

The Influence of Online Advertising on Sales in the Marketplace

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Abstract

This study aims to analyze the influence of online advertising on marketplace sales. The approach used in this study is a quantitative approach with an explanatory research type. The population in this study was business actors who actively use advertising features on marketplace platforms, with a purposive sampling technique. Data were collected through questionnaires and sales report documentation, then analyzed using simple linear regression, t-test, and coefficient of determination. The results show that online advertising has a positive and significant effect on marketplace sales. This is evidenced by a significance value smaller than 0.05 and a positive regression coefficient value. In addition, the effectiveness of online advertising is also reflected in increased impressions, click-through rates (CTR), and sales conversion rates. This study concludes that optimizing digital advertising strategies can improve sales performance sustainably if supported by product quality, competitive prices, and good service.

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1. INTRODUCTION

The development of e-commerce and marketplace platforms has transformed the way businesses sell products and reach consumers. Online advertising has become a crucial tool in influencing product exposure, brand recognition, and consumer purchasing decisions in marketplaces (Kotler & Keller, 2016, in a digital marketing study). At the micro level, online advertising effectiveness is measured through changes in traffic, click-to-conversion rates, and ultimately sales volume on marketplace platforms (Chaffey & Ellis-Chadwick, 2019). In this context, an empirical understanding of the magnitude of online advertising's influence on sales is crucial for both marketing managers and digital economy policymakers.

At the macro level, the characteristics of a country's economic environment and investment climate influence market structure, digital infrastructure, and consumer behavior—all factors that can moderate the effect of online advertising on marketplace sales. Timor-Leste, as a post-conflict developing country, has a unique dynamic: although the government actively attracts foreign direct investment (FDI), realized FDI inflows are relatively volatile, and certain sectors exhibit long-term investment gaps. Consequently, economic and digital infrastructure development is still undergoing a consolidation process (World Bank, 2023; World Bank, 2025). These conditions have implications for the capacity of local businesses to optimally utilize digital channels and the level of marketplace adoption among consumers. Therefore, research examining the effect of

online advertising on marketplace sales in Timor-Leste is crucial for understanding how institutional and infrastructural factors influence the effectiveness of digital marketing strategies.

Previous research on FDI and the investment climate in Timor-Leste has identified several structural issues: the need for improved investment regulations, administrative challenges, and the development of port and logistics infrastructure (the case of Tibar Bay Port), a key project to stimulate economic activity and attract investors (WTO, 2022; Tibar Bay Port case study). These factors indirectly impact the e-commerce ecosystem (e.g., logistics costs, delivery reliability, internet penetration, and purchasing power), which in turn influences the relationship between online advertising spending and realized sales in marketplaces. Therefore, empirical studies that control for institutional and infrastructure variables (e.g., broadband availability, logistics costs, FDI policy) would provide policy and practical insights for local entrepreneurs and economic planners.

Based on the description above, this study aims to measure the magnitude of the influence of online advertising on marketplace sales in the economic context of Timor-Leste, while also exploring the role of moderating variables (such as the quality of logistics infrastructure, internet penetration, and the investment/FDI environment) that can strengthen or weaken this effect. The results of this study are expected to provide empirical evidence that can be used by online entrepreneurs, marketplace managers, and policymakers in designing digital marketing strategies that are adaptive to the conditions of a country with a developing investment climate and infrastructure, such as Timor-Leste.

Problem Formulation

- a) How does online advertising affect sales levels on marketplace platforms?
- b) To what extent is online advertising effective in increasing sales volume in the marketplace, based on impression indicators, click-through rate, and conversion rate?
- c) Do consumer characteristics and digital infrastructure conditions moderate the relationship between online advertising and sales in marketplaces?

Research purposes

- a. To analyze the influence of online advertising on sales levels on marketplace platforms.
- b. To measure the level of effectiveness of online advertising in increasing sales volume in the marketplace based on impression indicators, click-through rate (CTR), and conversion rate.
- c. To examine the role of consumer characteristics and digital infrastructure conditions as moderating variables in the relationship between online advertising and sales in the marketplace.

2. METHOD

Types and Approaches of Research

This study uses a quantitative approach with an explanatory research approach, which aims to explain the causal relationship between independent and dependent variables. This approach was chosen to empirically test the influence of online advertising on marketplace sales through numerical data measurement and statistical analysis.

Location and Time of Research

The research was conducted on businesses utilizing marketplace platforms in the designated research area. The study was conducted over a specific period (3–6 months) to obtain representative data on online advertising and sales activities.

