

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Nowadays, world which we live has entered the modern era which has caused changes in every human being who previously did not or rarely used the internet, now making the internet a part of life. Internet users are increasing every day causing everyone's behavior to change towards the life they lead. The internet, which is used by humans, provides various functions, ranging from seeking knowledge and education, doing business, making money, means of information and communication, entertainment, and much more. According to databoks.katadata.co.id; We Are Social in January 2022, internet users in Indonesia reached a figure of 204.7 million users and Indonesia is in the top 10 most internet users in the world.

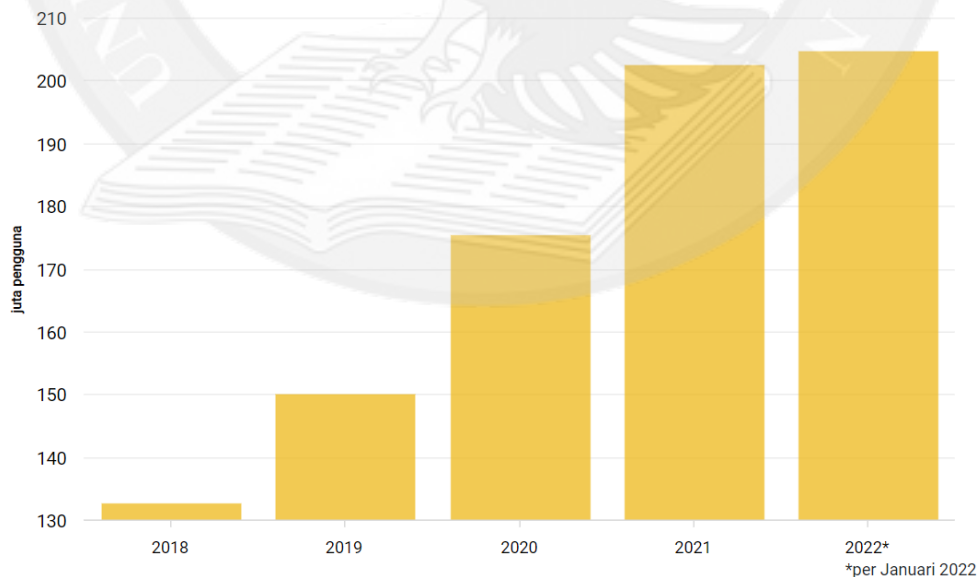


Figure 1.1 Graph of Internet Users in Indonesia 2018 - 2022 (January)

Source: databoks.kadata.co.id (Annur, 2022)

