

CHAPTER 1

INTRODUCTION

1.1 Background

Now the world is changing, it is facing a digitalization era. Everything changes from analog to digital, and people has to follow the fast changing era otherwise they can't adapt to the nowadays condition. Social media, the Internet of Things, cellular - all of this technology disrupts the market, and changes the way we connect, communicate and discover forever(Africa, 2019). Nowadays people pay more attention and see news or new things through their smartphones than watching television or listening to the radio. This also includes the effects of digitalization, people today want something that is instant.

With the current digitalization conditions, they assume that the internet and social media can provide informations that is faster and easier to reach. Indonesia is one of the countries affected by digitalization. Indonesian society has now begun to switch to the digital world, this is marked by the many print media industries that have switched to online media because there are already many Indonesians prefer to read news through online media rather than newspapers or magazines. It's also change the way customers do purchase activity, now many people switch to online purchasing.

E-Commerce known as Electronic Commerce or Internet Commerce. E-Commerce is all buying and selling activities conducted through electronic media. This is a new shopping lifestyle that customers do to purchase activities. As we can see in Table 1.1, it can be seen that the development of E-Commerce from 2009 continues to grow.

Table 1.1 E-Commerce in Indonesia

Years	E-Comemerce
2009	Tokopedia
2010	Bukalapak, Go-Jek, Bli-bli, Ali Express
2011	Tiket.com
2012	iDEA, Traveloka,Lazada Indonesia
2015	Shopee Indonesia, JD-id

Source: www.paper.id

In Table1.1 shows that from 2009 to 2015 it can be seen that E-Commerce continues to grow every year. With the growth of E-Commerce means that customers intention in online purchasing in increasing. E-Commerce is one of the promising business in Indonesia. Indonesia’s e-Commerce scene is quite exciting to follow, in 2019Indonesia is a country with the highest online market transaction in Southeast Asia. In 2020, it’s projected that Indonesian E-Commerce market will be rallied close behind China (SunMedia, 2019). Proving that online purchasing is in high demand and considered to have a major impact in Indonesia.

Table 1.2 Six Popular E-Commerce in Indonesia Website Visits 2018-2020

E-Commerce 2018-2020			
E-Commerce	2018	2019	Q2 2020
1) Shopee	67 million website visitors	72 million website visitors	93 million website visitors
2) Tokopedia	168 million website visitors	67 million website visitors	86 million website visitors
3) Lazada	58 million website visitors	28 million website visitors	22 million website visitors
4) Bukalapak	116 million website visitors	39 million website visitors	35 million website visitors
5) Bli-bli	43 million website visitors	26 million website visitors	18 million website visitors
6) JD.id	16 million	13 million	9 million website

	website visitors	website visitors	visitors
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Source: iprice.co.id/insights/June2020

There are six popular E-Commerce emerge in Indonesia out of 50 E-Commerce The six popular E-Commerce are Shopee, Tokopedia, Lazada, Bukalapak, Bli-bli and JD.id, they are competing to attract new customers. Here in Table 1.2, that in 2017, Tokopedia could reach more than 160 million website visits but in the following year their website visits continued to decrease. But as Table 1.2 shows that in 2020, Shopee Indonesia reach the most website visit which is 93 million. E-Commerce is constantly competing to increase their sales.

Based on Table 1.1 and 1.2, it can be concluded that the emergence of popular E-Commerce can increase customer interest in online purchasing. And with the intense competition between E-Commerce, they keep looking for new strategies to become the number one E-Commerce in Indonesia. Shopee is an example of marketing using the media Internet. The success of Shopee itself is motivated by an aggressive marketing strategy. One of the ways to introduce its products is to use brand ambassadors. To attract customers' intention, Shopee use Influencers or Brand Ambassadors as their strategy to create an online brand image and shopping lifestyle to buy products in Shopee Indonesia.

Launched in 2015, Shopee is a platform tailored for the region, providing customers with an easy, secure and fast online shopping experience through strong payment and fulfillment support. They believe online shopping should be accessible, easy, and enjoyable. This is the vision Shopee aspires to deliver on the platform, every single day.

One of Shopee's strategies is that they hook up International Brand Ambassadors / International Influencers. They think that this strategy can increase their business growth, both in terms of users and sales. The company always tries to listen to input and preferences given by users before appointing brand ambassadors or looking for commercials. Shopee always puts forward a figure who can represent the company well to a wide audience (Lawi, 2020). So that the selection of brand ambassadors does not only refer to popularity criteria alone.

In 2018, they announced Blackpink as their regional brand ambassador before the Shopee 12.12 Birthday Sale. In August 2019, they announced Cristiano Ronaldo as their new Regional Brand Ambassador for 2019. In 2020, Shopee announced Stray Kids as their Brand Ambassador.

It can be seen in Table 1.2 that Competition between E-Commerce continues to compete fiercely. They are competing to find loyal customers. Even though in 2020 Shopee became the E-Commerce with the most web visitors, this number has not yet been able to reach the highest number of visitors to the Tokopedia web in 2018 which reached 160 million. By doing so, it can be concluded that the increasing number of new E-Commerce in Indonesia has made customers have many platforms which will affect their intention to make online purchasing on existing E-Commerce platforms. This study aimed to know the impact of influencer, online brand image, and shopping lifestyle to online purchase intention through attitude toward brand as mediator of Shopee Indonesia.