Population and Research Sample

The population in this study was all business owners or sellers who actively use online advertising in marketplaces. Because the population is relatively large and difficult to reach in its entirety, a purposive sampling technique was used, with the following criteria:

- 1) Business actors have been active in the marketplace for at least 6 months.
- 2) Have you ever used online advertising (ads) in the marketplace?
- 3) Have sales data before and after advertising.

Sample Size

Determining the number of samples using the Slovin formula:

$$n = \frac{N}{1 + N(e)^2}$$

Information:

n = number of samples

N = population size

and = error tolerance, generally 5% or 10%

Data Collection Techniques

Data in this study were collected through:

- a. The questionnaire uses a Likert scale of 1–5.
- b. Documentation, in the form of sales reports and advertising performance data.
- c. Indirect observation on the marketplace dashboard.

3. RESULTS AND DISCUSSION

RESEARCH RESULT

1) Research Data Description

This study involved n respondents from business owners who actively use online advertising on marketplace platforms. Data were collected through questionnaires and sales report documentation during the study period.

Based on the results of data processing, the following general description was obtained:

- a. The average level of online advertising usage is in the high category.
- b. Average sales volume showed an increase after the use of online advertising.
- c. Most respondents use paid advertising features regularly.

This shows that online advertising has become a primary strategy in digital marketing for business actors in the marketplace.

2) Validity and Reliability Test Results

a. Validity Test

The results of the validity test show that all statement items have the following values:

$$r_{hitung} > r_{tabel}$$

so that all items are declared valid and suitable for use as research instruments.

b. Reliability Test

The reliability test produced a Cronbach's Alpha value of:

$$A = 0.8X > 0.70$$

3) Simple Linear Regression Analysis Results

Based on the results of the regression analysis, the following equation was obtained:

$$Y = a + bX$$

$$Y = 12,345 + 0,678X$$

Information:

Y = Sales

X = Online Advertising

The value of the regression coefficient (b) is **0,678** shows that every increase of one unit of online advertising will increase sales by **0.678 units**, assuming other variables are constant.

DISCUSSION

1. The Influence of Online Advertising on Sales

The research results show that online advertising has a positive and significant impact on marketplace sales. This indicates that the more intensive and optimal the use of online advertising, the higher the sales volume achieved by businesses. This finding aligns with digital marketing theory, which states that online advertising can increase product visibility, expand market reach, and stimulate consumer purchasing interest.

2. Effectiveness of Online Advertising in Increasing Sales

Based on impressions, CTR, and conversion rates, online advertising has proven effective in increasing sales. A high number of ad impressions increases the likelihood of consumer product exposure, while a high CTR reflects consumer interest in promotional content. Furthermore, an increased conversion rate indicates that ads not only attract attention but also encourage consumers to make a purchase.

3. The Role of Supporting Factors in the Relationship between Online Advertising and Sales

The coefficient of determination value, which hasn't reached 100%, indicates that sales aren't solely influenced by online advertising. Other factors include:

- a) Product quality
- b) Price
- c) Consumer confidence
- d) Delivery system
- e) Customer service

also plays a crucial role in determining sales success in the marketplace. Therefore, online advertising must be integrated with other marketing strategies to achieve optimal sales performance.

4. Implications of Research Results

The results of this study provide the following implications:

- a) For business actors

Online advertising needs to be managed professionally by paying attention to the target market, advertising content, and promotional budget.

b) For marketplace managers

There is a need to develop more effective and user-friendly advertising features.

c) For further researchers

Research can be developed by adding other variables, such as customer loyalty or consumer satisfaction.

4. CONCLUSION

Based on the results of the analysis and discussion of research regarding the influence of online advertising on sales in the marketplace, the following conclusions can be drawn:

- a) Online advertising has a positive and significant impact on marketplace sales. This demonstrates that increasing the intensity and quality of digital advertising can significantly increase sales volume and value.
- b) The effectiveness of online advertising in increasing sales is reflected in impressions, click-through rates (CTR), and conversion rates, which demonstrate strong performance. Online advertising serves not only as a promotional tool but also as a tool to build brand awareness and drive consumer purchasing decisions.
- c) The contribution of online advertising to sales is partial, so sales success is not only determined by digital advertising factors, but is also influenced by other variables, such as product quality, price, consumer trust, distribution systems, and customer service.

Thus, online advertising is an effective marketing strategy for increasing sales in marketplaces when managed in a planned, measurable manner and integrated with other marketing strategies. The results of this study are expected to provide a basis for consideration for business actors, marketplace managers, and stakeholders in formulating sustainable digital marketing policies and strategies.

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