

CHAPTER I

INTRODUCTION

1.1 Research Background

With the increasing use of technology, online shopping and purchases via smart communication devices have become more common. The digital revolution has transformed on how businesses operate, notably transforming manufactures with flexible and personalized forms of production (Mourtzis & Doukas, 2014). Rapid and significant advances in information technology, particularly in the last decade, have given rise to a new marketing model in which the buyer and seller do not need to meet face to face or inspect the things in person; the entire transaction is carried out via 'on line' interaction (Abbas, 2018). The growing number of online users has raised demand for electronic-commercial transactions over the internet, known as e-commerce in the worldwide market (Hayati & Andrawina, 2019).

Due to globalization and technology improvements, there has been amazing growth in E-Commerce as the technology is not limited by geography (Hong, 2015). Electronic commerce is commonly regarded as the sales part of e-business (Ahmad & Siraj, 2018). It also includes data exchange to help with the finance and payment parts of shopping transactions. E-commerce application is a platform where businesses and customers purchase and sell items and services using an electronic medium, usually without the need of physical papers. "E-commerce software facilitate transactions between companies and their customers." Customers may order thingerchants, verify orders and monitor delivery, review prior orders, repurchase products, and manage their accounts 24 hours a day, seven days a week." (Auburn SeeWolf llc , 2009-2012).

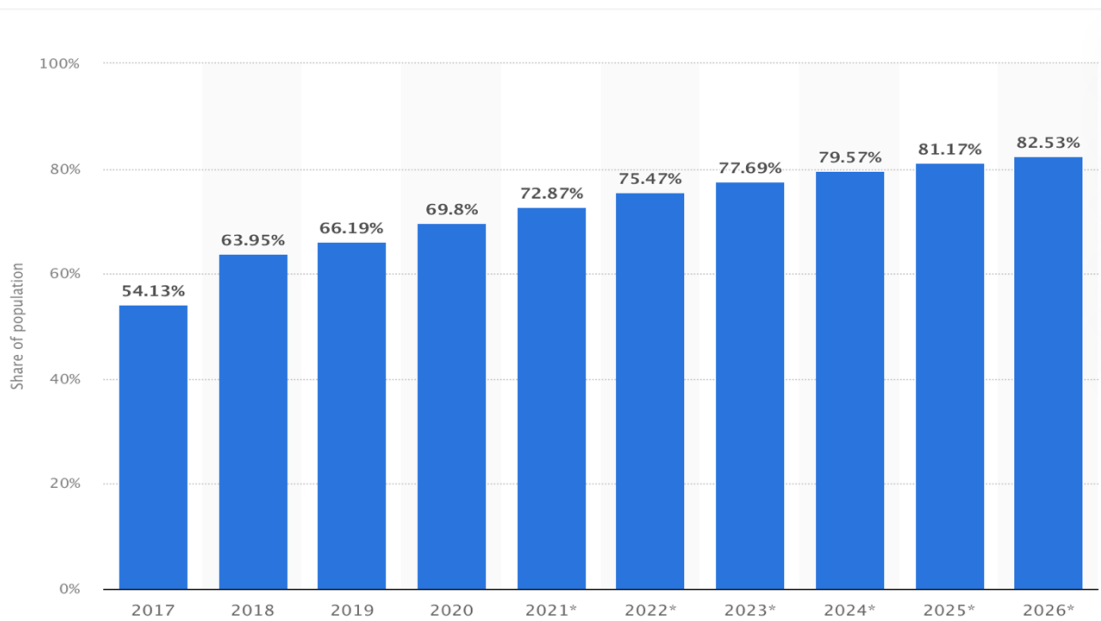


Figure 1.1 Internet Penetration Rate in Indonesia 2017-2026

Source : Statista 2022

The growth of internet users has benefited from the development of e-commerce in Indonesia based on 1.1 figure. E-commerce today brings us an amazing experience (Dachyar & Banjarnahor, 2017).. It has gained popularity as the amount of people using the internet each year in Indonesia is growing rapidly due to the advanced development of technology (Nurhayati-Wolff, 2021). According to the table, the internet penetration rate in Indonesia in 2020 was 69.8%. This number is expected to increase over the next few years, reaching 82.53% by 2026. The Internet has become an increasingly important part of everyday life, and Indonesia is no exception. With the fourth largest population in the world or around 270 million people, Indonesia is the right and promising marketplace because with

a large population, more and more people will shop to fulfil their needs (Zhang & Yang, 2019).

