

# CHAPTER I

## INTRODUCTION

In this chapter the researcher will provide an explanation of the research background, problem formulation, research questions, research benefits, research objectives, and systematic research

### 1.1 Background

The development of today's technology and information is growing rapidly. This development also changes people's lifestyles. Now the world has entered the era of globalization, where geographic boundaries are not a barrier to communication and interaction between individuals, especially with the presence of internet technology. Based on the calculation of the Indonesian Internet Service Providers Association (APJII) in 2016 internet users in Indonesia reached 132.7 million people, while in 2017 it increased to 143.26 million people or around 54.68% of the total population of Indonesia. The increasing number of internet users is of course a great opportunity for entrepreneurs to market their products via the internet or online (Nugroho & Sari, 2016).

Electronic commerce or e-commerce transactions in Indonesia from year to year have increased quite significantly, according to e-Marketer data showing that Indonesia's e-commerce transactions reached IDR 25.1 trillion in 2014 and has increased to IDR 69.8 trillion in 2016, at an exchange rate of Rp. 13,200 per US dollar. It is calculated that in 2018, 70.2% of respondents prefer to shop online rather

than shop at offline stores, while 39.8% of respondents choose to shop offline such as Mall & Department Stores. According to the ShopBack research team, 83% of respondents prefer to visit the offline stores to see goods and then bought them online (Warhamni, 2019).

The proliferation of e-commerce platforms in Indonesia has made each platform deploy all its strategies, capabilities, and uniqueness to increase traffic and sales from partners who work with them, both from the appearance of the website and promotions because buyers can only deal with companies through websites and promotions which is certainly a factor that is considered by consumers before shopping online. An attractive web appearance will increase consumer buying interest. The elements that are important in web appearance, such as ease of access, ease of transaction, web information, need to be considered by e-commerce (Japariato & Adelia, 2020).

In addition, product introduction to consumers is the first way every companies need to provide so buyers can learn about their products. This method is commonly known as promotion. In achieving a good promotion, the company also conveyed the price offered.

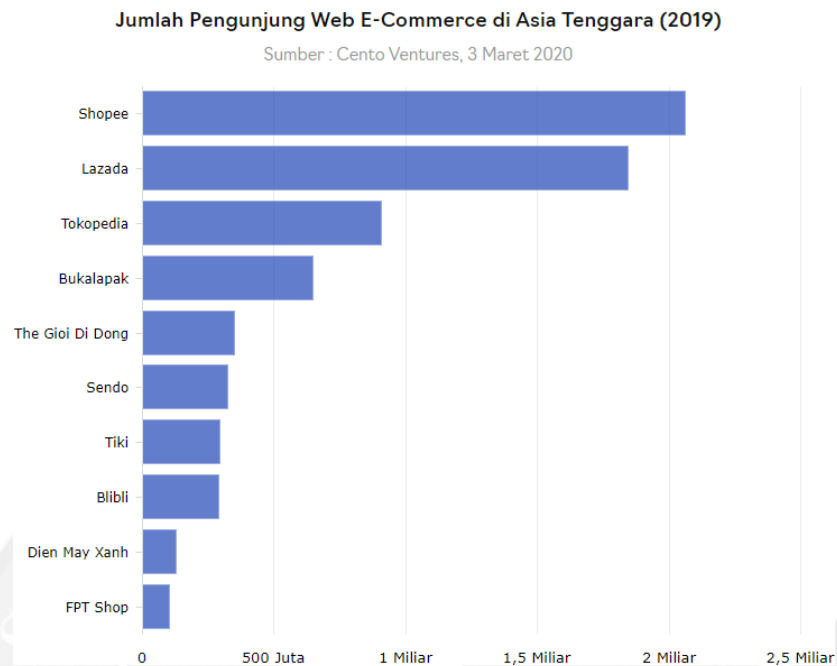


Figure 1.1 Number of E-Commerce Web Visitors in Southeast Asia (2019)  
 Source: Pusparisa, (2020)

Based on the picture above, it can be seen that three Indonesian e-commerce sites have entered the ranks with the most visits in Southeast Asia. The three of them are Tokopedia (906 million), Bukalapak (646.3 million), and Blibli (290 million). This is in line with the average number of monthly e-commerce visitors in Indonesia.

