

CHAPTER I

INTRODUCTION

1.1 Research Object

The object of this research is three Indonesia's E-commerce on Facebook Page over the period of September 1st, 2016 to September 30th, 2017. The research selected three famous E-commerce which are established in Indonesia. Tokopedia and Bukalapak are already in marketplace leader. Rank represents the position of a startup, ranked by SR Score, compared to other startups around the world. SR Score is a number between 0 and 100,000. It reflects the importance of a startup on the internet and its social influence. It is calculated based on SR Web and SR Social. Tokopedia has SR valued as 89,274% in the first country rank of Indonesia and Bukalapak has SR valued as 88,161% (Ranking, 2017). Tokopedia announced the number of visits to their site has reached 1.3 billion page views per month. While Bukalapak has the number of visitors to their site has reached two million visits per day in March 2016 (Pratama, 2016).

The point of interest is Shopee as the youngest e-commerce platform rather than Tokopedia and Bukalapak. Shopee has already gained five times more search interest in 2017 when compared to 2016 (Surendran, 2017). According to iPrice Group in Detik.net (Group, 2017) Shopee has the stimulant programs, campaigns and promotions, Shopee became the top 5 e-commerce list with the most number of visitors and the highest number of fans on Facebook Page. Shopee has consistently growth. In January 2017, the difference between the number of search interest between Shopee and Bukalapak is quite large. But at the end of 2017, Shopee managed to overtake Bukalapak. Shopee is in first position for the most popular mobile apps on both the Android and iOS platforms. They came up to the branding of the "C2C mobile online store" that has often been done since they rolled in Indonesia. Therefore, the research analyzed the three E-commerce; Shopee, Tokopedia, and Bukalapak as the research object.

1.1.1 E-Commerce Profile of Shopee

Launched in June 2015, Shopee has accumulated several million active users across Indonesia, Singapore, Malaysia, Thailand, Vietnam, the Philippines and Taiwan. Chris Feng, Chief Executive Officer said, Shopee is designed to embody a social commerce platform, Shopee integrates social features including hashtag functionality, allowing users to search for popular trends/products or to keep up with the latest trends easily (Reza, 2015).

Figure 1.1 Logo of Shopee



Source: Secondary data from Shopee.co.id (2017)

Shopee is the first consumer-to-consumer (C2C) platform using mobile marketplace application offering convenience in buying and selling. Different from other e-commerce, Shopee application comes with live chat feature, sharing (social sharing), and hashtag to facilitate communication between seller and buyer to make it easier finding the product that consumers want. Shopee focused on partnering SMEs, emerging brands and part-time power sellers.

Currently, Shopee has been downloaded more than 4 million times and has more than 600 thousand followers. In Indonesia, the Shopee mobile platform was originally part of Garena company mobile application, which has been released since June 2015 and has 1.3 users in Indonesia.

1.1.2 E-Commerce Profile of Tokopedia

PT Tokopedia was founded by William Tanuwijaya and Leontinus Alpha Edison in February 2009. The company manages Tokopedia.com, which was publicly launched on August 17. Tokopedia is one of the biggest online marketplace in Indonesia. It provides a customer to customer (C2C) retail by providing a platform for individual entrepreneurs and small/medium businesses to setup online stores.

Figure 1.2 Logo of Tokopedia



Source: Secondary data from Tokopedia.com (2017)

PT Tokopedia received initial seed funding from PT Indonusa Dwitama in 2009 for IDR 2.5 billion. In the following years, Tokopedia attracted capital injections from global venture capitals including East Ventures in 2010, CyberAgent Ventures in 2011, NetPrice in 2012, and SoftBank Ventures Korea in 2013. In October 2014, Tokopedia managed to make history as the first technology company in Southeast Asia to receive a US\$100 million investment (around IDR 1.2 trillion) from Sequoia Capital and SoftBank Internet and Media Inc. (SIMI). In April 2016, Tokopedia has raised another \$147 million in its latest financial round. In August 2017, Tokopedia received a \$1.1 billion investment from Alibaba. With their investment, Alibaba is getting a foothold in Indonesia's e-commerce landscape. (Eyerys, 2017)

Tokopedia uses escrow as the payment system. In this case, Tokopedia acts as the third party which mediate transactions between sellers and buyers in order to minimize online fraud. By early 2015, Tokopedia has improved their payment system by providing Tokopedia Balance (Saldo Tokopedia), bank transfer, and instant payments methods such as Mandiri ClickPay, Mandiri E-Cash, and BCA KlikPay. In mid 2015, Tokopedia supports payment via Indomaret outlets across Indonesia.

