

CHAPTER I INTRODUCTION

1.1. Overview of the Research Object



Figure 1.1.Shopee Logo

Source: Shopee.co.id (2022)

Shopee is a Sea Group subsidiary that debuted in seven countries in 2015, including Singapore, Thailand, Indonesia, Philippines, Malaysia, Taiwan, and Vietnam. Sea Group's goal is to employ technology to enhance the life of the consumers and small business owners. Sea Groups be marketed on NYSE (New York Stock Exchange). Shopee entered Indonesian market at the end of May 2015. It just began functioning there at the end of June 2015 at Wisma 77 Tower 2, Jalan Lieutenant General S. Parman, Palmerah, Special Capital Region of Jakarta 11410, Indonesia, is Shopee Indonesia's address.

Shopee is an online Marketplace application that allows you to purchase and sell items on your mobile phone fast and effortlessly. Shopee provides a wide range of items ranging from fashion to daily necessities. Shopee is a mobile application that allows users to do online buying activities without viewing a website via email computer hardware. Shopee has arrived in Indonesia to provide a unique shopping experience. Shopee makes it easy for sellers to sell and offers buyers a safe payment method and integrated shipping solutions.

Shopee's consumers are young individuals who are used to conducting things with the basics, such as shopping. As a result, Shopee exists in a mobile app that facilitates quick and straightforward shopping operations. Rapid and specific categories are mostly centered on fashion and home items.

Women's and Man's Handbags, accessories and Muslim Fashion, Watch, Gadgets, Beauty & Health, Sporting Goods, Hobbies, Toys, Baby and Kids Supplies, Electronics, Home Supplies, Computers, Photography, Food & Beverages, Automotive, Vouchers, then Sundries are among 21 categories that available on Shopee.



Figure 1.1. Shopee Event

Source: Shopee.co.id (2022)

Shopee University had its inaugural session in December 2015. This session has benefitted around 70K sellers across the market today. Shopee Mall debut in Taiwan in June 2017. We now have over 11,000 merchants spread throughout seven

areas. Shopee's Merchandise Value (GMV) surpassed US\$10 billion in 2018, with over 600 million transactions completed on the Shopee platform. In May 2018, Shopee launched the first Super Brand Day in Indonesia, in collaboration with P&G. Since then, Shopee has sponsored 70 Super Brand Days around the area. BLACKPINK was selected a Regional Brand Ambassador by Shopee prior to the 12.12 Birthday Sale in 2018. Shopee recruited Cristiano Ronaldo as their brand ambassador before to Shopee 9.9 Super Shopping Day in 2019.

Shopee believes in the transformative potential of technology to link buyers and sellers in a single community. Shopee provides a one-stop online shopping experience for Internet users in the area, with a wide selection of commodities, a social network for discovery, and efficient fulfillment services. To summarize who Shopee is - how Shopee speaks, acts, and reacts to various circumstances - Shopee is Simple, Happy, and Together. These essential principles may be found at every stage of the Shopee journey.

1.2. Research Background

The internet has become a part of life for the world's population, from seeking information, working, shopping, and social media to greeting friends, relatives, and family, including Indonesian citizens. Internet users in Indonesia experienced an increase in 2020, growing by 8.5%. As a result, there are 266.91 million people 73.7% who have been connected to the internet (Laporan Survei Internet APJIII Internet (O2) Penetrasi dan Perilaku Internet Indonesia).

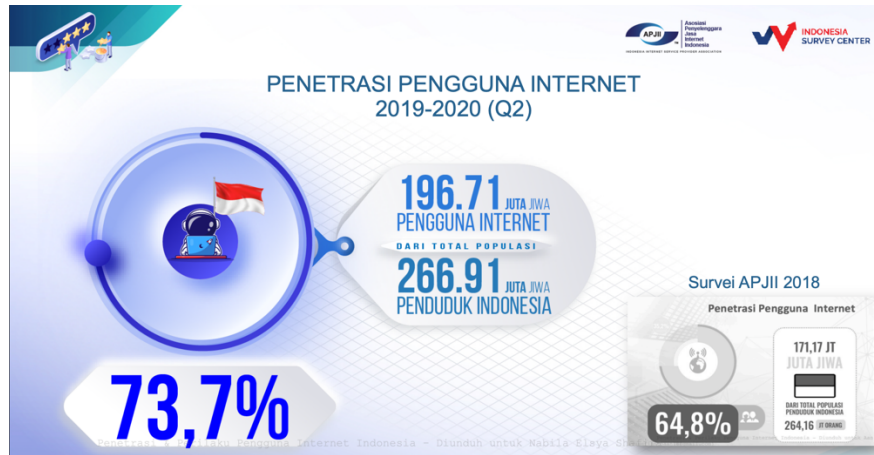


Figure 1. 1. Internet user penetration 2019-2020

Source: Laporan Survei Internet APJII (2019- 2020) (Q2) Penetrasi dan Perilaku Pengguna Internet Indonesia