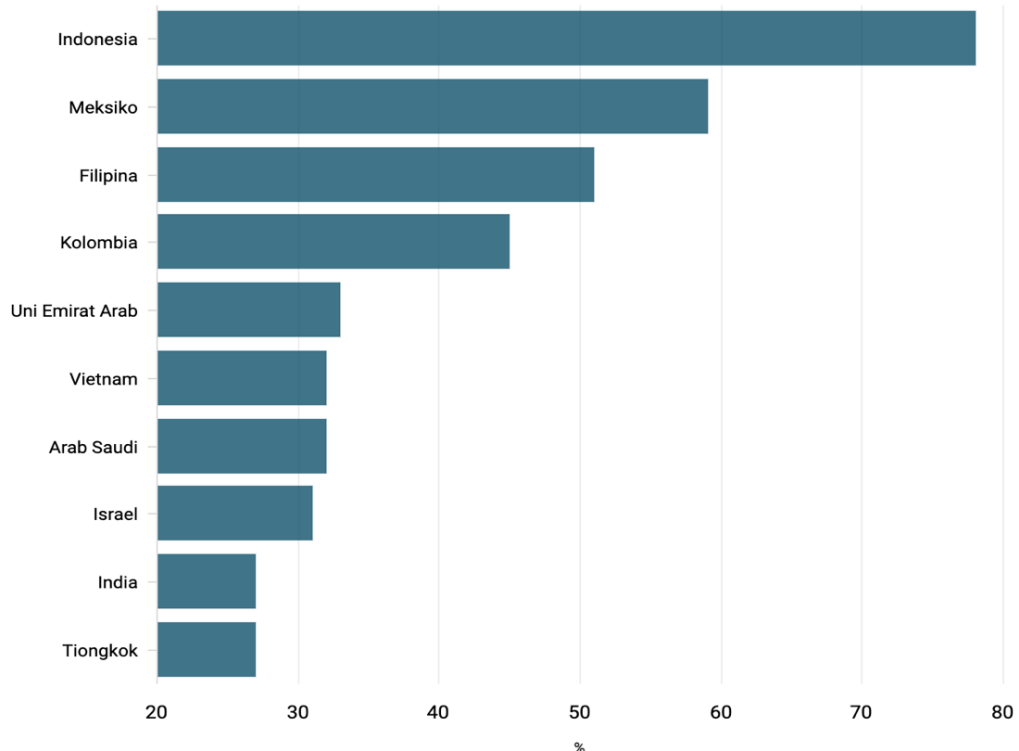


Figure 1.2 10 countries with the rapid advancement in e-commerce

Source : Databooks 2019

The above figure shows the 10 countries with the rapid growth in e-commerce according to Databooks in 2019. According to Widowati (2019), Indonesia is one of the countries with the Fastest E-commerce Growth and the growth of online shopping in Indonesia has prompted Shopee to get involved in the industry based on Figure 1.2. Shopee is a leading e-commerce platform established in 2015 by a Singapore-based multinational technology company. It is one of the largest online platforms in Southeast Asia. Shopee provides millions of customers a simple, secure, fast and fun online shopping experience every day (Fadhillah et al., 2021). It is an open platform so it is easy to use. It offers a diverse offering,

backed by integrated payments and simple processing (Putri & Iriani, 2020). Dedicated to helping brands and sellers succeed in e-commerce, Shopee is highly specialized in every area in which it operates (Asja et al., 2021). According to Mishra (2021), Shopee is the first mobile marketplace that is safe, easy, and practical to use when shopping for and selling items in Asia. As it is a mobile-only platform that is mostly focused on social selling, Shopee is one of the sites that has made changes to attract customers to make more transactions through the site. These changes include making the site easier to use with just using cell phone, lead to changes in consumer buying behaviour (Pandey & Parmar, 2019).