1.1.3 E-Commerce Profile of Bukalapak

Bukalapak is one of the leading online marketplace in Indonesia owned and run by PT. Bukalapak that focused on consumer-to-consumer (C2C) service. Bukalapak was founded by Achmad Zaky in early 2010 in Jakarta. However, the PT (Private Limited Company) has just formed in September 2011 and led by

Achmad Zaky as CEO (Chief Executive Office) and Nugroho Herucahyono as CTO (Chief Technology Officer). Anyone can open an online store to then serve prospective buyers from all over Indonesia either unit or in large quantities.

Figure 1.3 Logo of Bukalapak



Source: Secondary data from Bukalapak.com (2017)

Bukalapak has safely method to process transactions between sellers and buyers called “BukaDompot”. Due to prevent phone/SMS fraud in their application, they decided to remove the seller’s phone number from the online store page. In this case Bukalapak will become a third party mediating transactions between the seller and the buyer.

In March 2014, Bukalapak announced an investment by Aucfan, IREP, 500 Startups, and GREE Ventures. To widen their user base, Bukalapak launched their mobile app for Android in 2014. The application was created specifically for the sellers to facilitate the seller in accessing his wares and make a transaction via smartphone. Since it was first launched until July 3rd, 2014, the application has been downloaded by more than 10-50 million times. (Zaky, 2017)

1.2 Research Background

Currently, countries in Asia have experienced to face high growth of Internet users. In 2017 Internet World Stats (IWS), recorded as much as 46.7% of internet users in the world come from countries in Asia. While the remaining 57.8% comes from countries around the world. Indonesia ranked in top three as the country with the most active internet users in Asia. As stated by IWS on its website, Indonesia nominated as Asia’s Top Internet Countries as of June 30, 2017, with China and India still at the top.

Table 1.1 Internet User of Indonesia in June 30, 2017

Country	Population (2017 est.)	Internet User (Year 2000)	Internet User (30 June 2017)	Penetration (% Population)
Indonesia	263,510,146	2,000,000	132,700,000	50.4 %

Source: (Internet World Stats, 2017)

The increasing use of internet also has an impact on the increasing number of online transactions in Indonesia. As reported by Idea (Indonesia E-commerce Association), A research by Untung (2017) the number of online transactions in Indonesia in 2016 reached 5.6 Billion dollars from 9% of the total population of Indonesia. The results of Idea Research also stated that the customers of e-commerce activities of Indonesia include 48% searching online product info, 46% visit online store, 41% of buying online products.

The increasing number of online transactions has been affecting e-commerce competition in Indonesia. As stated on techinasia.com website (2017), E-commerce is always trying to make their products "close" to the community. E-commerce play the psychological condition of Indonesian people who are always proud of the products coming from within the country. This can be seen from their products and social media marketing. Web 2.0 is a new advancement, which has transferred the internet to a social environment by introducing social media, where individuals can interact and generate content online (Li, Kashyap, & Yang, 2008), this is an important point as customer involvement through social media is a key factor in marketing to improve SCRM (Do-Hyung *et al*, 2007).

According to K. Coursaris *et al* (2016) The traditional marketing is having been initiating and the benefits thereof for increasing the engagement value and purchase intention have been studied extensively, the virtual relationship between engagement and the consumer has to receive thorough inquiry in an attempt to link social media communications with actual purchases. Aaker, (2001) explained from an organizational viewpoint, it becomes crucial to demonstrate that there is a financial advantage to social media marketing.

In addition, increasingly popular online shopping activity. Shopee, Tokopedia, and Bukalapak are among the popular e-commerce sites visited. Their business model is Customer to Customer, as known as C2C. The effort to stay competitive among similar e-commerce sites is measured by their content characteristics strategy to engaged their customer.