Sometimes known as the World Wide Web, the internet had a massive impact on business activity (www). Demands and technologies are affecting many marketplaces, sectors, and enterprises. The internet is a vital communication mechanism. Internet may facilitate the processing of business transactions. Information Technology, or what is often known as (IT), is now widely used to boost business and market activity, especially today.

Indonesia Jadi Negara dengan Pertumbuhan E-Commerce Tercepat di Dunia



Figure 1.1. World growing E-commerce

Source:

Hari Widowati (2019)

Merchant Machine, a British research firm, published a list of the ten nations with the fastest expanding e-commerce globally. With 78 percent growth in 2018, Indonesia ranks first in the world of these nations. The fact that Indonesia has more than 100 million users, one of them is the driver propelling rise of E-commerce.

Indonesians spent about US\$ 228 per person on online shopping sites, which equates to around Rp 3.19 million per person. 17.7% of respondents spent their money on the plane tickets then hotel reservations. Clothing and footwear are purchased by as many as 11.9 percent of respondents. Health and beauty goods are the third most popular category, with 10% of respondents choosing them.



Figure1. .1 E-commerce activity overview

Source: GLOBALWEBINDEX (2020)

According to an Indonesian e-commerce survey conducted by GLOBALWEBINDEX in January 2021, 93 percent of consumers look online before buying a product or service. Shopee, as one of Indonesia's e-commerce platforms, has survey potential because it has unique attributes, namely varied goods, and all can be purchase at Shopee.

Because practically all activities include the internet and information technology, Indonesians, particularly those in metropolitan areas, are inextricably linked to it. As a result, don't be amazed if the internet has become an essential requirement for certain people, particularly those who use it for Business (e-commerce).

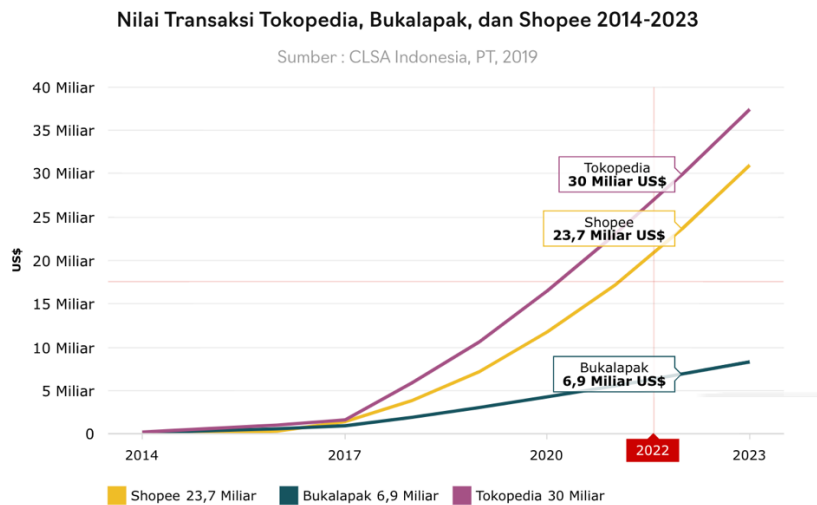


Figure 1.1. Transaction value of Tokopedia, Bukalapak and Shopee 2014-2023

Source: PT CSLA Indonesia (2019)

The report on E-Warungs: Indonesia's digital Battleground released by CLSA shows that Shopee continues to increase from 2014 and is predicted to continue to grow until 2023 (Dwi Hadya Jayani, 2019). According to a survey conducted by the Tempo Data and Analysis Center, Tokopedia and Shopee are the most popular e-commerce (Pusat Data dan Analisa Tempo (PDAT), 2019). The survey included 1,207 e-commerce customers from many major cities in Indonesia. Tokopedia and Shopee were both popular with 90 percent and 80 percent of all respondents, respectively. There is one distinction between Tokopedia and Shopee. According to the findings of the PDAT Tempo survey, Shopee is the most popular e-commerce site among women. Male responders showed the opposite result. Tokopedia is the most popular e-commerce site among guys. According to age group research, the age groups 19-24 years (72 percent), 25-30 years (69 percent), less than 19 years (69 percent), 31-35 years (63 percent), and 35 years and older like to purchase at Shopee (53 percent). Shopee is the top pick for the young age group, especially 19-24 and 25-30 years old; we regard Shopee's to be more dynamic, and there is always a fresh theme at any given time (Snapchart, 2020).

