

CHAPTER I

INTRODUCTION

1.1 Background of Study

In the Business World, Technology is very influential in trends among large and small entrepreneurs because of the current market demands that are always changing with the times. Someone must be able and have the ability to adapt to Technological changes to become one of the important aspects because it has an influence and importance in the Business of a large or small Entrepreneur to develop and maintain his Business (Yana Siregar et al., 2020).

The Current Business competition is highly intense, with technological advancements significantly impacting entrepreneurs competitive landscape. The success of an online enterprise depends on possessing a substantial market share. This is what motivates several people to employ the internet as a marketing platform in online commerce. A method of technology application in online business competitiveness is through electronic commerce (ecommerce). Ecommerce refers to electronic transactions of buying and selling conducted via the internet, eliminating the necessity for direct, in person interaction between the seller and the buyer. The utilization of E-commerce facilitates the marketing of products more efficiently while minimizing expenses (Fitria Nurjanah & Rahayu Kurniati, 2019).



Figure 1. 1 Indonesia's Most Visited E-Commerce in 2023

Source : GoodStats

Based on the figure 1.1, there are five E-commerce platforms, one of which is Shopee which has the most visitors throughout 2023, which in Q1(January – March) was 158 Million visitors and in Q2 (April – June) was 167 Million visitors.

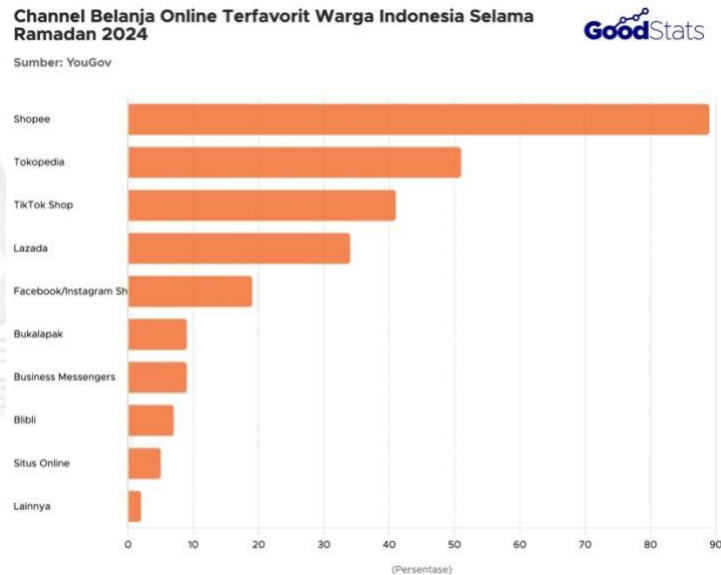


Figure 1. 2 Indonesians' Favorite Online Shopping Channels During Ramadan 2024

Source : GoodStats

Based on a graph sourced from YouGov and Displayed by GoodStats, it can be concluded that Shopee is still the most popular E-commerce platforms in Indonesia during 2024. This can be seen from the percentage of users reaching almost 90%, far surpassing other platforms. Second place is occupied by Tokopedia with a significant gap, at around 50%, followed by TikTok Shop, Lazada, and Facebook/Instagram Shop.

Shopee is an E-Commerce platform based in Singapore, owned by Sea Limited, which was established in 2009 by Forrest Li. Shopee operates not just in Indonesia but also in Malaysia, Singapore, Thailand, Vietnam, Philippines, and Taiwan. Shopee started operations in Indonesia in 2015. Shopee has increased its presence across Asia, indicating that it functions as a platform for electronic commerce without needing direct interaction between customers and sellers through the program. Business professionals using the Shopee application due to its better ease of product promotion compared to other E-Commerce platforms (Yudha et al., 2022).

Shopee is one of the many E-Commerce platforms that brings the mobile marketplace segment to life by using mobile applications. In order to enable online buying and selling transactions through the use of mobile devices, Shopee offers a platform that functions as an online marketplace that connects buyers and sellers

(Fitria Nurjanah & Rahayu Kurniati, 2019). Shopee App is quite popular and in high demand among the public since users find it much easier to buy for a variety of things including daily needs, electronics, fashion, and more. Shopee not only helps customers but also makes it easy for sellers to display their products. It also provides buyers with a safe payment method and integrated shipping solutions.

Shopee App not only has a wide range of products, but it also uses different marketing methods to get the attention of customers and to influence their buying choices. The features available in the Shopee application such as, the discount feature that provides free shipping vouchers, the star rating feature that indicates how many people like and interested in the product, the payment feature that offers a variety of options including (ShopePay, Spaylater, cash on delivery, Bank transfer, credit cards, credit card installments, Indomaret, Alfamart, Shopee partners, BRI, direct debit, one-click, BRI link agents, BNI agent46, and Akulaku Paylater), and the shopee Live feature that attracts consumers who see it and become interested in purchasing the product.