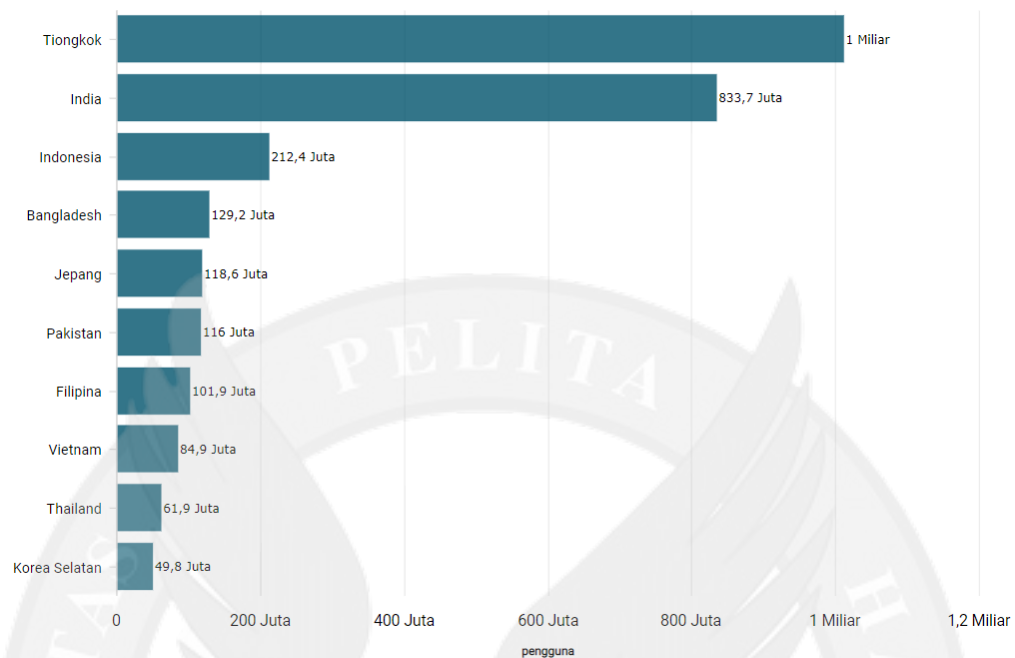


Figure 1.2 Graph of the Number of Internet Users from A Country (Global Rank)
 Source: databoks.kadata.co.id (Kusnandar, 2022)

According to the data above where there are more than 200 million internet users in Indonesia and Indonesia has occupied the Top 10 in the category of the greatest number of internet users in a country, so with the existence of the internet, a large number of internet users in Indonesia is one of the opportunities in the development of business model changes, from offline to online. The changes that have taken place from offline to online business have developed and gotten more encouragement because since Covid-19 attacked Indonesia in 2019 to 2020 there have been enormous changes in Indonesia related to changes in the lifestyle of humans who previously only carried out their activities with activities that did not use the internet turned into internet users in a short time.

With the development of the world that has changed from the offline world to online, often changes in the characteristics possessed by individuals tend to change, such as changes experienced by the world's genes, which were previously baby boomers' genes, to become X genes, then to Y genes or Millennials until now. which has entered the world of gen Z which tends to prioritize itself over everything online compared to offline. According to (Yusra, 2022) on Dailysocial.id, out of 86% of Indonesians, 45% of Indonesians use TikTok Shop as a means of shopping, 21% of Indonesians use WhatsApp as a means of shopping, 10% of Indonesians use Facebook Shops as a means of shopping , 10% of Indonesian people use Instagram Shop as a means of shopping. From this it can be concluded that there are more and more Indonesian people who prefer to shop on social media platforms with the encouragement of changes in behavior that occurred in 2019 where COVID-19 has occurred in the world causing an increase in changes in the nature of Indonesian society.



Figure 1.3 Users of Social Media that Makes Social Media a Place to Shop
Source: Dailysocial.id (Yusra, 2022)

In 2023 e-commerce users in Indonesia will decrease. The applications that declined in early 2023 were Shopee, Tokopedia, Lazada, Blibli and Bukalapak. According to (SimilarWeb) said in February 2023 the Shopee site only received 143.6 million visits. This figure decreased by 16% compared to January 2023 and decreased by 25% from trading at the end of last year. Not only Shopee, the number of visitors to the Tokopedia and Blibli sites also fell for two consecutive months. Meanwhile visits to the Lazada and Bukalapak sites had increased at the beginning of the year and decreased again in February 2023 (Ahdiat, 2023), as shown in figure 1.3.

