

CHAPTER I INTRODUCTION

1.1 Background

Impulsive buying behavior is an interesting topic to be examined as it has the potential to develop market share. The customers' behavior and effective marketing strategies are crucial in decision-making. It becomes the basis of consumers before deciding whether or not they buy a product or service. Online promotion such as flash sale give customers a sense of urgency to make a purchase. Furthermore, positive emotion can affect consumers by wanting to buy a product without forethought. In this regard, the driven factors of impulsive buying behavior need to be examined further. This phenomenon would be beneficial for marketers in terms of consumer behavior in online shopping in e-commerce. In that sense, it could give new insights in managing and treating consumers as well as formulating an effective online promotion.

The purpose of this study is to analyse factors that can influence impulsive buying behavior in Shopee. By conducting this research, the author would be able to inform e-commerce merchants in terms of grasping psychology and formulating online marketing promotion.

1.2 Problem Statements

The development of technology started to grow, followed by the rapid growth of mobile-based technology. Internet as a form of communication media has experienced rapid development to date. According to Geographics Regions in 2018, most internet users came from Asia over 2 million users. As society turned

more tech- and internet-savvy, individuals get the chance to experience adequate services equipped by organizations (Immonen & Sintonen, 2015). Digital technology facilitates new forms of market behavior and experiences and thus affected in the consumer decision process (Lamberton & Stephen, 2016) (Ramaswamy & Ozcan, 2018)

In that sense, e-commerce sites play an important role in providing businesses with tremendous opportunities to interact with their customers in real-time (Arbaina & Suresh, 2018). It is therefore businesses have started to take this opportunity to emphasize the presence of e-commerce as it is believed will take over economic activities in Indonesia (Karim et al., 2021). According to Hermawan (2013), e-commerce is a platform to operate the activity of buying and selling goods or services through electronic media connected to the internet. Various e-commerce has entered Indonesia, one of them is Shopee.

Shopee is e-commerce platform that offers a comprehensive online shopping experience, from a wide selection of products to a social community. Shopee comes in the form of an application that make it easier for users to do online shopping activities without having to be complicated using a computer. Quoted from *medium.com* which displays research results from IPSOS research institute 2021, Shopee succeeded ranked first with 54% as the brand top of mind, followed by Tokopedia 27% and Lazada 12%.

Additionally, iPrice research reveals in its second-quarter 2021 report that Shopee has 126,99 million web visitors per month which ranked second place after

Tokopedia, which is visited by an average of 147,79 million website visitors per month. However, referenced from SimilarWeb 2021, the number of monthly visits in Shopee is 834,520,000. In conclusion, in total Shopee scored an average of 961,51 million visits, from web (126,99 million) and app (834,52 million). This makes Shopee ranked first, overseeing others e-commerce.

Table 1. 1
Most Visited E-commerce in Indonesia

	Web Sites (Million Visitors per month in Indonesia)	Application (Million Visitors per month in Indonesia)	Total (Million Visitors per month in Indonesia)
Shopee	126.99	834.52	961.51
Tokopedia	147.79	244.34	392.13
Lazada	27.67	349.37	377.04
Bukalapak	29.46	49.72	79.18
Blibli	18.44	10.33	28.77

Source:

Calculation of visits via website: iPrice

Calculation of visits via application: SimilarWeb

As one of the top e-commerce platforms in Indonesia, Shopee also take part to increase the shopping transaction. This can be seen from the many programs related to discounts made by Shopee. The program that has been done lately is flash sale. Muruganatham and Ravi (2013) in their study highlighted flash sale as the most interesting e-commerce program as it provides cashback and discounts for consumers. Flash sale defines as e-commerce promotional system that offers huge cute prices but is only valid in specific time period, ranges from 24-36 hours (Agrawal & Shareen, 2016). The flash sale program made by Shopee is proven to be able to influence consumer purchasing decision (Safitri, 2021).

Essentially, buying and selling activities on the internet are expected to shape consumer behavior to make purchase rationally as the internet has various information which allows buyers to do price comparisons about products or services. In fact, not all consumers act rationally and logically when making purchases online. Consumers recurrently make a spontaneous decision when shopping online, which is known as impulse buying.