Shopee marketing strategy is founded on the concepts of social psychology, which is also known as the Persuasion marketing strategy. Persuasion marketing strategy is a concept that refers to the attempts made to influence a person beliefs, attitudes, intentions, motives, or behaviors when they are deciding whether or not to buy anything. Because online shoppers cannot see, touch, or feel the products before they buy them, it is necessary to use persuasion marketing strategy to encourage clients to make a purchase. Dr. Robert B. Cialdini principle of influence and persuasion is the strategy that most E-Commerce businesses utilize to persuade customers.

Robert B. Cialdini six theories are Reciprocity, Social Proof, Liking, Commitment and Consistency, Authority, and Scarcity (Robert B. Cialdini, 2007). Reciprocity marketing strategy are centered on giving potential customers rewards before they buy anything. Providing free trial is the most common of these strategies. Social Proof marketing strategy involve displaying approval or acknowledgment from other persons. Customer reviews and ratings are among the most frequently used strategy. Liking marketing strategy focus on the promotion of products by social media influencers to their followers, which is a method of influencing consumer through encouragement from individual customers. Commitment and consistency marketing strategy focus on initiating small actions from customers. By encouraging customers to subscribe to promotional emails, companies can more effectively encourage them to make purchase every time promotional content is shared. Authority marketing strategy is a method that aims to persuade customers by getting endorsements from people who are considered experts in their field. For instance, beauty products will be more attractive to customers if they are recommended by beauty professionals. Lastly, Scarcity marketing strategy target to enhance the perceived worth of a product by emphasizing its limited availability, with prevalent approaches including restricted quantities and time sensitive offers (Patricia Vania, 2021).

However, in this study the authors chose focus only on three strategy that are particularly important to assessment. These three strategy including Reciprocity, Liking, and Social Proof are the ones that are most commonly used in the Shopee Indonesia Application. This study does not include the Commitment and Consistency, Authority, and Scarcity Strategies since these three strategies are not

as often used in the Shopee Indonesia Application. The Shopee Indonesia App is not as well known for adopting the commitment and consistency method because there are a lot of different products and sellers available on the app. This allows user to quickly switch from one product to another without feeling like they have to stick with their original pick. The Authority strategy is not as important because customers on Shopee are more affected by reviews and social evidence than by someone who is regarded an expert in a specific subject when making purchasing decisions. Lastly, the Shopee Indonesia application employs a different strategy that makes the scarcity strategy less significant. This is because the Shopee Indonesia Application provides a wide range of products from many sellers, which means that scarcity of a product does not always lead to purchases.

The Author will begin by discussing first persuasion marketing strategy which is Reciprocity Strategy. According to Cialdini, the Reciprocity strategy is a psychological principle that claims when someone offers us something, we feel forced to give something back to them. This generates a social obligation to give back, whether by actions, gifts, or services (Robert B. Cialdini, 2007). In internet marketing and sales, businesses often use this strategy by providing customers with free samples, vouchers, or discounts. Shopee Indonesia has been employing this method for a considerable period of time. As we know, the Shopee app frequently offers discount vouchers, including free shipping vouchers, 10% discounts, 3% cashback, and many other interesting deals. In this approach, customers will feel initiated to purchase things as a way of returning their kindness when they receive these vouchers for free.

