

# CHAPTER 1

## INTRODUCTION

### **1.1 General Description of the Research Object**

The era of globalization and the current Covid-19 pandemic has had a huge impact on technological developments throughout the world. Especially during the Covid-19 pandemic, the digital world has become an option for people who want to continue doing everything such as socializing, working, studying, and even encouraging people's interest in shopping for their needs online. According to Priansa (2017), the evolution of social media has significantly influenced the communication strategies of companies. The advent of web 2.0 and even web 3.0 has prompted businesses to adopt a more transparent approach in sharing information with their clientele, fostering an appreciation for the significance of social media marketing. The focus of marketing through social media revolves around the company's endeavors to create compelling content that captures attention, motivating consumers to engage and share information with the company within existing social media networks. As social media increasingly becomes a readily accessible platform for everyone, it facilitates companies in building long-term brand awareness more effortlessly.

According to the findings of Hootsuite's Wearesocial research published in January 2019, the number of social media users in Indonesia has reached 150 million, constituting 56% of the total population. This figure represents a 20% increase from the previous survey. Concurrently, the utilization of mobile social media via gadgets has reached 130 million, encompassing approximately 48% of the population. The substantial population and the rapid expansion of internet and mobile phone users present opportunities for the national digital economy. Consequently, various online businesses such as e-commerce, online transportation, and internet-based stores have emerged in Indonesia. The internet's ongoing growth extends beyond serving as a medium for information and

communication, as it has become a tool for the community to meet their needs, particularly through online buying and selling activities, accessible to everyone.



*Figure 1.1 Shopee Logo*

Source: Shopee

Shopee is a rapidly growing e-commerce platform that provides online buying and selling services across various countries, particularly in the Southeast Asian region. Launched in 2015, Shopee has emerged as one of the leading e-commerce platforms in the area. Through its mobile application and website, Shopee enables sellers and buyers to interact and engage in seamless online transactions. The platform offers a diverse range of product categories, including electronics, fashion, beauty, and everyday essentials. Shopee users can explore and select products, make payments using various secure payment options, and take advantage of promotions and discounts frequently offered by sellers. One of Shopee's strengths lies in its integrated payment system and consumer protection policies, instilling confidence in buyers when conducting online transactions. Shopee often organizes large-scale promotional events, such as "Shopee 9.9 Super Shopping Day" or "Shopee 11.11 Big Sale," attracting consumer attention with substantial discounts. With significant user growth and expansion into various countries, Shopee has become an integral part of the e-commerce ecosystem in Southeast Asia, providing opportunities for sellers to market their products widely and offering consumers a convenient and secure online shopping experience.



**Figure 1.2 Diagram of Popular E-commerce**

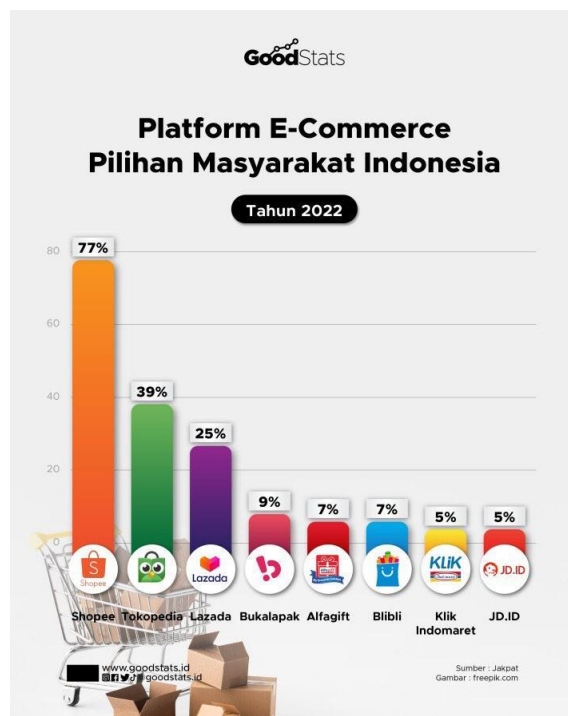
Source: iPrice (<https://iprice.co.id>) (2022)

According to data published by iPrice, the three leading countries with the highest number of Shopee users in 2022 were Singapore, Vietnam, and Indonesia. Indonesia secure the third highest position of the Shopee users in the world in 2022. Shopee is an e-commerce platform that has gained significant popularity worldwide. Its user base spans across various countries, making it one of the leading online shopping destinations globally. Shopee's widespread adoption and popularity among users worldwide can be attributed to its user-friendly interface, diverse product offerings, engaging features, and commitment to customer satisfaction and safety. As the e-commerce landscape continues to evolve, Shopee remains at the forefront, catering to the needs and preferences of modern consumers across the globe.