Table 1.2 Fans Page Comparison

Ecommerce	Shopee	Tokopedia	Bukalapak
Establishment	2015	2009	2010
Number of fans on Facebook Page	4,794,072	3,829,311	1,836,143

Source: Secondary data processed from Facebook on October 7th (2017)

Although Shopee is the youngest among Tokopedia and Bukalapak, based on the table above, Shopee has the most fans on Facebook page. Ningrum (2017) on Liputan6.com on 10 Mei 2017 said Shopee is one of the new e-commerce company in Indonesia. Although only two years old, Shopee claims to have more than 50 million active listings. In addition, Shopee also ranked "Top 1 Shopping App" in the Play Store and App Store.

Tokopedia and Bukalapak as the firstly top e-commerce in Indonesia. Tokopedia is considered the largest marketplace in Indonesia. It is a platform for individuals and small businesses to create online shops. Their service claims that the service enable thousands of small and medium enterprises in Indonesia sending millions of products per month to their customers across Indonesia, which is also creating more jobs across the nation.

The e-commerce have realized of the awareness of cheap and effective media for communicating with their audience has increased. The activities in social media have changed how people communicate, consume, produce, and interact. It is including the content that e-commerce creates on their social media pages to engage their audience. Social media provides the ideal platform for e-commerce to build social experience and symbolic value for their audience.

Dutot (2013) states with the existence of social media, companies can use it as technology support to enhance interaction and virtual relationships with customers. (Ernest & Young, 2012) also, suggested that companies should expand their activity online especially in social media interactions not only to promote their products but also to enhance interaction with their customers. Huge growth of customer base enables marketers to explore social media networking sites as a new medium to promote their products and services, therefore can reduce in clutter of traditional medium advertising of reaching the mass customers as part of their online content marketing campaign in social customer relationship management effort.

Building engagement requires a shift from marketer led content characteristics to include the consumer in the messaging creation strategy. Such interaction increases brand tangibility and could result in repeat consumption of the brand as well as interaction with the social media community. Using the symbolic aspect of brands and communities built by social media, consumers are able to build their social identities and increase their self-confidence from another consumer “Likes” and interactions with their posts (Davis, 2014).

Furthermore, Facebook, Instagram, and Twitter have been popular tools for internet marketers to interact with their audience. According to Jakpat, the social media usage among mobile internet users by age and site in January 2016 in the table below:

Figure 1.4 Top Active Social Media Platforms

Social Media Usage Among Mobile Internet Users Ages 16-35 in Indonesia, by Age and Site/App, Jan 2016				
<i>% of respondents in each group</i>				
	16-19	20-25	26-29	30-35
Facebook	80.9%	86.1%	89.4%	94.2%
Instagram	73.6%	73.8%	63.8%	55.8%
Twitter	39.1%	41.5%	43.0%	39.6%
Google+	26.6%	20.1%	17.4%	20.8%
Path	26.4%	40.8%	33.8%	30.5%
Snapchat	11.8%	5.9%	3.9%	3.3%
Tumblr	5.5%	4.6%	1.5%	1.3%
Pinterest	4.6%	6.1%	4.4%	6.5%
LinkedIn	2.7%	7.1%	9.7%	9.1%
Periscope	1.8%	0.7%	1.0%	0.0%
Other	11.8%	6.6%	4.8%	5.2%

Note: n=1,033; in the past week; accessed via any channel
Source: JakPat, "Indonesia Social Media Trend 2016," Jan 20, 2016
204302 www.eMarketer.com

Source: Secondary data from emarketer.com (2017)

Interestingly, it is older respondents who drove that high Facebook usage rate. A relatively low 80.9% of mobile internet users ages 16 to 19 in Indonesia visited Facebook in the week prior to the survey; 86.1% of users ages 20 to 25 did the same. However, 94.2% of users ages 30 to 35 had used the site or app in the past week.

Only 55.8% of users ages 30 to 35 had used Instagram recently; almost 74% of those ages 16 to 25 did the same. On Twitter, meanwhile, usage is essentially at the same rate no matter the ages surveyed. Trends varied for other social platforms. For example, Google+ appealed most to the younger set, while Path saw the greatest uptake among those in their early 20s. LinkedIn was most popular among the oldest respondents, while Snapchat performed best among teenagers. eMarketer estimates that 27.9% of the total population in Indonesia are mobile internet users in 2015, a figure 1.4 that will climb to 31.5% in 2016.