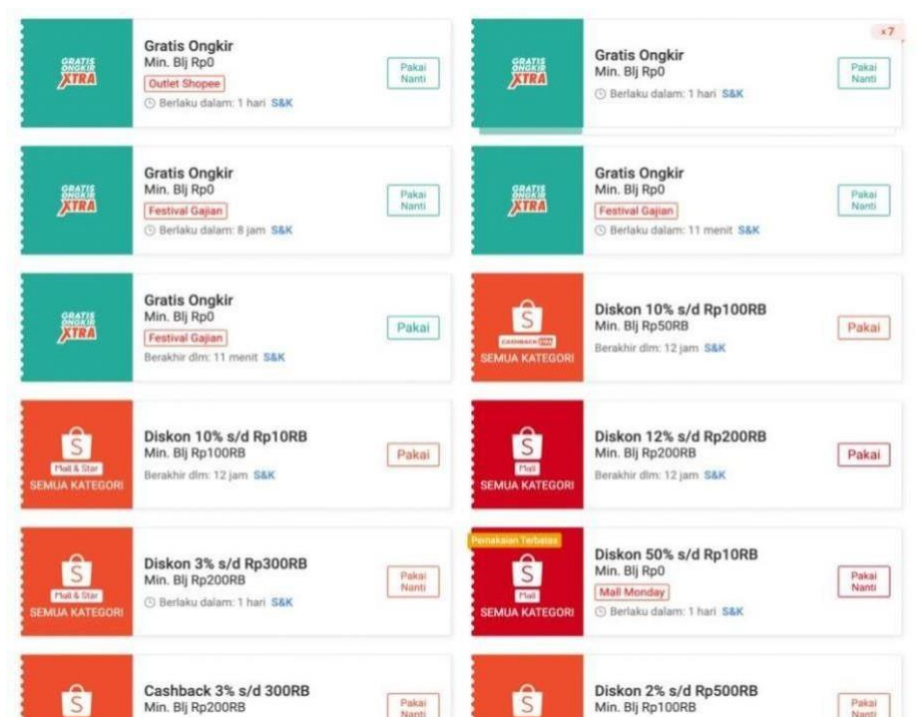


Figure 1. 3 Example of Shopee Indonesia's using Reciprocity Strategy

Source : Shopee Website

The Second Persuasion strategy the author will discuss is the Social Proof Strategy. According to Cialdini, the social proof strategy is when people naturally imitate the behavior or beliefs of others, especially when they are unsure about something. This idea is based on the belief that when someone has no idea how to behave in a way they would look to other people for guidance and copy what they do (Robert B. Cialdini, 2007). In marketing, social proof is used to build trust with consumers by demonstrating that a large number of individuals have used or enjoyed a product or service. For example, customer testimonials, product ratings, positive feedback, and a large number of purchasers can act as social proof that encourages new consumers that the product is worth purchasing. Businesses can increase their credibility and motivate customers to make quicker

purchasing decisions by using the strategy of social proof.

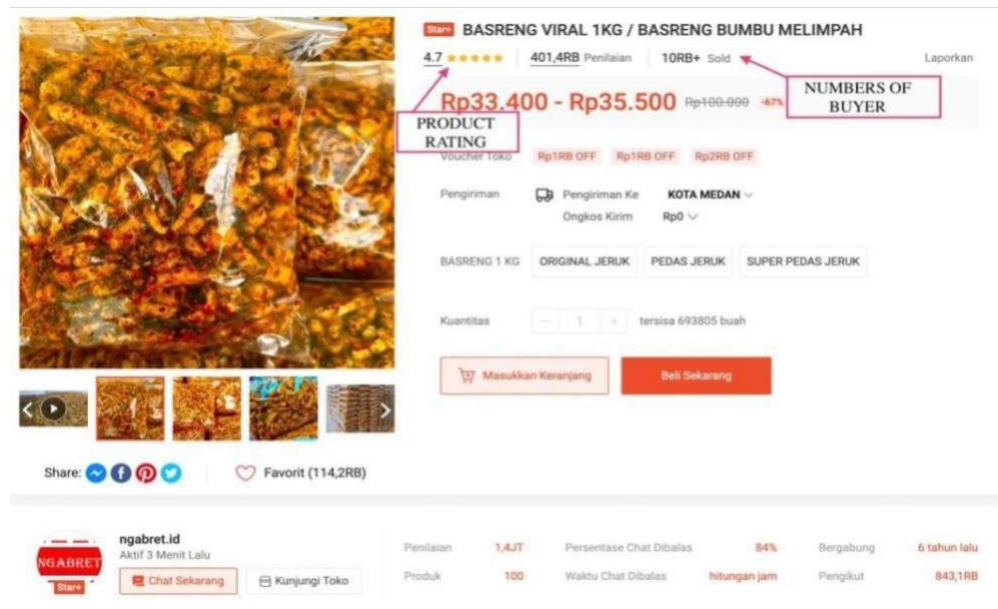


Figure 1. 4 Example of Shopee Indonesia's using Social Proof strategy

Source : ngabret.id on Shopee

The last Persuasion Strategy that the author will discuss is Liking strategy. According to Cialdini, the liking strategy is based on the idea that people are more likely to be influenced by those they like or have something in common with. When people have similar backgrounds, interests, or experiences, they may feel a sense of connection that makes them more likely to be influenced by one another. According to Cialdini, people are more likely to purchase a product or accept an idea from someone they find attractive or familiar than from someone they do not like (Robert B. Cialdini, 2007). Using popular influencers to promote items and developing material that is relevant and appealing to the target audience are examples of how to use this strategy.



Figure 1. 5 Example Of Shopee Indonesia's using Liking Strategy
Source : @elsaajapasal on Instagram



Figure 1. 6 Example of Shopee Indonesia's using Liking strategy

Source : @elsaajapasal on Instagram

In Figure 1.5 and 1.6, we can see that Shopee Indonesia has collaborated with influencers to promote the products and the applications. In Figure 1.5, it is clear that the influencer is promoting an item that aims to attract customers to buy the item. Figure 1.5 also directs to buy the item on the Shopee Application by leaving a link in the video. And in Figure 1.6, it can be seen that Shopee uses influencers to promote the Shopee application by offering an attractive voucher code named ECASHOPEE99 which can be used at the Shopee 9.9 super shopping day event. With the trust and high influence that influencers have, Shopee successfully attracts the attention of more customers, and Shopee application customers also always hard to miss interesting promos offered by the influencers.