According to (Ismagilova et al., 2020), word of mouth today does not just occur between two individuals who speak face-to-face; with advancement of the technology and internet, word of mouth is now being building Internet the use of electronic media. Many company owners are now using social media as an electronic promotional medium, which will have an influence on electronic word of mouth (eWOM). Companies may readily convey information about offered items to customers via eWOM, allowing each consumer to obtain the needed information simply. Online review is electronic types of mouth, and it comprises analyses and comments provided by customers about the things they have purchased.

If the amount of electronic word of mouth is considerable, it will have an influence on the firm's and will provide recommendations, indicating that the company has a solid reputation. Furthermore, according to the discussion provided by Ismagilova et al. (2017), when information is exchanged eWOM, customers rate the product. Furthermore, eWOM has a beneficial impact since it may persuade future consumers and influence customer purchasing interest to a product review or product suggested by customers other than the customer.

Previous relevant research has been finished by Jimenez and Mendoza (2013), it indicated e-WOM has impacts on the customers behaviour before deciding to buy products. As a result, the presence of e-WOM in the form of a review has the potential to raise purchase decisions against a researched product. Meanwhile, according to (Jalilvand et al., 2011) research, e- WOM) communication referred to positive and negative statements that creating by actual, potential, or former customers about each product, which were available to people and institution by using internet and influence purchase decisions made by consumers of products offered via the internet.

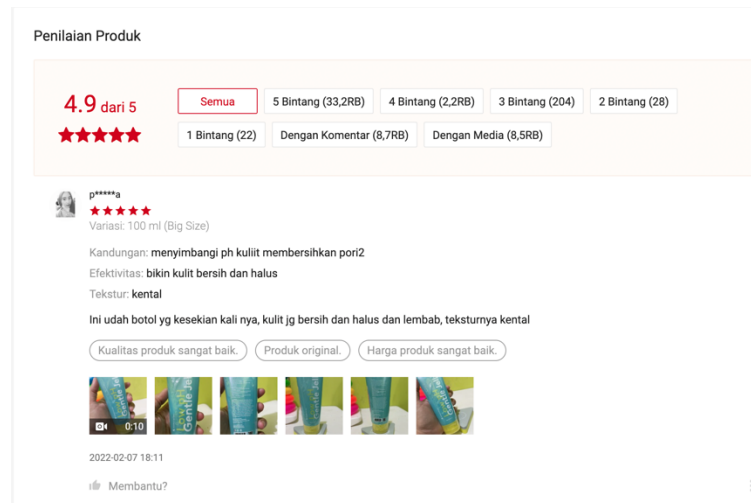


Figure 1.1. Examples of Online Internet Review on Shopee

Source: (Shopee, 2022)

Using the following example, Figure 1.7 shows an example of Online Customer Reviews and Ratings in Shopee offered by consumers who have purchased the product and shared their experience with the features provided by Shopee so that other future purchasers can learn from other customers. If potential customer wants to buy, they will almost likely not pick a product with good reviews and low ratings since it increases the risk and must be evaluated before purchasing the goods. As a result, it will be beneficial for the firm and business owners to focus on service and product quality before selling on the internet. Because of the product and service Internet high quality, these attributes may be used as a free and honest marketing strategy.

Based on the phenomena and observations described above, researchers feel that electronic word of mouth becomes factors that need to be investigated in a brand image the purchase intention. So, from background of earlier problem, it could be asserted title of research is **"Effect of the electronic word of mount on brand image and purchase intention in Shopee"**

1.3. Problem Formulation

Demands and technologies are affecting many marketplaces, sectors, and enterprises. The internet is a vital communication mechanism. Internet may facilitate the processing of business transactions. Information Technology, or what is often known as (IT), is now widely used to boost business and market activity. Internet users in Indonesia experienced an increase in 2020, growing by 8.5%. As a result, there are 266.91 million people 73.7% who have been connected to the internet (LAPORAN SURVEI INTERNET APJII 2019-2020 (Q2) Penetrasi & Perilaku Pengguna Internet Indonesia). From a commercial standpoint, the growth of the internet that has maximized its potential can be observed, and one of them is buying and selling online, where the development of the online buying and selling system has occurred very quickly in Indonesia in particular. Technology must be utilized correctly, and to the greatest degree feasible, online purchasing facilities via the internet must also be used correctly to benefit both online producers and customers.