In this research uses Facebook page as the primary social media platform to analyses the content characteristics among three popular e-commerce. According to liputan6.com the data from the second quarter (2017), the number of Facebook users in Indonesia reached 115 million users. In accordance with, the Director of Facebook Indonesia, Sri Widowati, when she joined Facebook in March 2016, the number of Facebook users in Indonesia only 82 million users per month. The growth almost 40% in one year and nearly 97% of Facebook users connected via smartphone.

Facebook has features that facilitate e-commerce to promote their products with Facebook marketing tools. It provides various contents such as post, photo, and video. Facebook is often used as a place to express opinions, facts, reaction, comments, and allow internet users to contribute in disseminating information. The existence of social media especially Facebook has provided a new way of disseminating information effectively and even in real-time.

In addition, Facebook offers open source tools that can facilitate to crawl valuable data using Netvizz tool. The use of Facebook as a source of data allows to obtain large amounts of data and will be easier in the analysis because it already get neatly structured data. Coursaris et al (2016) have explored the empirical links between social media content, brand equity, purchase intention, and engagement

using Facebook page with descriptive analysis method. He was obtained for the positive effect of a brand's Facebook Page post engagement level on brand equity, as well as on the latter's dimensions of the brand image and brand attitude.

Several studies use social network analysis models to analyze the user-generated content from social media for social customer relationship management efforts. Alamsyah *et al* (2011); Alamysah *et al* (2015) proved by using SNA models to measure user-generated reviews social media for the SCRM network efforts. It can help for e-commerce recommendations content strategy since social network analysis can be used to investigate the relationships of customers. (Xu *et al*, 2009). Stevens (2010) was achieved by creating a metadata table of several social network variables and using descriptive statistics scaling techniques compared in SPSS. It can extract the valuable information for the decision maker to improve the better strategy. Jiang *et al*. (2011) in (Hanna, 2011) prompted that managers can use discussion content contained in firm-specific social media to understand the concerns of stakeholders to make informed decisions. Their results demonstrate the manner in which social media can be used to better understand stakeholder reactions to the major events in a firm.

The data will be analyzed using Social Network Analysis method. To analysis SCRM network properties using NetworkX and Gephi to visualize pattern from customer behavior. The content of Indonesia's e-commerce in social media will influence the SCRM networks. The active SCRM network will have a positive impact on the company. Therefore, it is necessary to know how the characteristics and activities of SCRM networks are formed by measuring using Social Network Analysis (SNA) method. Measurements are made by calculating SCRM network property values and the summary of descriptive analysis. The network property is selected because it suitable to process the raw data from social media. In addition, a descriptive statistics analysis will use to show the level of intensity of e-commerce to produce their content.

Social CRM have objectives such as the capabilities to listen what the market wants, to understand market competition, and to understand market segmentation (Alamsyah, 2014) this research will show how a business organizations mine online conversational in Facebook related to their content

characteristics and analyze them in the context of SCRM to extract several insights regarding their network. These findings contribute to the nascent literature on consumer behavior in social media settings by developing an understanding of how different types of content characteristics affect consumers' engagement actions toward brands, especially e-commerce in social media. Additionally, this research follows recent calls for more research on consumer responses toward social media marketing actions (Lamberton *et al* 2015; Stephen 2016).

The mining market information through social media activities can represent the real behavior. Based on the previous explanation, this study is intended to analyze social network analysis for customer relationship management effort among the three Indonesia's e-commerce. Descriptive statistics will help the researcher to show the level of intensity of e-commerce create their own contents. Therefore, the title of the study is **“Content Analysis of Indonesia's E-commerce on Facebook Page Using Social Network Analysis for Social Customer Relationship Management Effort”**

1.3 Problem Statement

The rapid growth of the internet in Indonesia makes lifestyles changes, one of them is the increasingly tightly competition in e-commerce companies. The prosperousness of open-source data can be an opportunity to provide strategies for a business to find new ways to understand market behavior. The research considered the various characteristics of the content created, as indicated by standard social media metrics such as “liking/reacting” a post, “commenting” on it, or “sharing” it with others (Stephen *et al*, 2015). It is particularly interested in whether what branded content says or how it is said plays a bigger role in driving consumer engagement in this context.

