

CHAPTER I INTRODUCTION

1.1 Research Background

In Indonesia, the use of electronic commerce (e-commerce) has been growing rapidly and people has commonly use e-commerce as one of their goes to shopping because of the COVID-19 pandemic. The pandemic force us to restrict our contact with people and daily activities, which makes us depends on online commerce. E-commerce is a popular choice since it is adaptable, easily available, varied, and offers a multitude of customer-beneficial programs. As e-commerce gains its popularity, many offline sellers are also starting to open online shops, creating a more competitive digital marketplace. This shift forces established online retailers to innovate and improve their customer experience to stand out. Even though e-commerce is a popular choice, the products can only be described using the seller's provided words and images. It is hard to touch or try the object before deciding to buy it, and you cannot communicate with the vendor in real time (Hu & Chaudhry, 2020). This lack of physical interaction also makes it impossible to touch or try the object before deciding to buy it, forcing customers to rely heavily on reviews and return policies. Furthermore, unlike offline store, you cannot communicate with the vendor in real time, potentially leading to longer resolution times for any questions or concerns. It also presents challenges like ensuring product quality through clear descriptions and photos, managing secure online transactions, and fulfilling orders efficiently. Despite these drawbacks, the convenience and wider selection offered by e-commerce continue to fuel its growth perfectly aligning with Indonesia's booming internet penetration and mobile-savvy population, creating a perfect storm for a thriving online retail landscape.

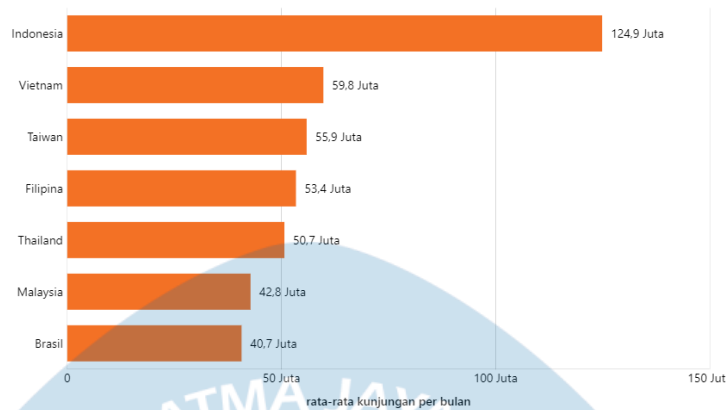


Figure 1.1

Shopee's Total Visitors Across South East Asia and Taiwan

Source: Webretailer (2024)

There are many examples of E-commerce that available in Indonesia. For example, Tokopedia, Shopee, Lazada, Zalora, etc. Shopee is an E-commerce that available in Southeast Asia and Taiwan. Launched in 2015, Shopee is a platform tailored to each region which is Singapore, Malaysia, Indonesia, Thailand, Taiwan, Vietnam, and the Philippines. It provides customers with an easy, safe, and fast online shopping experience through strong payment and logistics support (Shopee, 2024). According to Webretailer (2024), Shopee achieve an average of 124.9 million visits per month from Indonesia in 2023, equivalent to 27% of global monthly visits. The 2nd one is Vietnam with 59.8 million visit per month, followed by Taiwan with 55.9 million visit per month, Philippines with 53.4 million visit per month, Thailand with 50.7 million visit per month,

Malaysia with 42.8 million visit per month, and the last one is Brazil with 40.7 million visit per month (Webretailer, 2024).

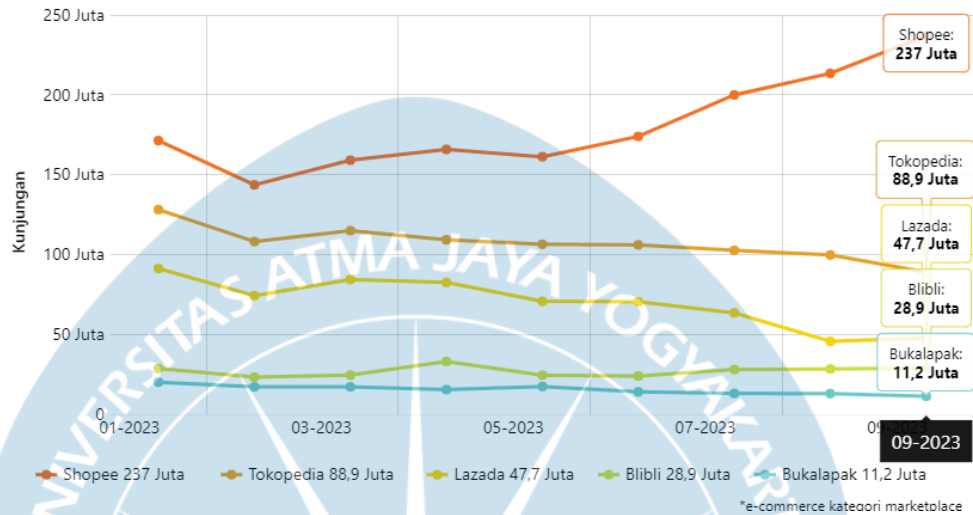


Figure 1.2
 Most Visited E-Commerce in Indonesia
Source: SimilarWeb (2023)

Based on the data from SimilarWeb (2023), Shopee is the most visited E-commerce in Indonesia. In September 2023, the Shopee site was recorded to have received 237 million visits, up around 38% compared to the position at the beginning of the year (year-to-date/ytd). Shopee's visitor growth far exceeds its main competitors, namely Tokopedia, Lazada, Blibli and Bukalapak. In September 2023, the Tokopedia website recorded 88.9 million visits, down 31% compared to the beginning of the year (SimilarWeb, 2023).