Electronic word-of-mouth refers to information sought by someone through electronic media, such as reviews or comments. E-WOM is more successful than direct marketing promotion. Consumers are more easily influenced by the suggestions of individuals who have experienced the product's benefits than by the promises made by marketers. Consumers become a vital component in the reporting of a product (Putri et al., n.d.). WOM has been shown to have a considerable impact on customer purchase decisions through influenced the customers' choices, constructing it more effective than the traditional marketing. It is an electronic, written, and oral communication between people regarded advantages and disadvantages of using both products and services.

Potential clients may obtain knowledge and feel more trust in the things because past customers have demonstrated them through online evaluations on the website. Customers had additional references for the things they wanted to buy, then allowed customers to compare the dissimilar products.

Shopee's marketing approaches are electronic WOM which is dissemination of information about services, companies, products, or the other business in online. (Sari, and Dwi Yuliana, 2017). When a person receives enough knowledge on a thing, he or she develops a strong desire to purchase it. Purchase intent is an action that occurs in response to an object or repurchase, as a result, E-Wom is one method for providing consumers with information regarding the company's image.

A good brand image may raise customer purchasing interest, and brand awareness can increase consumer trust in a product. The fundamental goal of the organization in this respect is to develop a favorable brand image through e-WOM. Brand image and customer behavior toward a brand, Elseidi et al, (2016) may impact the brand's thinking. Meanwhile, (Gede et al., 2018) revealed that Brand Image has a positive impact as mediating variable and strengthens connection between EWOM and purchase intention. By acquiring information about shoppe's corporate image, consumers have the capacity to decide purchase intentions over online shopping. Individual wants can be stimulated both within and outside.

1.4. Research Question

Based on the above background, the authors formulate the problems to be studied as follows:

1. How much is the rate of eWOM in Shopee according to respondent?
2. How much is the rate of brand image in Shopee according to respondent?
3. How much is the rate of purchase intention in Shopee according to respondent?
4. Does eWOM among customer has a significant impact on brand image in Shopee?
5. Does eWOM among customer has a significant impact on purchase intention in Shopee?
6. Does eWOM has a significant impacts on purchase intention through brand image in Shopee?

1.5. Research objective

Based on the problem formulation above, the objectives of the study are as follows:

1. To know the rate of eWOM in Shopee according to respondent.
2. To know the rate of brand image in Shopee according to respondent.
3. To know the rate of purchase intention in Shopee according to respondent
4. To know eWOM among customer has significant impacts on brand image in Shopee
5. To know eWOM among customer has significant impacts on purchase intention in Shopee
6. To know brand image has significant impacts on brand image intention in Shopee.

1.6. Research Benefit

1. Educational use, namely for the development of science, be it economics, business management and especially management marketing. Because this research makes it possible to support the old theory put forward by the experts.
2. Practical use is helpful for e-commerce services on electric word of mouth which influence consumer decisions in using online shopping services at Shopee.
3. Usefulness for further research is the expected this research could be used as information materials for further research development

1.7. Research Scope

1.7.1. Location and Object of study

The research will be conducted in Indonesia. The object that uses in this study is Shopee user that had been using the platform and in the range of age 18-35 years old.

1.7.2. Time and Period

The period of this study starts from December 2021 until March 2022

1.8. Systematically Writing

To make it easier to understand this research below is a systematic final project writing:

CHAPTER 1: INTRODUCTION

This chapter consisted of explanation of overview of research object, background of research, formulation of problem, benefits of research, goals of research, writing systematics.

CHAPTER 2: LITERATURE REVIEW

This chapter contains results of the literature reviews related to research topics and variables and is used as a basis or reference when preparing to think about and propose a framework for research hypotheses. This chapter details several things, namely the literature reviews, brand image then purchasing Intention of e-WOM.

CHAPTER 3: RESEARCH METHODS

This chapter explained methods, techniques that was used to collect and analyse data

CHAPTER 4: RESEARCH RESULTS AND DISCUSSION

This chapter explained results and discussion, which must be described systematically according to the determination of the problem and the research objectives.

CHAPTER 5: CONCLUSION

This chapter contains conclusions from the results of research and suggestions or input to business people, decision-makers and suggestions to readers and subsequent researchers.