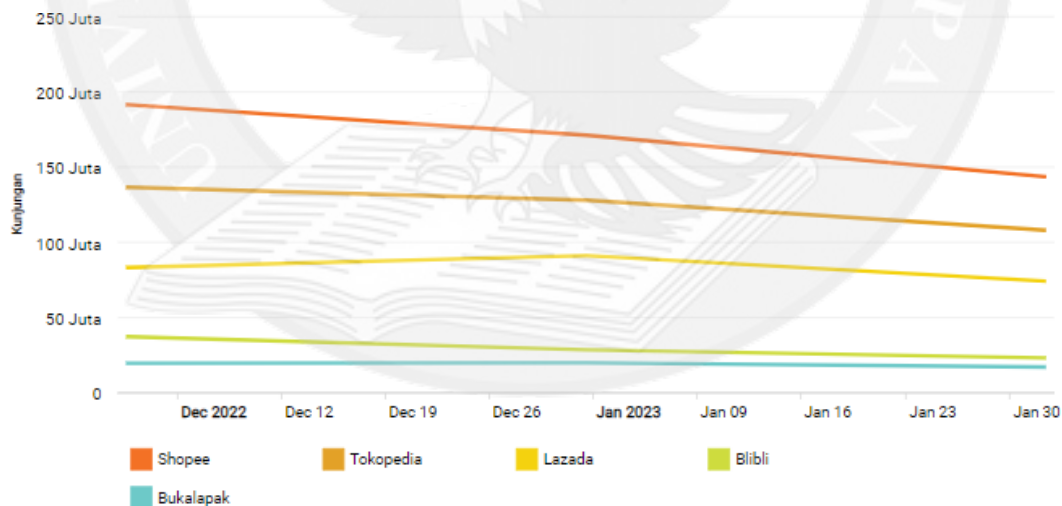


Figure 1.4 Number of Monthly Site Visitors 5 Biggest E-Commerce in Indonesia
 Source: databoks.kadana.co.id(Ahdiat, 2023)

Based on Figure 1.3 that has been shown, we can see that SHOPEE is still in first place in the E-Commerce environment in Indonesia. Indonesian people who have experienced the impact of COVID - 19 certainly take advantage of their free time in social media or looking at online shops and unconsciously they make excessive purchases without looking at the needs needed because of the various promos offered or the wishes they want to fulfill. There are many factors which can make consumers make purchases that are unplanned or impulsive purchases in online shops. Impulse purchases can be interpreted as purchases that occur where consumers are interested when they see a particular product or brand which results in direct purchases of these products in order to fulfill their desires.



Figure 1.5 SHOPEE Home Page
Source: Prepared By Writer (2023)

Impulsive buying can be defined as an act of buying indirectly or unconsciously as a result of a consideration or purchase intention formed before entering the store. The shopping lifestyle is a driving force for someone to allocate time and money to get products during the shopping process and this can include several factors including promotions, discounts, the latest models, trends, and many more. Impulse purchases can occur suddenly with a strong urge to buy so that consumers cannot think clearly or rationally in the purchasing decisions they make.



Figure 1.6 Review Comments From Purchase at SHOPEE
Source: Prepared By Writer (2023)

E - Word of Mouth (E - WOM) is one of the factors that exist in impulsive purchases where individual or group communication occurs in providing recommendations or reviews regarding the products they buy with the aim of providing information to others regarding these products. E - Word of Mouth was formed because it has a very large function in the world of sales which can create collaborations that are generated on online platform traffic and are useful for companies to create opportunities for them to promote their sales or products, build brand awareness of products or services to consumers, and can also be a weapon for companies in creating an increase in sales with the existence of vouchers that can be distributed to many people quickly and widely and finally can make consumers make their final decision in their purchases. Based on research (Ernawati, 2021), the results show that electronic word-of-mouth has a positive effect on impulse buying.