Based on Maarif (2020) article Shopee claimed to be most popular E-Commerce in Indonesia, showing that the purchase on Shopee Indonesia is high. With the most visited website in 2020, as shown in Table 1.2, Shopee Indonesia is in the state of high purchase Intention. Purchase Intention is a tendency of customers' behavior to become interested in making purchase (Supendi, 2020). In this study, researcher use Purchase Intention because it will be use to predict consumers' behavior and that intention will be used to predict actual behavior purchase intention on Shopee Indonesia. Purchase Intention is a critical factor in understanding consumers' behavior (Renu, 2020).

According to Nurhandayani et al. (2019) online purchase intention can also influenced by behavior of someone who is always looking for information about the product that they are interested in and looking for information to support the positive characteristics of the product. In the digitalization era, purchase intentions can be offline and online. Nurhandayani et al. (2019) found that online purchase

intention can be defined as a situation where a consumer is willing and intends to make online transactions.

In this research study, will using attitude toward brand as a mediator to online purchase intention of Shopee Indonesia. Attitude is internal state that endures for direct behavior. Purchase Intention is a tendency of consumer's behavior. So attitude towards brand can effects direct behavior of consumers about the brand. And that behavior is one factor affected consumers on purchase intention.

The final stages of online customers decided to buy or not is Purchase Intention. In making decision, consumers can be influenced by internal factors (Personal and Psychological Factor) and external factors (Cultural and Social Factor). Social media influencer is an external factor that influences consumers' behavior in making decisions. This can be proven from the WhoSay (2018) firm conduct research about 2018 industry trends, revealing that marketers planning to increase influencer marketing budget. It is because 90% of respondents believe that they will get a positive impact on how they feel about the brand and they get recommendations from influencer as guidance to made purchasing. Consumers' behavior in determining purchases has now changed. Influencers influence consumers' behavior in determining the purchase of a product or service. Popularity, credibility, reputation, and influencer expertise can greatly influence consumer purchase intentions (Zak & Hasprova, 2020). With influencer credibility means that the information that they give is credible, it can effect attitude towards brand of consumers' behavior (Wang et al. 2017). That will affect in consumer purchase intention.

To increase the customers' purchase intention, Shopee used Influencer for their marketing instrument to hit the customers (Hasibuan, 2019). According to Foong and Yazdanifard (2014) Influencers on social media likely have a positive impact on companies to build awareness and gain higher returns. Influencer

marketing can improve the business marketing and outreach strategies with their customers. Benefit of social media influencer is they can create impactful and engaging content which can build more awareness to a brand. With social media influencers it can increase the trust of the customer about the product. Influencers don't just put the product in their feed but also give the product detail, how to use the product, and what is the benefits of the product, this makes customers buy with unbiased opinions (Barker, 2020).

Lee (2017) Indicates that consumers who have a strong bond with an endorser are indicated by a high level of credibility, attitude, and buying interest. Furthermore, Lee also indicates that brand attitude mediates the relationship between an endorser's attitude and consumer's buying interest. But choosing the right endorser with a brand/product campaign is one of the most important keys. Consumers will be able to capture messages quickly if the endorser is well-known, professional, and attractive, which in the end can form a brand image and consumer buying interest in the campaigned products (Chi, Yeh, & Huang, 2009). According to Hermanda et al. (2019) Marketing practices through Social Media Influencer will generate positive relationships with brand image. This is because information shared through social media will be more effective in influencing consumers' behavior and consumer purchase intentions.

Online Brand Image is building brand perception through media online that relates to building a brand in customers' minds. One of the marketing tools that can be used to create a brand image other than the product itself, which is currently used is advertising or promotion. Brand image consist of three indicators: product image, store image and corporate image (Keller, 2003). Online Brand Image is about building brand image through advertising or promotion in media online like website, social media, etc. Social media is a good media to do a promotion and advertising because customers are more attracted to open social media rather than newspaper or television, it is also a good way to do an online product branding. With more advertising through influencer, it can attract more customers to have a strong brand image in their mind.

It is important for business to build brand image because when the product has a positive image, companies will be easier to develop their products and with positive brand images can attract customers to buy more products (Rita, 2018). Social media is the efficient way to build an online brand image. Building an online brand image will be able to attract new potential customers. New customers don't want to take a risk, they will seek information and testimonials of the brand of product through the internet or social media. And it is a chance for business to build a strong brand image through social media, with a positive brand image of a product it will attract new customers to buy the product. The importance of brand image is how to build the product in customers mind.

Indirectly, the existence of social media influencers and current situations changed our lifestyle. In this pandemic situation, it also required us to stay at home and it changed our behavior. Along with this current situation and the development of technology, this makes people busy with their own activities at home, so that social life in cyberspace is more considered in the real world in this pandemic situation. This pandemic situation changes the way people buy products. Now they move to online transactions in E-Commerce or online shops. According to Nurlaily et al. (2017) Lifestyle is a factor that affect consumer purchase intention. Based on Nurlaily et al. (2017) research lifestyle has positive effect on consumers' behavior in consumer online purchase intention also on consumer purchasing through E-Commerce.