There are many features and any kinds of products that are available in Shopee to support customer experience in buying products. There are Shopee Supermarket that sells daily necessities products varies from various categories including Health, Care & Beauty, Electronics, Fashion, Home Appliances, Mother & Baby, and others. To enhance the effectiveness in shopping, Shopee launch ShopeePay, a Shopee's mobile wallet, which was first launched in 2018 in Indonesia. ShopeePay allows you to transfer balances to fellow ShopeePay

users or to various destination bank accounts, pay for groceries using QRIS, top up credit and pay bills. Shopee provides many vouchers from free delivery, discounts, and cashback. There are many ways to receive those vouchers. First, Shopee use gamification to interact with customer and providing a more enjoyable and interesting shopping experience for users, for example Shopee Cocoki, Shopee Lucky Prize, Shopee Farm, Shopee Candy, etc. by playing those games, you can get a voucher and Shopee Coins. Shopee coins is a loyalty points in Shopee that you can use to offset your transaction amount when making purchases in the Shopee application. A new feature called livestream is also being introduced in Shopee platform. This feature provides live entertainment and engagement that allows buyers and sellers to connect with each other at the same time (Shopee, 2024).

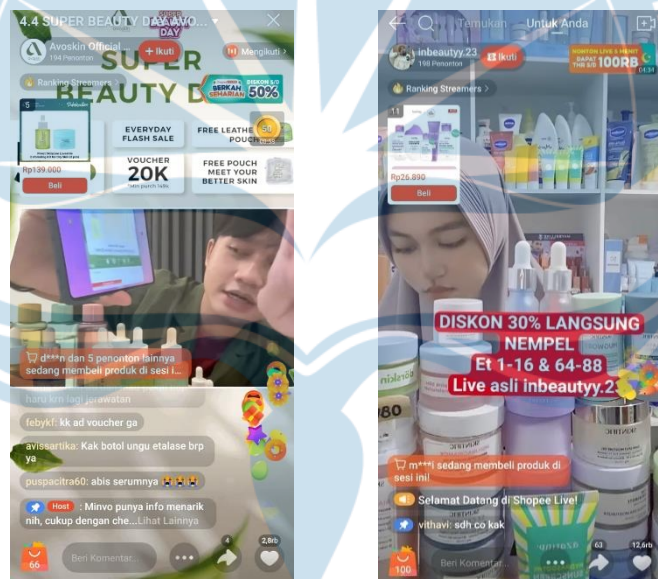


Figure 1.3

Shopee Livestream

Source: Self Documentation on Avoskin Official Shopee Live, accessed on April, 4th 2024

As a way to attract customers interest and gain their trust, an innovation called live streaming as a method of sales promotion has been introduced in most

of marketplace, especially Shopee. Live streaming is a real-time video marketing method that allows your viewers to purchase goods while watching the live stream (Wang, 2022). The use of live streaming can give satisfaction to customer as they can get what they want by asking to the streamer. This real-time interaction between viewers and streamers fosters a sense of immediacy and personal connection, enhancing the overall shopping experience.

By addressing viewer inquiries and showcasing product features in real time, live streaming creates a dynamic shopping environment where customers feel empowered to make informed decisions. Furthermore, the ability to ask questions directly to the streamer enables customers to receive instant feedback, clarifications, and personalized recommendations, thus reducing uncertainties and increasing confidence in their purchases. Live streaming shopping also can help you understand the product better by asking the host to describe more about the product that you want to know.