Digital transformation has immense potential to change consumer lives, create value for the business, and unlock broader societal benefits with the availability of large-scale data from online social network services can extract valuable information represent the behavior of the market. Hence, using social

media data, it provides an efficient and practical way to customer relationship management effort.

Social media engagement and awareness have enhanced the marketing efforts. The engagement of customers or the audience on online social media has opened a point of interest and concern for marketers (Basir & Ayub, 2016). Not only as the platform to receive the content but also participate actively in content creation, development, and dissemination in Social Media (McCann, 2008).

According to Couldry (2014) The defense for most e-commerce businesses is to collect, store and regiment data from multiple sources. Big data paves the way for more organized data and enables businesses to better understand information from many different resources and consequently make the more informed decision, which in turn enhances a company's performance.

To achieve customer engagement, companies need to conceive what customers need exactly, then as per their resources and capacity constraints, think which and how these needs can be met through their offerings (Tripathi, 2009). To increase community member participation and engage more audiences, the e-commerce need to provide creative topics and contents. Designing good contents also crucial to maintain engagement value from the community member.

The research focuses on understanding how the different content characteristics by measuring and comparing three e-commerce, all of which are under the control of marketers and include informative and persuasive elements, influence consumer engagement with brands' social media posts and has implications for a marketer to improve their design content to maximize consumer engagement with their brands. The result among three e-commerce will give us insight into what is important in understanding the market, it identified the content characteristics of Indonesia's e-commerce and their activity by comparing of each SCRM networks among them.

1.4 Research Questions

Based on the background, the problem formulation is written as below:

1. What are the five highest engagement values of content type on their e-commerce Facebook Pages?

2. Which e-commerce has the highest level of activity to engage their customer by comparing their productivity to post their content?
3. Which e-commerce is the most robust by comparing social network properties?

1.5 Research Purpose

Based on the problem formulation, the purpose of the research is written as below:

1. To identify the five highest engagement value of content characteristics based on the e-commerce Facebook page.
2. To identify which e-commerce Facebook page has the highest level of activity to engage their customer by comparing their productivity to post their content.
3. To identify which e-commerce Facebook page has the most robust by comparing their respective social network properties.

1.6 Significance of Research

1.6.1 Theoretical Aspect

The results of this research are expected to provide more insight for students and communities in the field of big data and social customer relationship management. It can be used as a reference regarding the content of social media marketing to improve social customer relationship management of E-commerce. Especially the areas of big data analytics that are currently developing and hopefully also can be used as a reference for further research.

1.6.2 Practical Aspect

Knowing the strategy of three big e-commerce in their content characteristics. It can be used as a decision-making tool to get the new reference and understand the customer behavior pattern in social network. Especially, within e-commerce. The result of this study is able to contribute to e-commerce and give the insight on what is important in understanding the online marketing campaign on social media beside the market size represented by the community conversation and among various content strategy.

1.7 Scope of Research

The limitations are the inherent design or methodology parameters that can restrict the scope of the research findings and are outside the control of the researcher:

1.7.1 Research Location and Object

The object of this research is three e-commerce companies listed in the Indonesia online marketplace; Shopee, Tokopedia, and Bukalapak. The data gathered from Facebook Pages using Netvizz Tool which have a valuable extract information from September 1st, 2016 to September 31st, 2017.

1.7.2 Research Period

The period of this research is approximately 4 months, which is from August 2017 to November 2017.

1.8 Systematical Writing

This section is giving a general overview and research performed by the author:

CHAPTER I INTRODUCTION

This chapter contains a review of the object of the research, background, formulation, purpose of research, research significance and research outline

CHAPTER II LITERATURE STUDY AND RESEARCH FRAMEWORK

This chapter contains the underlying theories related and supporting the research as well as the framework of the research

CHAPTER III RESEARCH METHODOLOGY

This chapter contains the type, data collection method, and analysis technique of the research

CHAPTER IV RESEARCH RESULTS AND ANALYSIS OVERVIEW

This chapter contains the findings, discussion, and explanation result from analysis of data relates to the underlying theory.

CHAPTER V CONCLUSION AND SUGGESTION

This chapter is the final chapter contains the summary derive from all the processed data as well as the recommendation for further research in this field