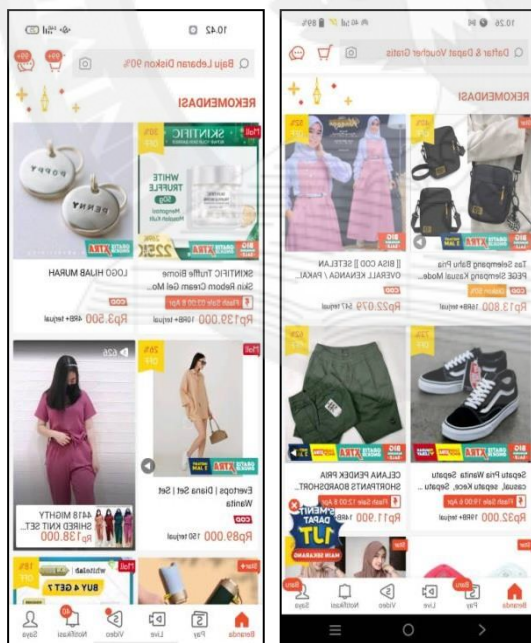


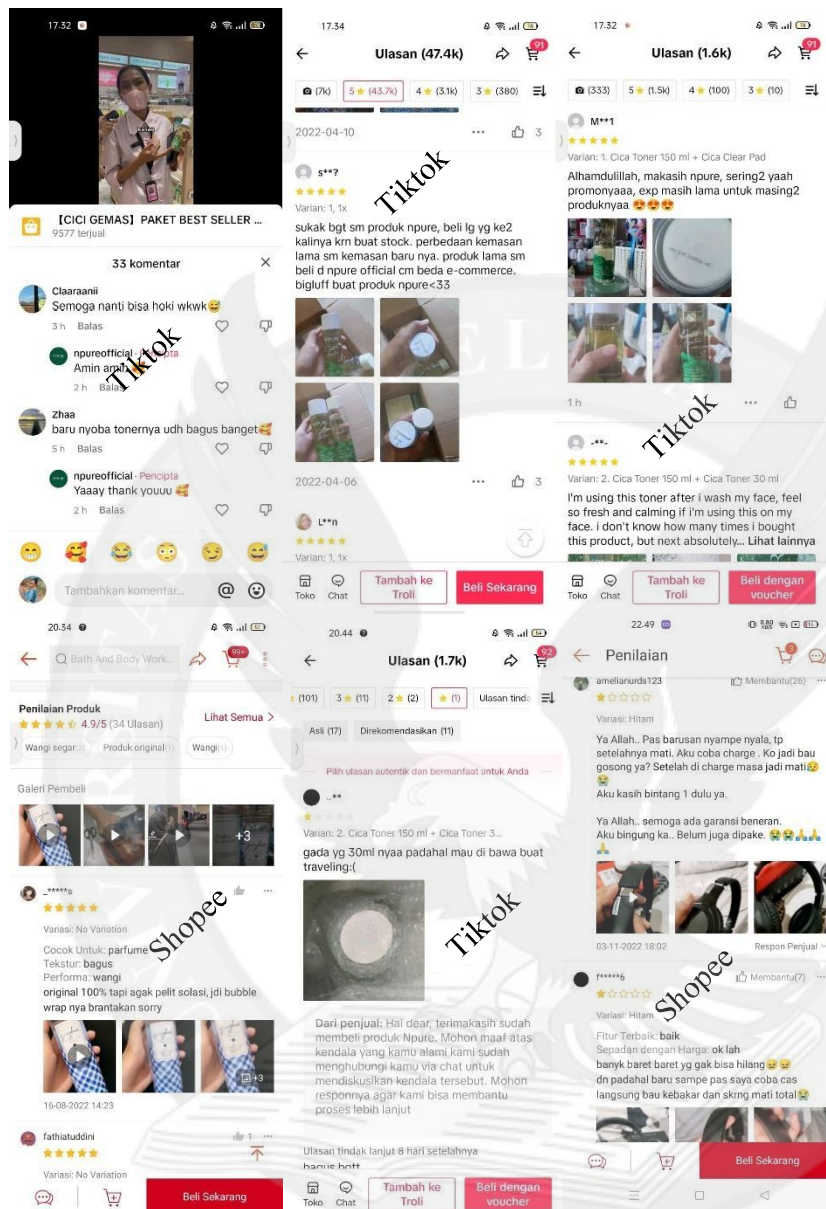
Figure 1.7 Recommendation Page From 2 Different Person's Phone
Source: Prepared By Writer (2023)

Shopping motivation is also a factor that influences impulse buying. Shopping motivation can be divided into two types that are rational motivation and hedonic motivation. Rational shopping motivation is a motivation that basically exists because of the needs and benefits needed so that someone buys a product, while hedonic motivation is a motivation that experiences unconscious conditions arising from desires or desires from outside or internal influences that aim to fulfill their desires and please themselves and avoid what they find unpleasant or painful to them. Hedonic motivation occurs when consumers want to make purchases without seeing the benefits of the product they want to buy.