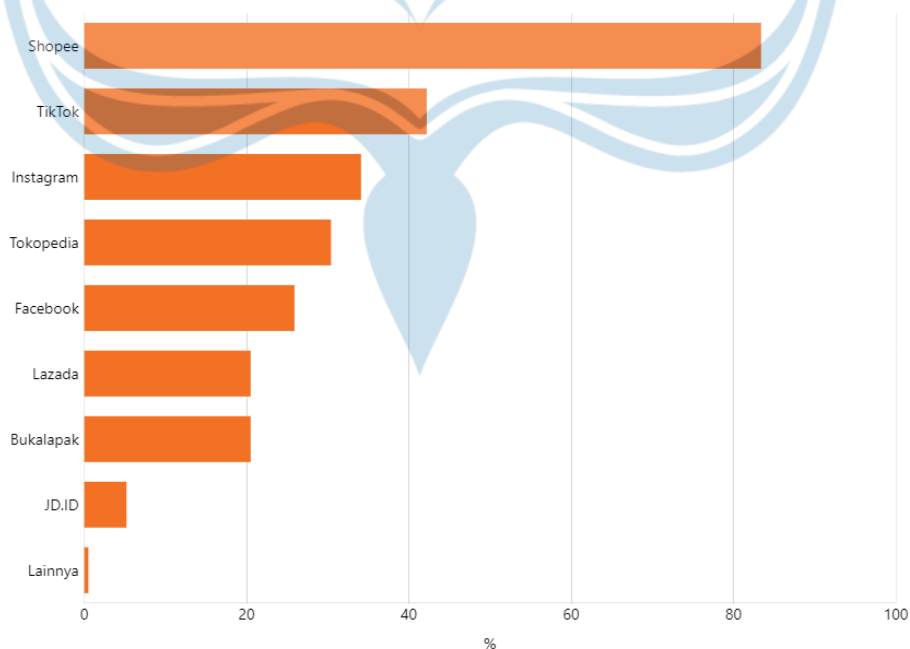


Figure 1.4

Most Used E-Commerce Live Stream Platform

Source: Jakpat (2022)

According to JakPat with The Most Popular Live Video Commerce, the survey indicates that 83.7% of Indonesians have used live shopping to observe online buying features. With 83.4% of Indonesian live shopping users, Shopee has the largest share of users. TikTok holds the second position in the market with a 42.2% share. After that, 34.1% of participants said they made live purchases on Instagram, followed by Tokopedia with 30,4% (Jakpat, 2022). Shopee livestream not only allows you to interact with seller in real time, but also gives you a voucher and promotion about the products that you want. You can get a discount voucher by watching a live streaming of your chosen products. The way how live streaming in Shopee is the most popular and it gives decent number of discounts and promotion, many brands use it as one of their marketing strategies. One of the brands that use this strategy is Avoskin.

Avoskin is a local skincare product from Yogyakarta, Indonesia, established in 2014. Avoskin has many variants of skincare products, facial cleansers, moisturizers, to exfoliation products, and body care products. Avoskin has 3 principles: People, Planet and Profit (Avoskin, 2024). Avoskin is a local beauty brand that emphasize sustainability and eco-friendly ingredients. For example, in organizing the 8th anniversary music concert, AVO planted 4,464 trees as an implementation of the one AVORestation ticket program, meaning one tree is planted.

One of the bestselling products of Avoskin is Avoskin Miraculous Refining Toner, an exfoliating toner that contains 5% AHA, 1% BHA and 2% PHA, and is equipped with other natural extracts to maximize the process of removing dead skin cells by leaving the face moist and safe for acne-prone skin.

This study is done to investigate the mechanisms of perceived live streaming e-commerce from three dimensions: utilitarian value, hedonic value, and social value, based on the stimulus–organization–response (SOR) framework. The previous study does not have an object of focus, so in this study it focuses on live streaming feature of Shopee which is called Shopee Live. In the previous

research, the mediating variable of consumer trust to perceived value and purchase intention are calculated. Meanwhile, in this research the researchers decided that those mediating variable will not be calculated based from the research framework. Profoundly, some mediating variables are found in that framework, but there is no deeper explanation and calculation regarding the mediating variable. This study is based on the previous research ‘Influence of Perceived Value on Consumers’ Continuous Purchase Intention in Live-Streaming E-Commerce—Mediated by Consumer Trust’.

1.2 Research Questions

Based from the research background, research questions are developed:

1. Does utilitarian value of Shopee live streaming influences consumers’ trust in seller?
2. Does utilitarian value of Shopee live streaming influences consumers’ trust in product?
3. Does hedonic value of Shopee live streaming influences consumers’ trust in seller?
4. Does hedonic value of Shopee live streaming influences consumers’ trust in product?
5. Does social value of Shopee live streaming influences consumers’ trust in seller?
6. Does social value of Shopee live streaming influences consumers’ trust in product?
7. Does consumer trust in a streamer influences consumers’ trust in product?
8. Does trust in seller influences consumers’ purchase intentions?
9. Does trust in product influences consumers’ purchase intentions?

1.3 Objectives of Study

Based from the research questions, the objectives of study are formulated:

1. To find out the influence of utilitarian value of Shopee live streaming to consumers' trust in seller.
2. To find out the influence of utilitarian value of Shopee live streaming to consumers' trust in product.
3. To find out the influence of hedonic value of Shopee live streaming to consumers' trust in seller.
4. To find out the influence of hedonic value of Shopee live streaming to consumers' trust in product.
5. To find out the influence of social value of Shopee live streaming to consumers' trust in seller.
6. To find out the influence of social value of Shopee live streaming to consumers' trust in product.
7. To find out the influence of consumer trust in seller to consumers' trust in a product.
8. To find out the influence of trust in seller to consumers' purchase intentions.
9. To find out the influence of trust in products to consumers' purchase intentions.