

CHAPTER I INTRODUCTION

1.1 Research Background

Nowadays, almost every industry has been transformed by technology, especially marketing. Social media marketing has personalized and immersive campaigns, and the emphasis of marketing has shifted from competitive advertising to data gathering and distribution. Marketing technology has revealed hundreds of new methods to comprehend businesses and consumers, as well as even more ways to reach them. Technology has been critical to the development of businesses, assisting them in developing relationships, increasing the effectiveness of the company, and increasing public awareness of the company (Emmanuel & Ojukwu Emmanuel, 2022).

Because of the substantial advancement of new technology, many companies are now competing in developing new marketing strategies that use new technology as their tools to advertise their products and services. Consumer behavior and buy intent are significantly influenced by new technology. For decades, digital technology has influenced consumer purchasing efforts and decision-making online. (Rangaswamy *et al.*, 2022). AI is a critical component of digital technology that anticipates consumer behavior as customers search various websites for goods and services (Nazir *et al.*, 2023). As a result of new technology, consumers now have unlimited access to knowledge, which empowers them (Alexa, 2022).

Live video commerce is a new marketing technology that is still being used by most sectors today. In the e-commerce business, live video commerce is becoming more popular. It enables retailers, brands, and digital platforms to provide an engaging buying experience by combining entertainment and instant purchasing (McKinsey & Company, 2021). Some agencies are experimenting with Live video commerce and see it as a possible new sales channel (Siu, 2023). Live video commerce naturally flows into an omnichannel strategy, which can be used to guarantee omnichannel livestreaming runs smoothly (Ventoniemi, 2023). As a result, Live video commerce

has become a popular tool for creating an engaging purchasing experience on social media platforms (Talkative, 2022).

Furthermore, social presence is essential in live video commerce. Live streaming platforms' social presence can increase consumers' confidence in both products and streamers, reducing ambiguity and risk in live streams (Ming *et al.*, 2021). The social presence of a host can also impact consumer purchasing behavior, offering decision support for businesses selling products via livestreaming platforms (Chen *et al.*, 2023). It has been discovered that social presence has a positive influence on consumer purchase intentions and impulse buying behavior (Ming *et al.*, 2021). Integrating social presence and social learning can also improve the efficacy of live video business (Li & Hua, 2021).

On the other hand, immersive experiences, such as live video commerce, are becoming increasingly essential in the world of commerce. Immersive experiences can include virtual reality (VR), augmented reality (AR), and other kinds of experiences that immerse the user in a world that differs from everyday life (Tallent, 2023). In recent years, live video commerce has expanded quickly, but little is known about the impact of streamers' communication style on purchase intention (Liao *et al.*, 2022).

Online celebrities can impact positive emotions such as pleasure, admiration, and emotional trust, which can increase buy intentions (Meng *et al.*, 2021). According to several studies, live video commerce can elicit positive feelings in customers. One research, for example, discovered that social presence influences consumers' perceived usefulness in live video commerce (Zuo & Xiao, 2021).

With the rapid increase in contactless communication caused by COVID-19, the market for live video commerce continues to expand. Live streaming e-commerce expands on the boundaries of conventional e-commerce by selling more than just goods or services. It provides information and facilitates synchronous information exchange between the online viewer (consumer) and the Internet celebrity, who affects the consumer's information behavior and, as a result, adds to the company's long-term profit generation. China has been at the vanguard of global online commerce

innovation, from online commerce to new retail and live streaming (Qing & Jin, 2022).

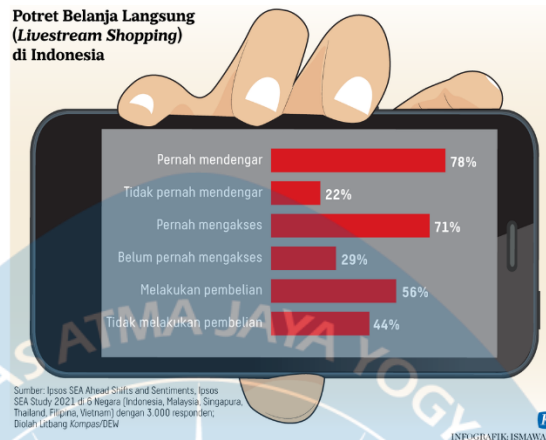


Figure 1.1 Live Streaming Usage in Indonesia (2022)
Source: Pancawati (2022)

The utilization of live streaming by users in Indonesia is shown in Figure 1.1. Regarding the livestreaming effect that is still present in Indonesia, 3,000 respondents were questioned. The poll's findings show that 78% of Indonesians have heard of livestream shopping, while the remaining 22% have not. On the other hand, seven out of ten responders had previously used the application to access the livestreaming. Lastly, slightly over half of respondents used live streaming to access products for live streaming buying (Pancawati, 2022). As a result, it has been demonstrated that most Indonesians are accustomed to and have good access to live video commerce.

