

CHAPTER I

INTRODUCTION

1.1 Research Background

The Internet's widespread use in the 21st century has greatly impacted the global economy, communication, and information sharing. Social media, in particular, has become essential for businesses to promote their products and services. It has changed how businesses operate, affecting brand building, innovation, and customer relationships.(Muninger et al., 2019)

Furthermore, social media, a significant aspect of internet usage, displays a remarkable growth pattern as depicted in Figure 1.1. This trend spans from January 2013, starting with 1,720 million users, and reaching 4,760 million users by January 2023, almost tripled, with an average annual growth rate of 10.81% among 10 years. This consistent and impressive expansion underscores the lasting importance of social media, which already boasts a substantial user base. This demonstrates how people are becoming increasingly inseparable from social media, just as they are from the internet.

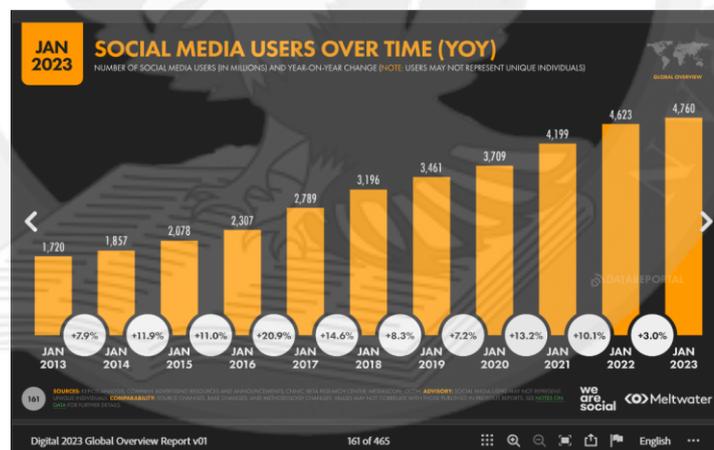


Figure 1.1 Social media user's overtime

Source: (Kemp, 2023)

Moreover, as evidenced by Figure 1.3, the social media statistics for Indonesia in January 2024 highlight the significant prevalence of social media usage in the country. Specifically, Indonesia boasted a substantial social media user base, comprising 139.0 million individuals. Analysis based on data from leading social

media platforms' advertising planning tools reveals that among these users, 90 million were aged 18 and above, constituting 64.8 percent of the total population within the same age bracket at that particular juncture.

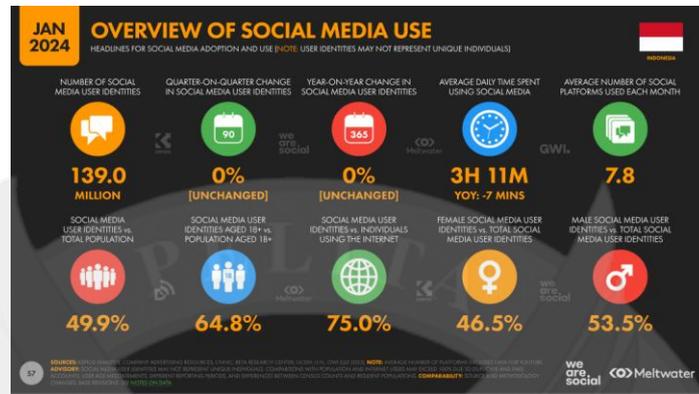


Figure 1.2 Overview of social media use

Source: (Kemp, 2024)

Taking a more comprehensive view, Figure 1.2 provides an overview of social media usage in Indonesia, demonstrating that a substantial 75 percent of the country's entire internet user base, regardless of age, actively engaged with at least one social media platform in January 2024. Noteworthy is the relatively equitable distribution of social media users in Indonesia in terms of gender, with 46.5 percent being female and 53.5 percent male. This data unequivocally underscores that the preponderance of social media users in Indonesia primarily falls within the younger demographic cohorts, signifying a prominent youth presence within the nation's social media landscape.

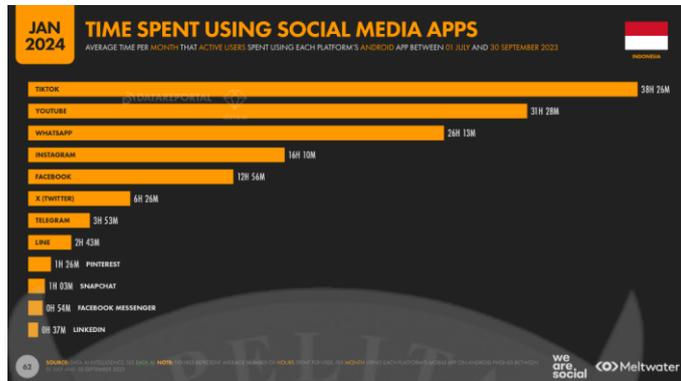


Figure 1.3 Time spent using social Apps

Source: (Kemp, 2024)

Figure 1.3 displays the top five social media apps capturing users' attention: TikTok, YouTube, WhatsApp, Instagram, and Facebook. Users spend significant time on these platforms, with TikTok leading at 38 hours per month, followed by YouTube at 31 hours, WhatsApp at 26 hours, Instagram at 16 hours, and Facebook at 12 hours. This highlights TikTok's substantial influence in entertainment and communication, serving as a central hub for content consumption and entertainment.