According to Hidayat&Tryanti (2018) **Shopping Lifestyle** describes the person's attitude in spending time and money to buy products or services based on opinion, needs, product, brand, desires and other things that influence them to buy. In today's era, online purchasing is a new way for customers to do purchasing because it is easier to purchase everything without going anywhere. Customers' lifestyle change in making purchasing intentions. During this pandemic situation and new normal era, people encourage lifestyle changes in various aspects. Indonesian society has adapted by changing several habits. From awareness of clean lifestyles, increasing endurance, queuing to enter tourist attractions or shops, and bringing supplies when doing activities outside the home.

One of lifestyle changes is also implementing a new online shopping experience. This change in consumer attitudes encourages E-Commerce to maintain momentum by providing promos and discounts on goods that are needed.

In order to understand customers online purchase intention, this research study will use Theory of Reasoned Action (TRA). TRA is proposed by Ajzen & Fishbein (1980). TRA assumes behavior determined by the individual's desire to do or don't do a certain behavior. Desire determined by two independent variables including attitudes and subjective norms. In this study will use attitude towards brand as mediator because attitude is an important for research into consumers' behavior. Consumers' behavior is a factor that affects customers' purchase intention.

In addition, this model also identifies predictor variables for the purchase intention in Shopee Indonesia. So this study is to know how the impact of influencer in marketing and promoting products of Shopee Indonesia and the changes of the lifestyle, are they give a big impact to purchase intention through attitude towards brand as mediator in Shopee Indonesia or not. This study is intended to know the purchase intention, influencer credibility, lifestyle and brand image of Shopee Indonesia.

1.2 Problems Statement

Referring from background that described above, the formulation of the problem can be describe here

1. Does Influencer Credibility Exerts a Positive Impact on Attitude Towards Brand?
2. Does Influencer Credibility Exerts a Positive impact on Online Purchase Intention?
3. Does Online Brand Image Exerts a Positive Impact on Attitude Towards Brand?
4. Does Online Brand Image Exerts a Positive Impact on Online Purchase Intention?
5. Does Lifestyle Exerts a Positive Impact on Attitude Towards Brands?

6. Does Lifestyle Exerts a Positive Impact on Online Purchase Intention?
7. Does Attitude Towards Brand Exerts a Positive Impact on Online Purchase Intention?

1.3 Objective of the Study

This study is aimed to:

- a. Identify and examine the positive impact of *Influencer Credibility* on *Attitude Towards Brand* of Shopee Indonesia
- b. Identify and examine the positive impact of *Influencer Credibility* on *Online Purchase Intention* of Shopee Indonesia
- c. Identify and examine the positive impact of *Online Brand Image* on *Attitude Towards Brand* of Shopee Indonesia
- d. Identify and examine the positive impact of *Online Brand Image* on *Online Purchase Intention* of Shopee Indonesia
- e. Identify and examine the positive impact of *Lifestyle* on *Attitude Towards Brand* of Shopee Indonesia
- f. Identify and examine the positive impact of *Lifestyle* on *Online Purchase Intention* of Shopee Indonesia
- g. Identify and examine the positive impact of *Attitude Towards Brand* on *Online Purchase Intention* of Shopee Indonesia

1.4 Significant of Study

The result of this research will be generated some advantage such as:

1.4.1 Theoretical Benefit

Theoretical contributions can be used as materials development and application science, particularly in the field of marketing. This study will enrich the knowledge of impact of social media influencer and brand image to online purchase intention in E-Commerce Shopee Indonesia.

1.4.2 Practical Benefit

The result of this study can be used by Shopee Indonesia to evaluate the potential customers that are attracted and also have knowledge about Shopee Indonesia by understanding the impact of social media influencer and brand image to online purchase intention.

1.5 Writing Systematic

The systematic of this research are arranged as the following:

CHAPTER 1. INTRODUCTION

Background, research questions, research objectives, significance of the study and systematic of the study are discussed in this chapter. The aims of this chapter are to introduce the gap or problem from previous research and issues recently.

CHAPTER 2. THEORETICAL FOUNDATION

This chapter presented theoretical foundation of this study, previous study, relevant journal, hypothesis, and also research framework. The theoretical foundation will explain about perception about social media influencer, Online Brand Image, Shopping Lifestyle, and Online Purchase Intention, and also relationship between variables.

CHAPTER 3. RESEARCH METHODS

This chapter will describe the process of analyzing the data including research design, identification of variable, type of source data, data collection method, population, sample, and sampling technique, and data analysis.

Chapter 4. DATA ANALYSIS AND DISCUSSION

This chapter consists of research data description, data analysis, and discussion, also discussing about respondents description, research variable statistic descriptions, hypothesis testing.

CHAPTER 5. CONCLUSION

This chapter is the closing of the study that consists of conclusion and suggestion for the research object and for the consumer or researcher to do further research