In order to maximize the efficacy and efficiency of marketing campaigns, companies must constantly be aware of the strategy type that works best for them. Determining marketing strategies is very important to attract and motivate customers to buy. As in the case with the Shopee Indonesia company whose application uses persuasive marketing strategies, so the authors are interested in knowing how much influence the three types of marketing strategies have on consumer buying interest in the Shopee Indonesia application. From this explanation the authors will conduct research with the title **“ANALYSIS OF PURCHASING DECISIONS ON SHOPEE INDONESIA USING RECIPROCITY, SOCIAL PROOF, AND LIKING, AS PERSUASIVE MARKETING STRATEGIES”**.

1.2 Problem Limitation

The goal of limiting the problem is to ensure that the discussion does not become too broad and include aspects that are not very relevant. This allows the research to be more focused. Out of the many problems, one or two are chosen to be problematized. The process of selecting one or two problems from a list of several identified problem is known as problem limitation (Ikhlas et al., 2023). This study uses the Dependent variable Purchasing Decisions of users on the Shopee Indonesia application. The Independent variables in this study refer to Cialdini's theory, Cialdini's theory has 6 strategies. However, in this study the authors only used 3 strategies, namely Reciprocity, Social proof, and Liking. The

other 3 strategies are not used because the 3 strategies are less relevant to the strategies used in the Shopee Indonesia application. The problem limitations in this study are :

1. This study has 4 variables consisting of the Dependent variable, namely Purchasing decision, and the Independent variables, namely Reciprocity, Social proof, and Liking.
2. The object of this research is Shopee Indonesia application users.
3. The questionnaire in this study was limited to users and had bought in the Shopee Indonesia application at least 2 times.
4. The scope of purchasing decisions in this study includes factors that influence Shopee Indonesia application users in buying products, and trust in the Shopee Indonesia application as an online shopping platform.
5. This study conducted observations in approximately 3 months to ensure that the results of this study are relevant to the theories and strategies used.
6. The data and company statistics used in this study are secondary data obtained from the company's official website and third party sites.

1.3 Problem Formulation

Based on the background of this research, the authors conclude the problem formulation in this study as follows :

1. Does the Reciprocity based persuasive marketing strategy influence Consumer Purchasing Decisions on the Shopee Indonesia Application?

2. Does the Social Proof based persuasive marketing strategy influence Consumer Purchasing Decisions on the Shopee Indonesia Application?
3. Does the Liking based persuasive marketing strategy influence Consumer Purchasing Decisions on the Shopee Indonesia Application?
4. Do Reciprocity, Liking, and Social Proof simultaneously influence Consumer Purchasing Decisions on the Shopee Indonesia Application?
5. Which persuasive marketing strategy has the most significant influence on Consumer Purchasing Decisions on the Shopee Indonesia Application?

1.4 Objective of the Research

Based on the formulation of the problem, the objectives of this research are as follows :

1. To analyze the Influence of Reciprocity based persuasive marketing strategies on Consumer Purchasing Decisions on the Shopee Indonesia Application.
2. To analyze the Influence of Social Proof based persuasive marketing strategies on Consumer Purchasing Decisions on the Shopee Indonesia Application.
3. To analyze the Influence of Liking based persuasive marketing strategies on Consumer Purchasing Decisions on the Shopee Indonesia Application.

4. To identify the Influence to which Reciprocity, Social Proof, and liking simultaneously influence Consumer Purchasing Decisions on the Shopee Indonesia Application.
5. To determine which persuasive marketing strategy has the most significant influence on Consumer Purchasing Decisions on the Shopee Indonesia Application.

1.5 Benefit of the Research

The benefits of this research can be separated into two categories as follows :

1.5.1 Theoretical Benefits

The literature in the field of marketing is anticipated to be enriched as a result of this research, particularly with regard to persuasive marketing methods that are used on Reciprocity, Liking, and Social Proof, as well as their influence on shopping decisions made by users of the Shopee Indonesia Application. This research also can be used as a reference for further research related to digital marketing strategies and consumer behavior, especially in the Shopee Indonesia Application.

1.5.2 Practical Benefits

1.5.2.1 For Company

The results of this study can provide useful insights for Shopee Indonesia companies to evaluated and optimize the persuasive marketing strategies used, so as to increase consumer interest and purchasing decisions.

1.5.2.2 For Customers

This research can help users understand how marketing strategies can influence their purchasing decisions, so that they can be wiser in making online shopping decisions on the Shopee Indonesia Application.