TikTok has become a popular social media platform, especially for businesses aiming to engage their target audience. Figure 1.4 reveals the top 20 countries with the most TikTok users, with the United States leading with 122.05 million users, followed closely by Indonesia with 99.79 million users. Brazil ranks third with 83.33 million users, followed by Mexico with 62.77 million and Russia with 55.12 million.

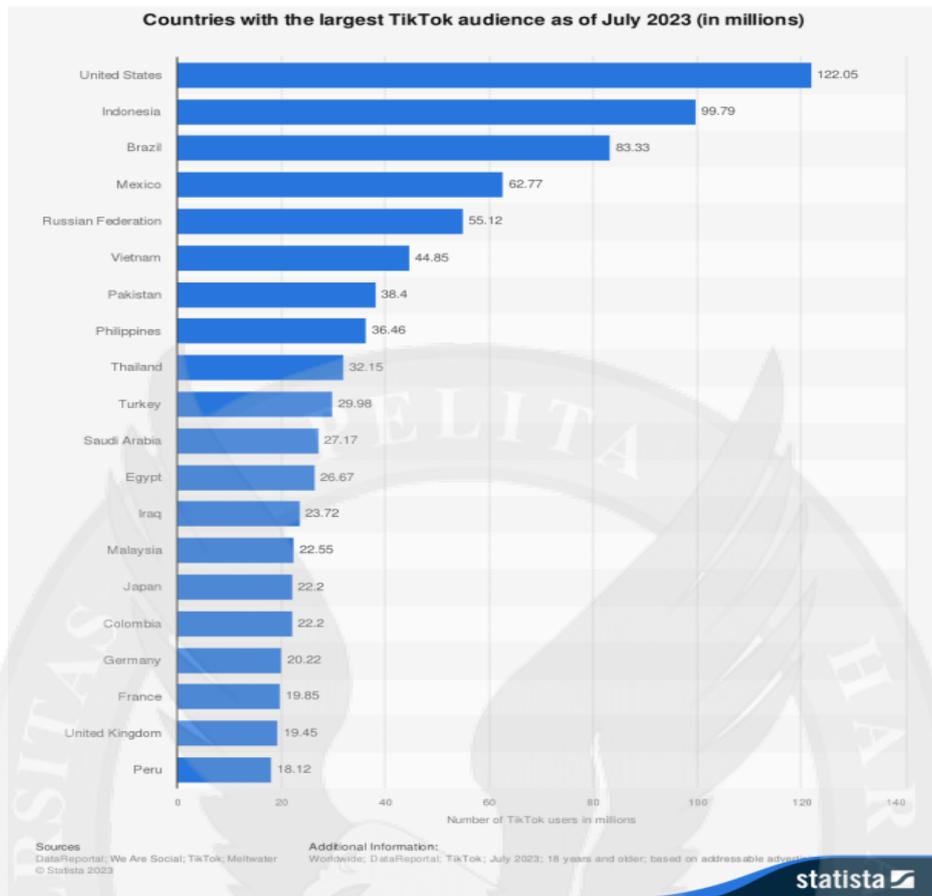


Figure 1. 4 Countries with the largest TikTok audience of July 2023

Source: (Statista, 2023)

In Indonesia, TikTok boasts the second-largest user base globally and the largest in Asia. Our research delves into the Indonesian TikTok user demographics, focusing on age and gender. According to TikTok advertising data from April 2023, the potential audience for TikTok ads aged 18 and above reached 126.8 million in early 2024. By January 2024, TikTok ads reached 45.5% of all adults in Indonesia and accounted for 68.5% of the country's internet users, regardless of age. This indicates that TikTok advertising primarily targets users over 18 years old.