Tokopedia is an online buying and selling site that allows individuals in Indonesia to open and manage their online stores easily while providing a comfortable and safe online buying and selling experience. The development of the internet is currently growing rapidly and attracting users from various circles of society, now the internet has been used in various fields, ranging from economics, education, technology, to social. According to Andi (2010) explains that a website is a page containing information that can be seen if your computer is connected to

the internet. With a website, everyone in the world can get and manage information with various sources available on the internet. The website itself currently contains various media, ranging from text, images, sound, and even video. Websites are written or dynamically converted into HTML (hypertext markup language) and accessed through a software program commonly called a web browser. Web pages can be viewed or accessed via computer networks and the internet, while the devices can be personal computers, laptops or cell phones.

Tokopedia provides facilities that makes it easier for users to sell products by simply uploading photos and providing product descriptions. Buyers are also facilitated by a complete product browsing system in a wide selection of search categories. Tokopedia offers three easy steps for consumers who want to buy products on Tokopedia, including buying, paying, and receiving goods. Starting from primary to tertiary needs. In fact, site visitors can spend on various kinds of products such as pulses, paying PDAMs to ordering train tickets (Warhamni, 2019). Based on the results of a survey from DailySocialid Priambada (2016) it was revealed that Tokopedia was the most popular e-commerce, followed by Lazada and Bukalapak. However, one year later, the results of the iPrice survey Prasatya (2017) showed that Tokopedia's position was shifted by Lazada as the most visited e-commerce. Then, Elevation took third place, which shifted Bukalapak to fourth. Therefore, based on the survey results, Tokopedia must work even harder in order to be in first place again.



Figure 1.2. Average Number of Indonesian E-Commerce Monthly Visitors  
Source: Pusparsa, (2020a)

Based on the picture above, it can be seen that the competition for a number of giant e-commerce in Indonesia is increasingly felt. Because they compete each other for visitors. One of them can be seen from the average number of monthly web visitors in each quarter. In 2019, at least Tokopedia still dominates the category. The highest peak occurred in the second quarter of 2019 when the website was viewed as up to around 140.41 million visitors per month. However, the figure dropped in the following quarter to 65.95 million monthly visitors. Shopee slowly shifted Tokopedia's position. This e-commerce began to overtake Tokopedia in the fourth quarter of 2019 with an average of 72.97 million visitors per month. Since then Shopee has become an unbeatable e-commerce platform with the highest average number of monthly visitors in Indonesia. Until the second quarter of 2020, Shopee has seen 93.44 million visitors per month.

Based on the average number of visitors of Tokopedia in the first quarter of 2019, Tokopedia experienced poor growth with the number of visitors reaching 137,200,900, but in the second quarter the number of Tokopedia visitors increased by 3,213,600 with the number of visitors reaching 140,414,500 in 2019, while in the third quarter of 2019, Tokopedia visitors experienced a decline with 65,953,400 visitors.

In increasing its sales, Tokopedia always tries to provide the best service to its customers. One of them is by designing an attractive website or application. The interface that Tokopedia displays on its website or application is simple for its users because of the understandable and neat impression it presents and also doesn't pile up with annoying advertisements. However, apart from having a positive side, a website also has a negative side, which is prone to cybercrime, such as fraud by means of identity theft and deceiving customers, credit card crimes, phishing, spammers, and others. These threats to security will result in customers being afraid to make transactions and then revert to traditional methods of doing business.

Promotions made by Tokopedia are also quite diverse, by presenting promotions such as chasing discounts, cashback, free shipping, and so on. Another major promotion that was carried out by Tokopedia is the use of brand ambassador. According to Firmansyah (2018) brand ambassador is someone who has a passion for the brand and can influence or invite consumers to buy or use a product. In 2019, Tokopedia collaborated with the BTS boy group to become a brand ambassador, and take advantage of the Korean Wave phenomenon to attract interest consumer

spending. According to Wikipedia Korean Wave are : Hallyu or Korean Wave [2] (Hangul: Hanja: RR: HallyuMR: Hallyu).

Korean Wave or in Indonesian called the Korean Wave is a term used to describe Korean pop culture that spreads rapidly globally and in demand by various countries in the world since the 1990s. Many people in different countries are interested in learning about culture and Korean language. Purchase interest is consumer behavior in response to consumer interest in making a purchase (Kotler & Keller 2012).

According to Royan (2005: 5) brand ambassadors will have a significant effect on brand image. The reason is none other than because of the personality of a brand ambassadors will influence the personality of a brand. This shows a very significant increase with Tokopedia's sales. However, this is not enough to make Tokopedia the number one marketplace in Indonesia. The personality of this brand ambassador will influence public perception of the brand image (brand image) and can attract consumers to buy. Previous research conducted by Bhara and Syahida (2019) research results found a positive and significant influence from the Shopee Brand Ambassador at that time starring Blackpink, so that with Blackpink as Brand Ambassador, will increase Online Shopping Interest for consumers. Companies choose brand ambassadors from among popular people so they can be a booster in their sales promotion. Beside, brand ambassadors can also help bring consumers closer towards a product, in order to attract more consumer interest in a product offered.