The hedonic nature possessed by a person is not temporary because one's desire will never run out. This can be seen in human behavior where when their needs or desires that they previously could not achieve and when they have been achieved, they want new, higher or bigger desires. The hedonic motivation is formed because of these characteristics so that the desire to shop is related to new models which continue to grow every day and increasingly fulfill endless desires.

Entrepreneurs who see the opportunity and create a hedonic environment that acts as a trigger for impulse buying. The existing hedonic motives are getting higher with the current conditions, especially in the Z generation born between 1995 – 2010 who have been familiar with technology and social media since they were born. This is a trigger for Gen Z where they prefer to shop online than offline because it is considered easier and more efficient in terms of the time and money they spend. Based on research conducted by (Effendi et al., 2020) states that hedonic shopping motivation has a significant effect on impulsive buying.

The shopping lifestyle is a factor that influences impulse buying because it is related to changes in the world that are constantly changing so that human desires also change over time. This is a trigger for people to become hedonistic and motivated to renew their desire to be the latest by making unplanned purchases. In using time and money, this can reflect how their shopping lifestyle is. With a lifestyle and time that is very different from the previous generation, especially generation Z, this triggers consumers to seek and dig up more information regarding their unfulfilled desires and this indirectly has their hedonic appeal to their unfulfilled desires. the higher and this is what influences the occurrence of impulsive purchases. This is relevant to the results of research conducted by (Kurohman & Riva'i, 2022), stating that shopping lifestyle has a significant effect on impulsive buying.



**Figure 1.8 SHOPEE compared to
TikTok**
Source: Prepared By Writer
(2023)

Based on Figure 1.8 shows that TikTok already built their own e-commerce platform which combined social media platform and e-commerce platform into one platform. This could be a very positive addition in the world of e-commerce.

This step was made due to following the trend that has changed nowadays which has turned online. TikTok as social media take the big opportunity in becoming e-commerce also become social media platform in short time. Compared to SHOPEE that engaged only in e-commerce have smaller community compared to platforms that provide social media and e-commerce at the same time which they have larger community that always active in their platform 24 hours from all regions in Indonesia. When there is e-wom we can see the formation of a community built by them with e-wom (comment behavior) on social media. Community that has been formed can be easily recognized and categorized based on the shopping motivation and shopping lifestyle formed so that targeting will be easier.

Shopping motivation formed from this community will bring them to the level where they achieve motivation that really supports them when they want to buy a product. The same goes with the shopping lifestyle where it can benefit SHOPEE in targeting customers. With the small community amount on SHOPEE compared to other platforms, it will reduce the more specific targeting of people who make purchases on SHOPEE also it will reduce the influence of shopping motivation and shopping lifestyle contribution towards impulsive buying in SHOPEE. So, changes from days to days can be seen from the changes that social media has made, but e-wom, hedonic shopping motivation, and shopping lifestyle also changes following social media and it will influence Impulsive Buying.

Based on the results of the research and the phenomena above, the authors are interested in conducting research entitled **“The Influence of E-Word of Mouth (E-WOM), Hedonic Shopping Motivation, and Shopping Lifestyle towards Impulsive Buying for SHOPEE Customer in Medan”**.