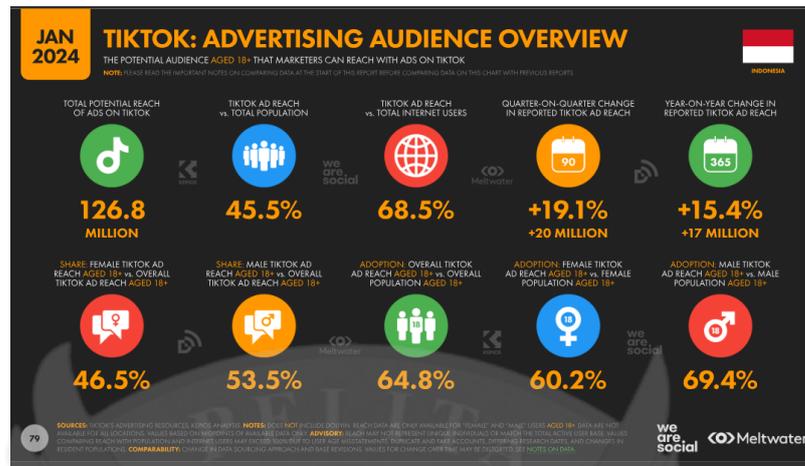


Figure 1.5 TIKTOK: Advertising Audience overview

Source: (Kemp, 2024)

Recently, TikTok has also seen the emergence of TikTok live streaming in Indonesia, where influencers and brands showcase products in real-time, creating a direct link between entertainment and shopping. In the last ten years, the consumer goods marketing and sales landscape has undergone substantial changes, mainly influenced by various technological advancements. Retailers have been actively seeking fresh and inventive approaches to draw in new customers and improve the overall consumer experience. Notably, a noteworthy emerging trend centers on utilizing social media platforms to directly interact with customers, boost brand visibility, and execute digital marketing campaigns to reach a wider online audience (Dolega et al., 2021).

Unlike conventional physical retail formats, modern social media platforms have made important contributions to the support of both sellers and customers. The social media phenomenon, which adapted and modified traditional marketing, made digital marketing conceivable. (Indrawati et al., 2023).

The utilization of social media marketing has evolved into a conventional strategy for contemporary businesses in the twenty-first century. This approach facilitates diverse forms of interpersonal interaction and provides businesses and marketers with a direct avenue to engage with both enterprises and consumers (Appel et al., 2020). Indonesia Digital Report 2020 indicates that 88% of internet

users have ever made an online purchase, and 93% of internet users in Indonesia have conducted product searches online (Kemp, 2021). This information highlights the value of digital marketing for operating an online business, including the use of social media.

In the world of online retail, traditional e-commerce platforms like Shopee and Tokopedia often struggle to provide an engaging product introduction and display, lacking the intuitive feel consumers desire. However, TikTok's live-streaming feature has changed the game. As a top marketing trend in 2023, TikTok for business offers dynamic live-streaming, revolutionizing the shopping experience. This feature allows salespeople to interact with live audiences, providing high interactivity and a strong sense of presence. Viewers can intuitively experience product characteristics, making TikTok live-streaming a rapidly emerging and effective sales approach. (Xin et al., 2023).

Moreover, TikTok live streaming's influence extends beyond physical goods to services. For instance, a TikTok user can conduct a live stream while traveling, showcasing captivating experiences and activities at a particular destination. This live stream can, in turn, stimulate consumers' interest in visiting that location or engaging with the services offered by the entity conducting the live stream. (Pongratte et al., 2023)

The author conducted a preliminary study with 13 respondents, where 11 believed that solar company management proposes innovative ideas for service and product improvement. Additionally, another preliminary study with 12 respondents found that 13 owned TikTok accounts, and 8 had shopped online on TikTok. Moreover, 11 out of 14 respondents expressed willingness to shop from TikTok live streams and consider shopping on TikTok after their initial experience. Buyers influenced by live streaming were more inclined to satisfy their utilitarian value when shopping.

This study delves into the trend of using social media, like TikTok, for live-streaming sales, and its impact on consumer behavior. It analyzes five key variables: hedonic value, utilitarian value, emotional satisfaction, flow

experience, and purchase intention, which are known to influence each other based on previous research.

Based on the primarily results, shows the society like to watch and shop from TikTok live-streaming. In order to find out TikTok live streaming consumer behaviors there are some variables that related to this include hedonic value, unitarian value, emotional pleasure, flow experience and purchase intention.

Consumers who engage in TikTok live streaming will experience a state of "flow," characterized by immersive and enjoyable experiences. It is anticipated that such flow experiences will positively affect consumer purchase demand. Flow experience refers to the psychological state where individuals are fully immersed and intensely focused on an activity, leading to increased satisfaction and enjoyment(Csikszentmihalyi, n.d.). On the other hand, 10 of them indicated that they like to watch live streaming on TikTok. Consumers find emotional pleasure and enjoyment in the interactive and entertaining aspects of TikTok e-commerce live streaming, which will positively influence their desire to make purchases.