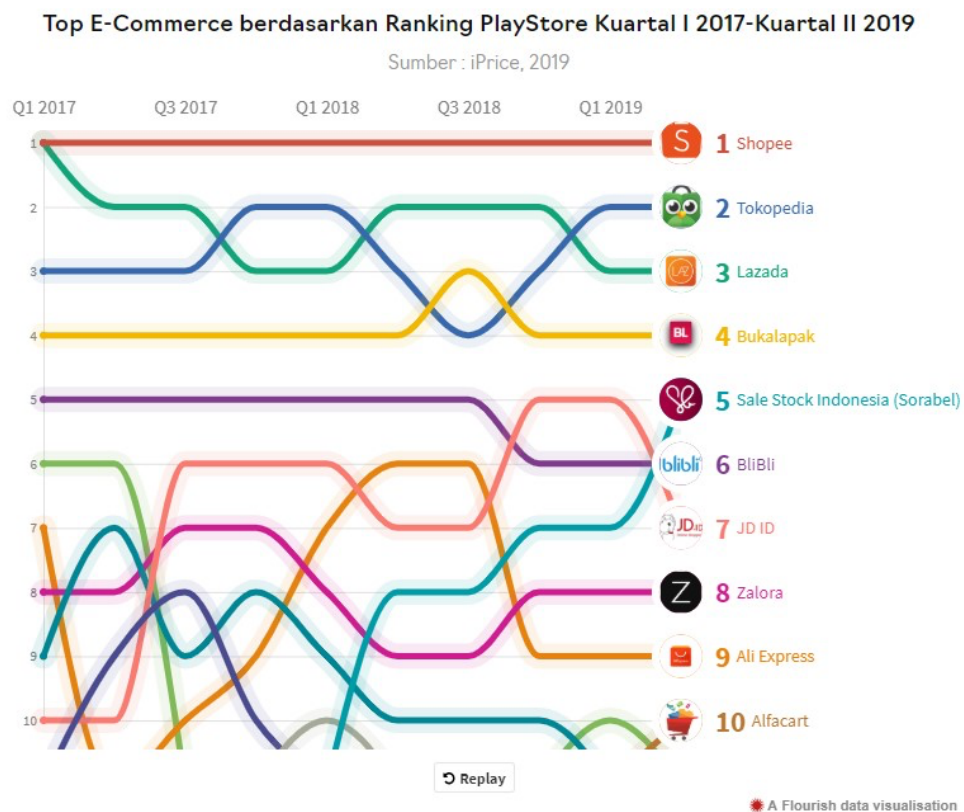


Figure 1.3. Top E-commerce based on PlayStore ranking

Source : iPrice 2019

In 2019, iPrice released an E-commerce map to give the information of the top most searched Indonesian E-commerce in 2019 based on PlayStore ranking. According to the figure, Shopee is the most searched Indonesian E-Commerce site in 2019, surpassing all other E-Commerce sites, indicating that customer interest in Shopee is growing. According to (Gorla et al., 2015), the rapid advancement of technology, communication, and information and e-commerce has made it possible for consumers to buy products and services online. Simultaneously, the rapid progress of online stores has led to rivalry among e-commerce retailers such as Shopee, Tokopedia and etc, who are placing increasing emphasis on customer experience (Benson et al., 2019).

Telusuri Persaingan Toko Online di Indonesia

Filter berdasarkan Model Bisnis Store Type Asal Toko Pilih Data per Kuartal Q2 2021

Toko Online	Pengunjung Web Bulanan	Ranking AppStore	Ranking PlayStore	Twitter	Instagram	Facebook	Jumlah Karyawan
1 Tokopedia	147,790,000	#2	#4	853,000	3,828,300	6,525,650	4,944
2 Shopee	126,996,700	#1	#1	6,038,000	7,757,940	21,855,970	12,192
3 Bukalapak	29,460,000	#6	#5	215,600	1,661,140	2,518,990	2,316
4 Lazada	27,670,000	#3	#2	430,000	2,975,370	31,364,410	4,126
5 Bilibli	18,440,000	#8	#7	529,600	1,622,480	8,598,260	1,979
6 Bhinneka	6,996,700	#21	#17	67,100	42,280	1,036,230	487
7 Orami	6,260,000	n/a	n/a	5,820	6,040	351,770	211
8 Ralali.com Ralali	5,123,300	#26	n/a	2,880	41,160	91,390	176
9 JD ID	3,763,300	#7	#6	42,000	590,670	939,770	1,185
10 Zalora	3,366,700	#5	#8	n/a	720,090	7,989,080	580

Figure 1.4. E-commerce competitors in Indonesia

Source : iPrice 2021

The competition for the e-commerce industry market in Indonesia is still dominated by 2 main figures, namely Tokopedia and Shopee. Both are fighting for dominance. Iprice 2021 data shows that the first position has been won by Tokopedia since quarter 2-2022, previously Shopee continued to occupy the top position. Even though Tokopedia is now ranked first in terms of monthly web visitors, the ranking in the Appstore and Play Store is still held by Shopee.

