok Shop has a significant and positive effect on both consumer attraction and purchasing decisions among Generation Z. However, the mediation test revealed a unique result: although consumer attraction is positively influenced by predatory pricing, the mediating role actually weakens the direct effect on purchasing decisions. This indicates a potential shift in consumer perception when exposed to extreme pricing strategies over an extended period. These findings emphasize the importance of understanding not only the direct dynamics but also the indirect dynamics of pricing strategies in shaping consumer behavior. **Implications :** The results have important

implications for digital marketing strategies and policy formulation. For business practitioners, particularly fashion sellers on TikTok Shop, aggressive pricing strategies can indeed boost short-term sales but must be balanced with sustainable value creation to avoid long-term consumer distrust. For policymakers, these findings reinforce the urgency of regulating predatory pricing practices to protect healthy market competition and the sustainability of SMEs. Academically, this study contributes by filling a research gap regarding the behavioral impact of predatory pricing in the social commerce era, particularly among digital-native consumers. **Limitations :** This study is limited by its sample scope, focusing solely on Generation Z users in Indonesia with a relatively small sample size. Moreover, the study relies on self-report questionnaires, which may introduce response bias. The analysis also did not include potential moderating variables such as brand image, product quality, or trust level, which could further influence purchasing decisions in the digital ecosystem. **Future Research :** Future studies are recommended to expand the scope by including cross-generational and cross-country samples to enhance generalizability. Subsequent research could also incorporate moderating and control variables such as consumer trust, brand loyalty, and perceived product quality to provide deeper insights into the mechanisms of consumer decision-making. Additionally, longitudinal studies could be conducted to capture the long-term impact of predatory pricing on consumer loyalty and market sustainability, thereby offering richer insights for both academics and practitioners.

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Ramadhani Dwi Priyanto
Muhammadiyah University of Sidoarjo, Indonesia
Email: ramadhanidwipriyanto@gmail.com

***Alshaf Pebrianggara (Corresponding Author)**
Muhammadiyah University of Sidoarjo, Indonesia
Email: alshafpebrianggara@umsida.ac.id

Mochamad Rizal Yulianto
Muhammadiyah University of Sidoarjo, Indonesia
Email: rizaldo@umsida.ac.id