1.2 Problem Limitation

By knowing that the writer has a limited time in conducting research, namely 5 (five) months, the writer decided to limit the problem and focus on:

1. This research will only focus on several variables such as the Influence of E-WOM, Hedonic Shopping Motivation, and Shopping Lifestyle on Impulsive Buying on SHOPEE Customer, specifically in Medan and not against other SHOPEE Customer in other cities.
2. There will be four variables involved in this research where the independent variables are E-WOM, Hedonic Shopping Motivation, Shopping Lifestyle, and the dependent variable is Impulsive Buying.
3. Data that is going to be collected in this research will be collected in form of questionnaires that are designed based on the research object.

4. The samples that are going to be analyzed are limited such as:
 - A. 17 Years to 60 Years
 - B. Living in Medan
 - C. Both Male and Female (Gender)
 - D. Already have SHOPEE account and have used SHOPEE minimal 2 times in last three months
 - E. Have seen, commented and shared reviews on SHOPEE
 - F. Have done various purchases in SHOPEE (E.g.: Shopee Product, PLN, Cellphone Pulse, PDAM, Alfamart, Indomaret, etc.)

1.3 Problem Formulation

The purpose of writing in this research is to analyze how E-Word of Mouth (E-WOM), Hedonic Shopping Motivation and Shopping Lifestyle can influence Impulsive Buying For Shopee Customer at Medan. Therefore, this study seeks to answer the following questions:

- A. Does E-Word of Mouth (E-WOM) have Partial Influence on the Impulsive Buying for SHOPEE Customer in Medan?
- B. Does Hedonic Shopping Motivation have Partial Influence on the Impulsive Buying for SHOPEE Customer in Medan?

- C. Does Shopping Lifestyle have Partial Influence on the Impulsive Buying for SHOPEE Customer in Medan?
- D. Does E-Word of Mouth (E-WOM), Hedonic Shopping Motivation, Shopping Lifestyle have Partial Influence on the Impulsive Buying for SHOPEE Customer in Medan?

1.4 Objective of the Research

The Objectives of the research in this study are:

- A. To explain whether E-Word of Mouth (E-WOM) have Partial Influence the Impulsive Buying for SHOPEE Customer in Medan.
- B. To describe whether Hedonic Shopping Motivation have Partial Influence the Impulsive Buying for SHOPEE Customer in Medan.
- C. To evaluate whether Shopping Lifestyle have Partial Influence the Impulsive Buying for SHOPEE Customer in Medan.
- D. To investigate whether E-Word of Mouth (E-WOM), Hedonic Shopping Motivation, Shopping Lifestyle have Simultaneously Influence the Impulsive Buying for SHOPEE Customer in Medan.

1.5 Benefit of the Research

Based on the research objectives that have been mentioned, there are several benefits from this research. The benefits of this research are expected to have benefits for the world in the world of education, especially for marketing management, helping to read critically think, and having a deeper understanding of the research subject, either directly or indirectly. So, the benefits of the research mentioned can be divided into two, namely:

1.5.1 Theoretical Benefit

The theoretical benefit of this research is to prove whether E-Word of Mouth (E-WOM), Hedonic Shopping Motivation, Shopping Lifestyle will influence Impulsive Buying. In addition, this research was also conducted to increase knowledge related to theories about E-Word of Mouth (E-WOM), Hedonic Shopping Motivation, Shopping Lifestyle and the relationship of the variables.

1.5.2 Practical Benefit

The practical benefits from doing this research are as follows:

- A. For writer, this research can help the writer add understanding and knowledge about E-Word of Mouth (E-WOM), Hedonic Shopping Motivation, Shopping Lifestyle and also how the relationship between E-Word of Mouth (E-WOM), Hedonic Shopping Motivation, Shopping Lifestyle and Impulsive Buying.
- B. For company, this research is hoped to determine the understanding of E-Word of Mouth (E-WOM), Hedonic Shopping Motivation, Shopping Lifestyle and Impulsive Buying so the company can improve their business marketing strategies and understand more about their customer especially in Medan area.
- C. For other researchers, this research can also be used by further researchers as a guide for researchers who use the same variable or the same research object.