At the same time, emotional pleasures that are important for well-being, such as socializing with friends, as well as related features of positive hedonistic emotions, from sensual pleasures and substance abuse to monetary, aesthetic, and musical pleasures, all pleasures seem to involve the same hedonistic brain systems(Kringelbach & Berridge, n.d.), and pleasures derived from shopping based on TikTok have hedonic value as well. Hedonic value represents the experiential pleasure derived from engaging in a particular activity or consuming a product (Hsu & Lu, 2004). In the other side, TikTok live-streaming also have connections with utilitarian value. Viewers of live streams on TikTok are frequently drawn to the coupons or discounts provided during these streams. Consequently, when customers encounter products on sale, especially in light of the current trend where many products are more affordably priced online than in physical stores, the perceive value of these items increases. This enhanced

utilitarian value arises from customers perceiving the prices as more competitive than those offered by other retailers(El-Adly & Eid, 2017).

Online shopping has become one of the mainstream ways for consumers to purchase products and services(Bai et al., 2022). The growth of TikTok livestreaming owes its success to its interactive character, enabling viewers to actively engage, pose questions, and promptly receive answers from the presenters. The live format allows consumers to observe product demonstrations, grasp product attributes, and develop a more comprehensive comprehension of how the products can address their requirements. This direct engagement with the presenters contributes significantly to cultivating trust and confidence in the highlighted products (Cui et al., 2023). They can continuously learn about both the advantages and disadvantages of the good or services (Xia & Ha, 2022) and constantly update their dynamic purchasing intentions.(Park & Kim, 2008).

This study replicates the research conducted by Zhang et al. (2023), this study uses the Pleasure-Arousal-Dominance (PAD) model and flow theory to investigate the relationships among perceived value, flow experience, emotional pleasure, and purchase intention. It conducts a questionnaire survey with Chinese consumers who engage with TikTok for online social media marketing. The research introduces a simplified model to explain how livestream e-commerce minimizes uncertainty about product suitability for potential buyers. It applies the PAD model to understand consumer purchase intention and behavior, examining how customer emotions mediate the link between situational factors and impulsive buying behavior. (Graa & Dani, 2012). The PAD model is recognized as a sophisticated dimensional framework for describing emotions, projecting human emotions onto a three-dimensional space. This model serves to effectively articulate and elucidate the intricate composition of human emotions, enabling the clear differentiation of various emotional states. (Zhang et al., 2023).

1.2 Research Question

1. Does hedonic value positively influence purchase intention?
2. Does utilitarian value positively influence purchase intention?
3. Does emotional pleasure positively influence purchase intention?
4. Does flow experience positively influence purchase intention?

1.3 Research Objectives

The following is stated as the study's objective in accordance with the research problem, which is further detailed in the research question:

1. To examine whether there is a statistical support for supporting condition to significantly influence consumer intention by flow experience.

2. To examine whether there is a statistical support for supporting condition to significantly influence consumer intention by Hedonic value.

4. To examine whether there is a statistical support for supporting condition to significantly influence consumer intention by emotion pleasure.

5. To examine whether there is a statistical support for supporting condition to significantly influence consumer intention by Utilitarian value.

1.4 Research Contribution

This study aims to contribute to the field of theory and marketing areas.

1. Theoretical contribution

The theoretical contribution of this study relates to the understanding of TikTok as well as live streaming bandwagons by the young group of 18–35-year-olds. To gather and monitor personal data and statistics.

2. Marketing contribution

The purpose of this study in terms of marketing contribution is to make future readers and marketers aware of the importance of these factors for e-commerce so that they can use them as a source of information

1.5 Research Limitation

Due to the lack of funds, resources, manpower, and time, the scope of the study was limited to:

1. the respondents are the people who live in Jakarta, aged between 18-35 years old Not limited to gender. And have some experience in online shopping. The reason why this particular group was chosen firstly because most of the people who like to shop online are young and are more familiar with browsing and finding information and products they need on the internet. Secondly, it is to investigate whether the live streaming of goods for the young group will have an impact on their online shopping experience.
2. Questionnaires will be distributed to 350 respondents during the survey.

1.6 Research Outline

This research paper is divided into five chapters, the details are:

Chapter 1 - Introduction

Chapter 1 will discuss the study's background, problem statement, research questions, research objectives, research limitations and also theoretical and managerial issues.

Chapter 2 - Literature Review

Chapter 2 consists of theories, concepts and previous findings from previous which will be used as a guideline and theory foundation for this research.

Chapter 3 - Research Methodology

Chapter 3 explains the details on how researchers gain the data and how the data is processed. Included in this chapter is: research paradigm, type of study, research object, sample, population, research design and data collection.

Chapter 4 - Results and Discussions

Chapter 4 consists of the research findings, key respondents' profiles, the results of the research problems, discussion and analysis of the concepts and variables, and how the research findings are connected to each other.

Chapter 5 - Conclusion and Recommendations

Chapter 5 consists of the conclusion of this research, theoretical and managerial implications, and suggestions or ideas for future research.