## 1.2 Research Background

Technology is experiencing quite rapid development these days, this is evidenced by one of the reasons for the emergence of a large number of digital commerce at this time and the one that is most popular with the public is Shopee. Shopee has entered Indonesia since 2015, plus during the Covid-19 pandemic which required people to stay at home, this situation certainly made people use the digital world, especially Shopee, to carry out their activities and fulfil their daily

needs. Shopee is the best alternative for online trading, people can buy and sell merchandise which of course can increase sales for traders and buyers can also buy goods without having to leave the house and meet lots of people. However, e-commerce in Indonesia is not just Shopee, there are many other trading platforms, but with the marketing carried out by the Shopee marketing team, Shopee has become the number one e-commerce in Indonesia. The marketing trick carried out by the Shopee team is collaborating with many influencers to increase purchase decisions using the Shopee application from both the seller and buyer side. Based on this description, it can be concluded that the influence of influencers is important in increasing purchase decisions through the Shopee application.



**Figure 1.3 Most popular Mobile Shopping Apps**

Source: GoodStats (<https://www.bing.com>) (2022)

According to data published by GoodStats, the three leading online marketplaces in 2022 were Shopee, Tokopedia, and Bukalapak. Shopee, originating from Singapore and founded by Forrest Li in Indonesia in 2015, secured the first position monthly visitors in 2022. Shopee's success in achieving this ranking is

attributed to its effective marketing strategy, which appeals to both sellers and buyers. To capture the attention of consumers and potential customers, online customer reviews play a crucial role in Shopee's strategy. These reviews serve as valuable tools for prospective buyers in making informed decisions. By providing insights and addressing queries about a product, customer reviews enhance consumer confidence and satisfaction.

The widespread use of social media as a means of communication and socialization has become a place for consumers to seek and share information, including in the process of deciding to purchase products. According to Konstantopoulou, Anastasia et al. (2018), social media has paved the way for e-WOM, and the emergence of social media influencers now has access to millions of followers, transforming into potential customers. In a study by Matic & Booth (2011), it was mentioned that in the world of social media, practitioners (business players) have changed how they communicate with their targets. Although the fundamentals of public relations are essentially the same as social media relations, the addition of this new marketing channel allows practitioners to engage with influencers one-on-one. An influencer is someone whose words can influence others. An influencer doesn't have to be a celebrity; an ordinary person can be considered an influencer if they have a large following and their words can influence others (Sugiharto, S. A., 2018). Competent influencers are those with high credibility as sources. When consumers trust influencers, they accept recommendations that can change their purchase decisions. For companies to build a good relationship with their customer base, it is crucial for them to work with influencers trusted by the majority of the target audience (Konstantopoulou et al., 2019).

Influencers have the ability to influence others because influencers are usually more heard by their followers and others. Recent marketing trends show the emergence of Influencers as an extension of word of mouth actions and efforts. Where when consumers switch to social media platforms, these activities realize the power of influencers in influencing purchase decisions. (Chopra et al., 2021). It can be concluded that influencer marketing can be interpreted as the concept of

communication and distribution of information to consumers by delivering a digital product through a content in the form of a video, image, picture, audio, and text that can make consumers interested in buying the product in the video

Skrob (in Muliajaya et al., 2019). Identify several parameters that can grow viral marketing, including customer recommendations, newsletters, linking strategies, communities, free offers, sweepstakes, list of prospective buyers, chatrooms, reference lists, producttexts, affiliate programs, and search engines Anshari & Mahani (in Batu, Situngkir, Krisnawati, & Halim 2019) defines affiliate marketing as a collaborative activity engaging organizations, companies or sites to make a profit for both parties in an agreement through advertising activities product or service.

One example of digital marketing is Shopee Affiliate program that is integrated with the Shopee application. Shopee affiliate program This gives content creators the opportunity to earn additionally by promoting Shopee products on various social media platforms such as YouTube, Instagram, Facebook, and TikTok. Users of this program have freedom to create content as long as it complies with the Shopee Terms of Use.



**Figure 1.4 Steps to join Shopee Affiliates**

Source: everpro (<https://everpro.id>) (2017)

According to Aeni (2021), Shopee Affiliate is a program that promotes products and services offered by Shopee on various social media and providing

proposals in the form of income to content creators. You can register to become a member of the Shopee Affiliate Program either on the Shopee website or in the app. The first condition is shopee Affliator should have a Shopee account. After registration, Shopee will verify your registration to see if you have been approved to join the Shopee Affiliate Program. After confirmation of registration, Shopee Affiliate Program members can promote various types of Shopee product by share a links via social media in shops marked Shopee Star Seller and/or Shopee Mall. Commissions received by members of the Shopee Affiliate Program calculated when a customer purchases a product from a product link shared by a member. The commission amount ranges from 2% to 10% of the price of the goods sold

The internet is able to disseminate advertising with such a wide and fast reach, one of which is viral marketing. Viral marketing is the development of internet-based word of mouth marketing related to the delivery system of advertising messages that are very influential or chain from one consumer and communicated to other consumers (P. and G. A. Kotler in Muliajaya et al., 2019). Wide coverage, low cost and large influence are the effects of viral marketing through social media. Readers will like messages that attract attention, and opportunities arise to disseminate information to other parties in cyberspace so that it becomes viral (Sari, 2019). This communication channel can be an effective promotional method as it is typically conveyed from consumer to consumer, and for consumers, making satisfied customers a potential advertising medium for the company. According to Konstantopoulou, Anastasia et al. (2018). Recognizing the substantial influence of social media on consumer behavior, Shopee aligns with the perspective of Kotler et al. (2017), which asserts that consumer purchase decisions are shaped by cultural, social, personal, and psychological factors.