<b>BRAND</b>	<b>TBI 2020</b>	
Lazada.co.id	31.9%	<b>TOP</b>
Shopee.co.id	20.0%	<b>TOP</b>
Tokopedia.com	15.8%	<b>TOP</b>
Bukalapak.com	12.9%	
Blibli.com	8.4%	

Figure 1.3. Top Brand Index of Buying and Selling Online  
Source: Top Brand Indeks, (2020)

Based on the picture above, it can be concluded that although Tokopedia has carried out many promotions and has an attractive web interface, this is still not enough to bring Tokopedia to be in the first place in the marketplace in Indonesia.

Research conducted by Rifdhan (2019) shows that promotion has a positive and significant effect on purchasing decisions. In it, he also discussed promotion to be one of the important points that can make purchasing decisions in online research and has a positive response from responses about promotions that have a good impact on Tokopedia. Other research conducted by Sudarsono (2019) also shows that design has an effect on purchasing decisions. According to Tahir and Sam (2010) web design with a balanced combination of navigation and aesthetics will generate positive perceptions in consumers, where these perceptions arise from the effects of attractive stimuli. Positive perceptions arising from a web design that is considered good will lead to overvaluation of the site so it will create a perception of quality in the mind of the users. So, based on the results of previous research and also the phenomena felt by Tokopedia. Researchers intend to conduct research entitled “The Effect Of Web Design, Brand Ambassador And Promotion Regarding Customer Purchasing Decision On Online Marketplace Tokopedia”.



## **1.2 Research Question**

Based on the background, the problems that will be discussed in this study are about:

- 1) Does web design have a positive influence towards purchasing decisions of customers on Tokopedia?
- 2) Does ease of use has a positive influence towards web design of Tokopedia?
- 3) Does security and privacy has a positive influence towards web design of Tokopedia?
- 4) Does promotion have a positive influence towards the purchasing decisions of customers on Tokopedia?
- 5) Does brand ambassador have a positive influence towards the purchasing decisions of customers on Tokopedia?

## **1.3 Research Objectives**

Based on the problem formulation above, the purposes to be achieved namely as follows: Main Objectives:

- 1) To find out the influence of brand ambassador on customer's purchasing decisions on Tokopedia
- 2) To analyze the impact of web design on customer's purchasing decisions on Tokopedia
- 3) To analyze the impact of promotion on customer's purchasing decisions on Tokopedia

- 4) To analyze the ease of use of a web design of Tokopedia
- 5) To analyze the security and privacy of a web design of Tokopedia

#### **1.4 Research Benefits**

Based on the research objectives to be achieved, this research is expected to provide benefits both directly and indirectly, namely:

- 1) Providing ideas for business people, especially online businesses.
- 2) Know the things that have an influence on the field of marketing.
- 3) Can be used as a reference in further studies and become material for further studies.
- 4) For companies or managers, it is expected to know the effect of web design and promotion on purchasing decisions.
- 5) Academics are expected to be used as further research material to increase insight and knowledge about the influence of web design and promotion on purchasing decisions on Tokopedia.
- 6) For further researchers, it is hoped that they can add references and discourses to develop knowledge about marketing management, especially those related to web design and promotion of purchasing decisions.

#### **1.5 Systematic Research**

This research is divided into several systematic stages of the discussion, which are as follows:

## **CHAPTER I: INTRODUCTION**

In this chapter the researcher will provide an explanation of the research background, problem formulation, research questions, research benefits, research objectives, and systematic research.

## **CHAPTER II: LITERATURE REVIEW**

This chapter talks about the explanation of the variables of attitudes towards Web Design And Promotion Regarding Customer Purchasing Decision. Explaining the relationship between variables, research models, and hypotheses.

## **CHAPTER III: RESEARCH METHODOLOGY**

This chapter describes the methods used to test and measure the relationship between variables including research design and how to collect data in a quantitative approach. The results of the initial tests will also be attached.

## **CHAPTER IV: RESULTS AND DISCUSSION**

The result and discussion chapter will be given the results of research on the relationship between variables, the results of testing based on the data that has been collected, the results of the research discussion that will answer the research questions that lead to the conclusions of the research.

## **CHAPTER V: CLOSING**

The closing chapter explains the conclusion and suggestions for the research results.