This phenomenon is an interesting topic to be examined as the adoption of information will help retailers carry out new movements in doing promotion, marketing, and dissemination of product to escalate sales. It is found that users online are more impulsive than those offline (Mwenchana et al., 2014). Impulse buying behavior in accordance with Aprillia and Septila (2014) defined as buying process conducted by the consumer without considering the needs of a product and without going through the stages for information on a product. This behavior takes place when a consumer buys an unplanned product or brand before doing research, reading the offer catalog, watching TV, or shopping online. (Agung & Sri, 2018)

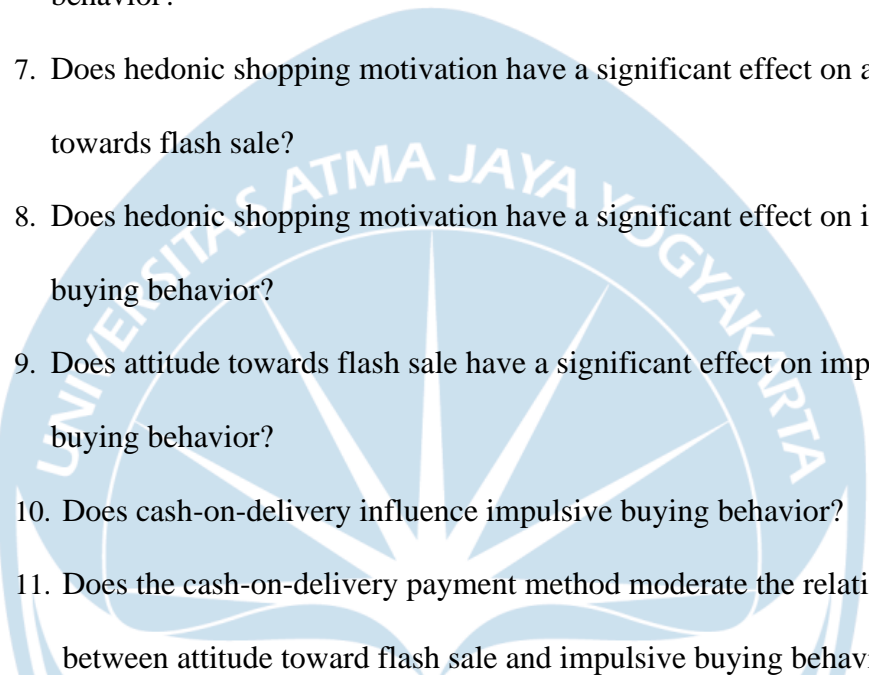
Accordingly, various factors encourage impulse buying behavior; one of them is sales promotion (Muruganatham & Ravi, 2013). As the primary reason is to extend user numbers and e-commerce transaction, the promotional program specially influences customer emotion and behavior considering the limited time, products, and occasional price (Vanissa, et al, 2020). With the study of online impulse buying in a nation, it is expected that the demand of market can be fulfilled (Princes, 2019).

The availability of certain payment methods may stimulate consumers behavior (Yulianto et al., 2021). Recently, Cash on Delivery (hereafter COD) become an alternative payment as the security is the main concern of people while using technology considering the large number of frauds, data theft, dan stealing cases (Bezhovski, 2016). COD is perceived as payment method that enables consumers pay in cash to the courier once the product is delivered (Tusafinah in Hajati, 2022). The Central Statistics Agency (BPS) reported that 78.72% of e-commerce in almost all business fields use the COD payment method. Referred from E-commerce Statistic 2019, COD and credit cards are the most frequently used payment methods in Indonesia e-commerce transactions (E-commerce Statistics, 2019).

1.3 Research Questions

Given the above context, the formulation of the problem in this study was asked with the research question as the following:

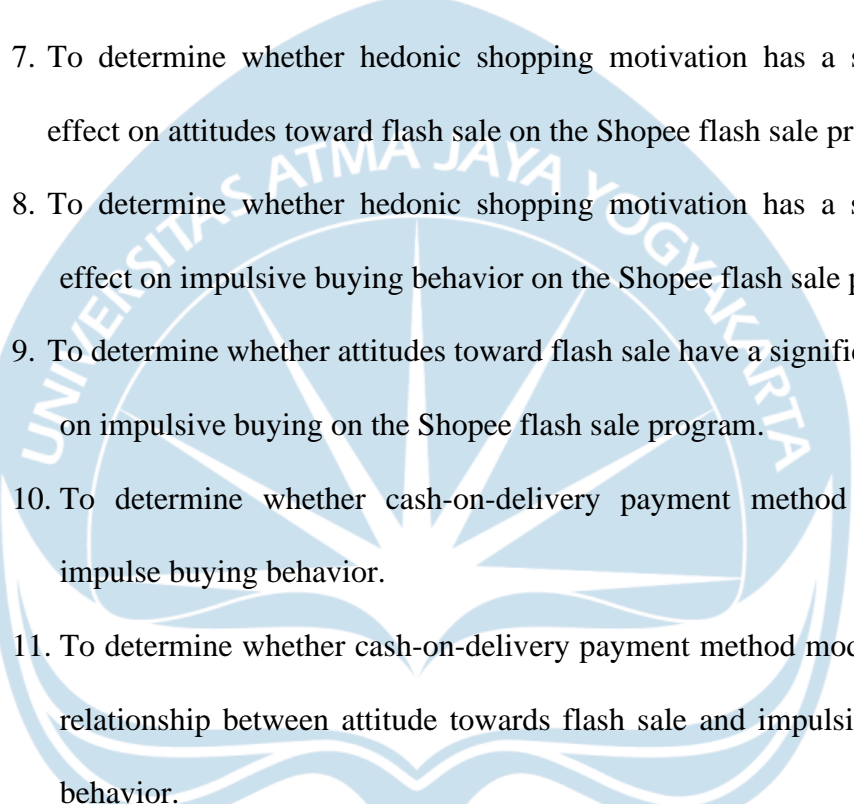
1. Does perceived perishability have a significant effect on attitude towards flash sale?
2. Does perceived scarcity have a significant effect on attitude towards flash sale?
3. Does perceived low price have a significant effect on attitude towards flash sale?
4. Does perceived perishability have a significant effect on impulsive buying behavior?