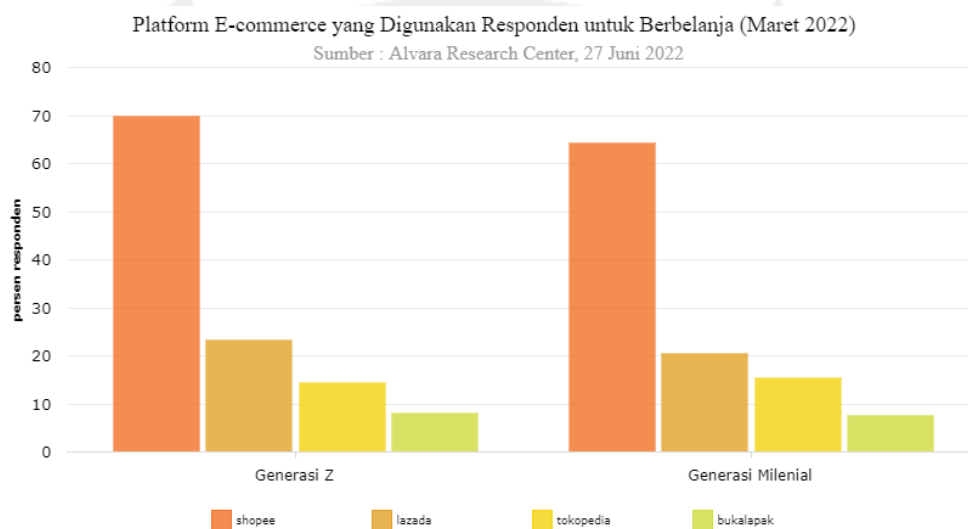


Figure 1.5. E-commerce Users 2022

Source: Databoks, 2022

Furthermore, a survey conducted by Databoks demonstrates that Shopee's e-commerce services are most popular among young Indonesians in 2022, of which 69.9% are Generation Z and 64.2% of Shopee users are millennials. Through the data presented, it can be said that more and more young people are fulfilling their desires or priority needs through the Shopee e-commerce platform. The increasingly widespread use of e-commerce and the increasing number of people who choose to do shopping activities online at this time actually cause a new habit and tend to lead to consumptive behaviour. Consumptive behaviour is a human tendency to consume unlimited, buying things that are excessive or unplanned. In

many cases, this consumptive behaviour is not based on needs, but is driven by desires. This is of course very closely related to impulsive purchases, in which consumers carry out shopping activities without prior planning. There are several factors that can influence impulsive purchases, namely hedonic shopping motivation, shopping lifestyle, and sales promotion.

(Hursepuny & Oktafani, 2018) defined hedonic motivation as an attempt to explore pleasure and how consumers are trying to pursue a pleasure or exciting experiences. Based on Levan & Linda (2013), hedonic lifestyle is a pattern of behaviour that can be known from activities, interests and opinions that always emphasize the pleasures of life. (Lee and Kim, 2018) stated that the link between hedonic purchasing motivation and customer happiness, stating that hedonic behaviour of users in an online-based service has a beneficial influence on satisfaction and loyalty to the product. The tendency of consumers to buy products unplanned is because they want to keep up with the latest trends, want to know the latest fashion, want to see the latest fashion products available and want to get new experiences. However, research conducted by (Purnomo & Riani 2018) shows different results, which proved that hedonic shopping motivation variable does not have a significant effect on impulse buying.

(Cobb & Hoyer, 1986) defined shopping lifestyle as consumer behaviour regarding decisions purchase of a linked product with their personal opinion. Studies conducted by (Febriani & Purwanto, 2019) show that shopping lifestyle is an element that plays a significant role in impulse purchases. This can be supported by mini research conducted by (Wahyuni & Setyawati, 2020) which shows that most respondents shop impulsively due to their shopping lifestyle. Meanwhile, research conducted by (Christina, 2020) actually found that the aspect whose role

is the most dominant is not shopping lifestyle, but positive emotion. The same thing was also found in (Tirtayasa et al., 2020) research which showed that the most dominant factor was fashion involvement, and shopping lifestyle factors actually made a smaller contribution.

Promotions consist of a series of mostly short-term incentives is created to encourage buyer or retailers to purchase certain goods or reliable services or more strongly (Kotler & Keller, 2009). The sales promotion in e-commerce are in the form of sales or discounts product that are intended to attract new consumers, enhance conversions, and eventually drive sales (Hermiyenti & Wardi, 2019). Studies conducted by (Wahyuni & Setyawati, 2020) argued that discount offers when opening the Shopee application on phone have an impact for consumers to make impulsive purchases. While the findings in (Putra et al., 2020) research indicate that sales promotion shows negative influence on impulse purchase behaviour.