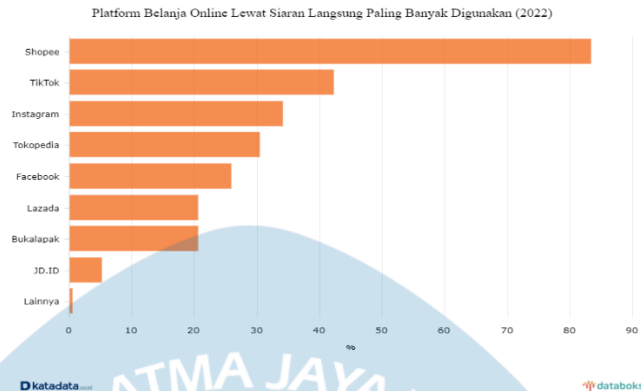


Figure 1.2 Most Application Used Live Video Commerce (2022)

Source: Jackpat (2022)

Figure 1.2 presents the Most Used Live Video Commerce in 2022. There were several ecommerce platforms that already offered live video commerce that sellers could use to increase their sales. According to the poll results, 83.7% of Indonesians have observed online shopping features via live shopping. Shopee has the highest proportion of live shopping consumers in Indonesia, accounting for 83.4%. TikTok is in second position with 42.2% of the market. Following that, 34.1% of respondents stated that they used Instagram for live purchasing (JakPat, 2022). As a result, it is possible to assert that live video commerce has a significant effect on consumer usage. The usage of live video commerce has been used for many brands product for their new marketing strategy. One of them is Scarlett Whitening.

Scarlett Whitening is an Indonesian beauty brand founded by actress and singer Felicya Angelista in 2017 (Soehandoko, 2022). Body lotion, scrub, serum, toner, and other hygiene items are available from the company (Maulana, 2022). Scarlett Whitening products contain Glutathione and Vitamin E, both of which help to brighten the face. BPOM certification indicates that all of the brand's products have been clinically tested (Whitening, 2021). The name has grown in popularity in Indonesia, and it is supported by a number of public figures and influencers. Scarlett Whitening has also garnered notice for its selection of Korean actor Song Joong Ki as its brand ambassador. Scarlett Whitening has had considerable success in terms of sales, with

total sales for two of its serums alone reaching Rp15.5 billion in 2021 (Soehandoko, 2022).

Scarlett Whitening is successful because of evolving technology. Scarlett Whitening uses live video commerce in the form of Tiktok Live and Shopee Live in its marketing strategy. The phenomenon today shows that technological developments influence consumers' ability to get attention for purchasing products without going to the commercial store.

1.2 Research Questions

Based on the explanation and previous study mentioned in the introduction part above, this research questions are formulated as follows:

1. Does social presence affect consumer purchase intentions?
2. Does social presence affect immersive experience?
3. Does immersive experience affect consumer purchase intentions?
4. Do positive emotions moderate the effect of social presence on immersive experience?
5. Does immersive experience mediate the effect of social presence toward purchase intention?

1.3 Research Objective

Based on the problem identification above, the objectives of this research include:

1. To analyze social presence affects consumer purchase intentions.
2. To analyze social presence affects consumer immersive experience.
3. To analyze immersive experience affects consumer purchase intentions.
4. To analyze positive emotions moderate the effect of social presence on immersive experience.
5. To analyze immersive experience mediates the effect of social presence toward purchase intention.

1.4 Research Benefits

1. For the Company

This research will assist the company in identifying and comprehending the influence of purchase intention in live video commerce. As a result, the author hopes that the company will be able to develop a suitable method to improve the marketing strategy.

2. For Other Researcher

It is anticipated that this research will be used by other researchers to expand their knowledge or as a reference for undertaking similar research as part of one of the prerequisites for obtaining an undergraduate degree.

1.5 Research Scope

Based on the author's pilot research, it is going on focusing how the effect of immersive experience and social presence to purchase intention with the positive emotions as the moderator. Social presence is the sensation of 'being with' and interacting with someone in another place (Almeida *et al.*, 2013). Immersive experience is an unconscious experience, primarily an internal experience in which consumers are totally involved and capable of enjoying everything when watching a livestream (Huang *et al.*, 2022). Positive emotions are a cognitive process that includes a range of components such as pleasant feelings, visual or physical expressions, evaluations, and most significantly, behavioral plans and levels of activity (Gable and Harmon-Jones, 2010). And purchase intention is a creating motivation inside a person's thought that eventually leads to a strong desire to meet his or her requirements (Soebagyo and Subagio, 2014). The object of this study is Scarlett Whitening, one of the most popular skincare brands. Additionally, those who have made purchases through a live video commerce program will be selected to complete the questionnaire's data fields. The author selected the respondent because they have experience with live video commerce programs. As a result, this topic is most likely

to be conclusive and reliable in helping the author respond to the study questions. People who do not know of and have never engaged in a live video commerce program, however, will not be included in this research because it would be difficult for them to assume the role of a buyer with a time and quantity limit. Consequently, the data would be a bias that would conflict with the study's results. Besides that,

1.6 Writing Systematic

To provide context for this research, this study divides the research proposal into five chapters, which are as follows:

CHAPTER I: INTRODUCTION

This chapter includes the research background, problem identification, benefits of the research, research scope, and writing systematics.

CHAPTER II: LITERATURE REVIEW

This chapter consists of a literature review, the previous studies, hypothesis, and conceptual framework.

CHAPTER III: RESEARCH METHODOLOGY

This chapter consists of research type, data type, data source, sample research method, research subject and object, location and time research, data collection and measurement method, face validity, research sample, and operational definition.

CHAPTER IV: RESULT AND DISCUSSION

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

CHAPTER V: CONCLUSION

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