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5. Does perceived scarcity have a significant effect on impulsive buying behavior?
 6. Does perceived low price have a significant effect on impulsive buying behavior?
 7. Does hedonic shopping motivation have a significant effect on attitude towards flash sale?
 8. Does hedonic shopping motivation have a significant effect on impulsive buying behavior?
 9. Does attitude towards flash sale have a significant effect on impulsive buying behavior?
 10. Does cash-on-delivery influence impulsive buying behavior?
 11. Does the cash-on-delivery payment method moderate the relationship between attitude toward flash sale and impulsive buying behavior?

1.4 Objectives and Benefits of the Study

Based on the issues mentioned above, the goal of this research was to:

1. To determine whether perceived perishability has a significant effect on attitudes toward flash sale on the Shopee flash sale program.
2. To determine whether perceived scarcity has a significant effect on attitudes toward flash sale on the Shopee flash sale program.
3. To determine whether perceived low price has a significant effect on attitudes toward flash sale on the Shopee flash sale program.
4. To determine whether perceived perishability has a significant effect on impulsive buying behavior on the Shopee flash sale program.

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5. To determine whether perceived scarcity has a significant effect on impulsive buying behavior on the Shopee flash sale program.
 6. To determine whether perceived low price has a significant effect on impulsive buying behavior on the Shopee flash sale program.
 7. To determine whether hedonic shopping motivation has a significant effect on attitudes toward flash sale on the Shopee flash sale program.
 8. To determine whether hedonic shopping motivation has a significant effect on impulsive buying behavior on the Shopee flash sale program.
 9. To determine whether attitudes toward flash sale have a significant effect on impulsive buying on the Shopee flash sale program.
 10. To determine whether cash-on-delivery payment method influence impulse buying behavior.
 11. To determine whether cash-on-delivery payment method moderates the relationship between attitude towards flash sale and impulsive buying behavior.

By analysing those factors as determinants of online purchase intention, this study intends to provide benefits for:

1. For the Retailers

The results of the study can be used to gather new insight in managing online promotion as well as understanding consumers' behavior in online shopping, thus, will affect sales.

2. For the Author

This research would enable the author to apply all the knowledge peculiarly in the marketing field which has been studied by the author at Atma Jaya Yogyakarta University. Furthermore, this study could give a knowledge of the author in regard to the e-commerce industry as well as the consumers' behavior in this industry and as a fulfillment of one of the requirements to gain an undergraduate degree.

1.5 The Scope of the Research

The object of this study is Shopee Indonesia based on the author's pilot study, this e-commerce has become the most used application. In addition, people who have made purchase in flash sale program would be chosen to fill in the data for the questionnaire. The author chose the subject since they have participated in flash sale program. Therefore, this subject is most likely to be definitive and valid to assist the author in answering the research questions. In contrast, people who are not aware and have never participated in a flash sale program will be excluded from this study since it would be hard for them to position themselves as a buyer with a limit of time and quantity thus, the data would be a bias that will interfere the result of this study.

1.6 Research Systematic of the Research

To give an insight of this research, this study develops the research proposal into five parts as follow:

CHAPTER I : INTRODUCTION

This chapter consists of the background of the study, problem statement, research quest, objective and benefit of

the research, the scope of the research, and research systematics.

CHAPTER II : LITERATURE REREVIEW

This chapter consists of a literature review, the theories that are used in this research, hypothesis, and conceptual framework.

CHAPTER III : RESEARCH METHODOLOGY

This chapter consists of research location, data collection, variable, measuring instrument, and data analysis method.

CHAPTER IV : DATA ANALYSIS

This chapter consists of the result of this research as well as the discussion related to the research.

CHAPTER V : CONCLUSION AND MANAGERIAL IMPLICATIONS

This chapter consists of the conclusion of this research, managerial implications, limitations, and suggestions.