The presence of online stores like Shopee makes it very easy for consumers who have a hedonic shopping lifestyle, namely shopping for their own needs, so they don't show attention to the benefits of the products they buy. Consumers shop because they are motivated by hedonic desires or economic reasons, or emotional satisfaction. Given that the purpose of the shopping experience is to satisfy hedonic needs, this will lead to an impulse buying process. The impulse buying process begins when the consumer performs an information search/browsing activity. If the information obtained about a product can attract them, it will bring up the desire to have the item immediately, resulting in an impulsive purchase. This happens because consumers have hedonic shopping motivation, shopping lifestyle, and the

existence of promotions on online platforms so they don't think about the products they buy whether there are benefits for them.

1.2 Problem Statement

In contrast to a traditional store, everything in the Shopee marketplace is explained through text, photographs, and multimedia assets. Many online stores link to various additional product information. On the other hand, some online shoppers are bold explorers, thrill seekers, and consumers who hate waiting for anything. As a result, online consumer behaviour (user activity during product search, purchase, and use) has become a popular research topic for many researchers aiming to capture the uniqueness of online shopping. Every consumer has different shopping habits depending on the way the marketplace provides products.

E-commerce like Shopee could stimulate the changes for consumers when they use it to have an impulsive purchase behaviour. Furthermore, it indicates that the correlation between shopping lifestyle and shopping motivation towards an impulsive purchase is an unprompted response to buy products from commercials on online platform. This makes university students gain the attraction by receiving many of the promotional tools such as cash backs, celebrity advertisement, promotion, low prices, coupons and etc.

Researchers conduct a survey on Shopee consumers at the at Pelita Harapan University students. This is because Shopee is the e-commerce of choice for all classes of consumers in Indonesia, and the surveys conducted are targeted at UPH students. Researchers see the need for more understanding of the link between

impulsive purchase and shopping motivation and lifestyle, in order to strengthen the research that has been done in the past.

1.3 Research Questions

Based on the above research background, the conceptualisation of the research problem is:

1. Does Hedonic Shopping Motivation have a positive influence on Impulsive Purchase on Shopee Consumer in the Universitas Pelita Harapan students?
2. Does Shopping Lifestyle have a positive influence on Impulsive Purchases on Shopee Consumer in the Universitas Pelita Harapan students?
3. Does Sale Promotion have a positive influence on Impulsive Purchases on Shopee Consumer in the Universitas Pelita Harapan students?

1.4 Research Objectives

1. To test whether Hedonic Shopping Motivation has a positive influence on Impulsive Purchase on Shopee Consumer in the Universitas Pelita Harapan students
2. To test whether Shopping Lifestyle has a positive influence on Impulse Purchase on Shopee Consumer in the Universitas Pelita Harapan students
3. To test whether Sales Promotion has a positive influence on Impulse Purchase on Shopee Consumer in the Universitas Pelita Harapan students.

1.5 Research Benefits

1. Theoretical Benefits

- a. This research is expected to be able to enrich knowledge related to consumer's shopping motivation, sales promotion and shopping lifestyle towards impulsive purchase
- b. Result of the study are expected to provide additional knowledge and information regarding the influence of hedonic shopping motivation, sales promotion and shopping lifestyle towards impulsive purchase on Shopee consumer in the Universitas Pelita Harapan students
- c. Result of the study are expected to be a reference for other researchers who wish to conduct research on a similar topic

2. Practical Benefits

- a. This research is expected to provide knowledge to the public about the factors that trigger the occurrence of impulsive purchase
- b. Result of the study are expected to provide practical benefits for Shopee in getting their maximal profits to determine better marketing strategies in increasing consumer impulsive purchase in the long term

1.6 Organization of the study

This study contains five chapters and sequentially as follows:

1. Chapter I Introduction

The first chapter contains the background of the research, research problems, research objectives, research questions, research benefits and research structure.

2. Chapter II Literature Review

The second chapter contains a theoretical framework, literature review, relationships between variables used, and proposed hypotheses.

3. Chapter III Research Methods

The third chapter describes the analytical methods used to examine the relationship between variables, research design, and data collection methods.

4. Chapter IV Research Results

The fourth chapter contains the results of testing the relationship between research variables from previously collected data, this data will answer research questions.

5. Chapter V Conclusions and Recommendations

The fifth chapter contains conclusions from the research that has been done and also recommendations for future research.