The role of influencer marketing is also very important in influencing consumer purchase decisions. According to (Sugiharto. 2018), an influencer is someone whose words can influence other people, an influencer does not only have to be a celebrity, but ordinary people can also be said to be influencers if that person has a lot of followers and good words so that they can influence others. Influencer

Marketing is a part of marketing that has a large enough number of followers and has a passing influence on their followers. Influencers are often categorized into celebrities, artists, public figures, YouTubers and others. A brand will collaborate with influencers to market and promote products or services online, usually called endorsements. With clear and detailed information about the product in the content that is distributed to consumers, it will certainly be very helpful for making buying decisions. This is of course related to the behavior of today's consumers who seek more references from online promotional media in making purchase decisions.

In research conducted by Andriyanti & Farida (2022), the results of the study prove that there is a positive influence of Shopee affiliate marketing variables on consumer buying interest in shopee indonesia. In another study conducted by yodi, Widyaasuti, and Noor (2020) prove that content variables and influencer marketing have a positive effect and significant to the Purchase Decision of clothing company Erigo. In this era of online dominance, information is easily and quickly accessible. Social media as a tool or method employed by consumers to share information, including text, images, audio, and video, with others and companies, or vice versa (Kotler & Keller, 2016).

From the results of several researchers can know that content variables and influencer marketing can Significant influence on purchase decisions user but this study still explains in general and is not specific location sampling especially about shopee users in Bandung. The gap in this study compared to previous research that is Andriyanti & Farida (2022) is the limited number of studies that consider the city of Bandung as the population and individuals as the sample and also focused on how a big impact of shopee influencer to buyer decision. No recent study found in the past two years investigating specifically about the role of influencer as shopee affiliate in influencing the purchase decision in Bandung.

### **1.3 Formulation of the Problem**

From the background above, the problem that will be explained is as follows:

- How does Shopee influencer marketing to Influencing buyer in



product purchase decisions in Bandung?

#### **1.4 Research Purposes**

The goal to be achieved is to describe how much influence influencers have on buyers' purchase decisions on the Shopee application. The purpose of this research is to find out the influence of Shopee influencer marketing of purchase decision in the product and purchases in Bandung.

#### **1.5 Benefits of Research**

This research can provide in-depth insights into the extent of the influence of Shopee influencers on guiding purchase decisions of users in Bandung, Indonesia. Shopee and influencers might enhance their collaboration by understanding how influencers can more effectively impact purchase decisions. This could lead to stronger and mutually beneficial partnerships. Research findings can be utilized to guide influencers in creating more relevant and engaging content for Shopee users in Bandung. This can enhance the appeal of content and the effectiveness of promotional campaigns.

#### **1.6 Systematics of Final Project Writing**

To provide a clear picture of the research, the author compiles a systematic writing that contains information about the material and things discussed in each chapter so that this thesis can be directed and in accordance with its purpose. The systematic writing of this research is as follows:

- **CHAPTER 1 INTRODUCTION**

This chapter is a general description of the research object, research background, problem statements, research questions, research objectives, significance of research, scope of research and systematic of writing.

- **CHAPTER 2 LITERATURE REVIEW**

This chapter presents a summary of the theory, previous research, framework thinking, and hypotheses.

- **CHAPTER 3 RESEARCH METHOD**

This chapter explains the description of the type of research, operational variables, stages research, population and research sampling techniques, data collection and analysis techniques data used in research.

- **CHAPTER 4 RESULTS AND DISCUSSION**

This chapter contains findings in the data that have been successfully analysed by proving the research hypothesis.

- **CHAPTER 5 CONCLUSIONS AND SUGGESTIONS**

This chapter discusses conclusions and suggestions as a final result and writing this final project.

### **1.7 Research Scope**

The limitations of the problem in this article focus on how much influence influencers have on the awareness and purchase decisions of Bandung people using the Shopee application, because this aspect is very important for the development and survival of the Shopee application amidst competition in the era of globalization. The study will focus on Shopee users in Bandung over the past year. The sample to be used is Shopee users in Bandung with an age range of 20 to 45 years who make transactions at shopee. The quantitative method will be applied through an online survey using a structured questionnaire designed to measure users' perceptions of influencers, their impact on purchase decisions, and factors influencing trust in Shopee influencers. Statistical analyses, such as linear regression, will be employed to identify relationships between the variables under investigation. Through this quantitative approach, the research aims to provide robust empirical data to gain a deeper understanding of how Shopee influencers can influence user purchase behavior in the Bandung market.