CHAPTER I

INTRODUCTION

1.1   General Description of Research Object

1.1.1 LINE

LINE was established on June 2011, by NHN Corporation, Japanese Company. At the first time, LINE could be used only for iOS and Android, but now, LINE can be downloaded in Blackberry world, PC Windows and also Mac.

Figure 1.1: LINE's Logo

(Source: Google Play)

Line chat application is one of chat applications that come from Asian which are success globally. With a growing number of users, the company is also expanding its business to turn into not only provides a chat application that comes with many exciting features, it also provides a variety of integrated applications and games. (*id.techinasia.com/October, 2014*).

**Figure 1.2 : The journey to one billion downloads**
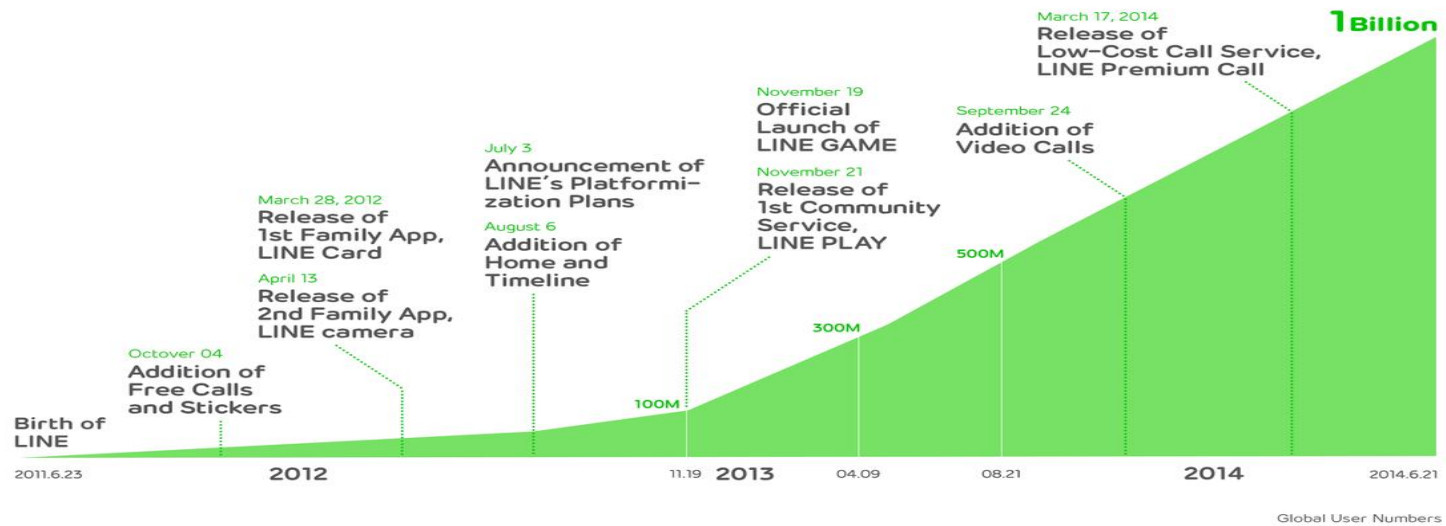
(*source: id.techinasia.com*)

1.1.2 LINE Shopping

LINE has been growing aggressively since then by registering 300 million users worldwide in November 2013, doubled its base since late April in just seven months.

Line has launched LINE Shopping in Indonesia which makes it even more interesting especially for e-commerce businesses. As opposed to the official accounts operated by brand owner or merchant, LINE Shopping is Managed by LINE team, aggregating online merchats and promoting deals exclusively for Line Users.

Figure 1.3: LINE Shopping launched in Indonesia and Malaysia
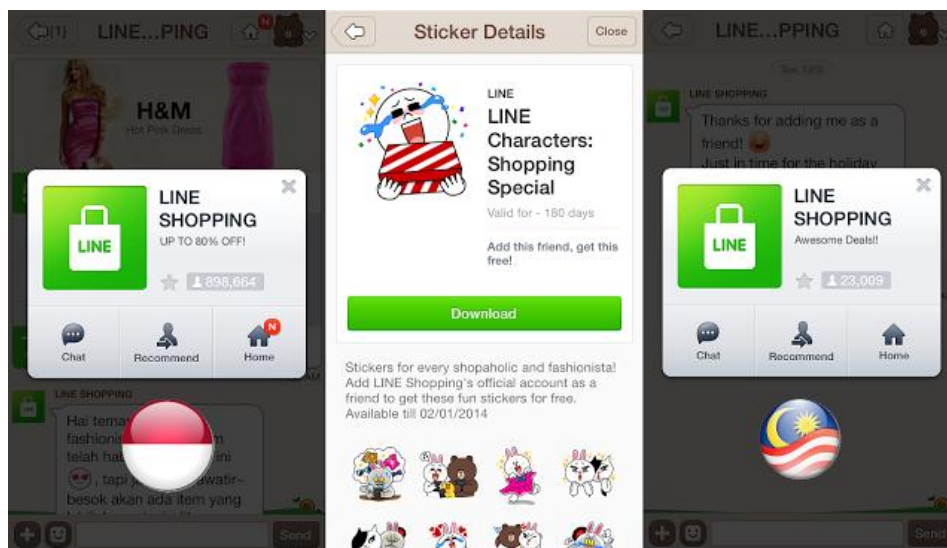
(*source: ecommercemilo.com*)

For online merchants, the motivation to promote their deals via LINE Shopping is to reach out to a huge base of users on mobile, and LINE has proven track record in scaling its subscribers.

Just look at LINE Shopping Indonesia (screenshot above), they have accumulated close to 900,000 subscribers within just 1 week after being launched on 26 November. (*www.ecommercemilo.com/October, 2014*).

1.2   Research Background

In this globalization era, the development of information technology is going rapidly. So does with the development of internet technology that ease people with high mobility to communicate easily anywhere and anytime. Instant messaging is one of alternative Medias that are used by most of people to communicate with others that are using internet technology.

Quoted from Medan Business, per 1 of April, 2014, the number of LINE users has penetrated 400 million all over the world. That means in the last four months since Nov. 11, 2013, this application has added 100 million new users that started from 300 million users at that time. Noted, including 1,7 million achieved in a single day.

With the increasing number of users, the intensity of communications made through Line also grows significantly. Since the beginning of 2014, the record of chat facility has achieved 10 billion per day, 1.8 billion messages per day stickers used, and more than 12 million phones per day made.

While WhatsApp at the same time also announced in serving the 64 billion messages per a day - passing in its messaging platform. Currently, WhatsApp has about 465 million users in the first rank after the LINE and BBM in third with 113 million users (*medanbisnisdaily.com/October, 2014*).

Compared to WhatsApp which is in the 1ˢᵗ rank, LINE is modified with Timeline feature which cannot be found in WhatsApp. WhatsApp was free on the first year, but then in the next years, WhatsApp charge a fee as many as $ 0.99 for a year. (*www.peoplehope.com/October, 2014*). That's what makes LINE more special than WhatsApp. In addition, the review in the Google Play is quite good. Most of downloaders give 5 stars for the review, it means that lot of downloaders enjoy using LINE and satisfied with the application.

Figure 1.4: LINE's Review in Google Play
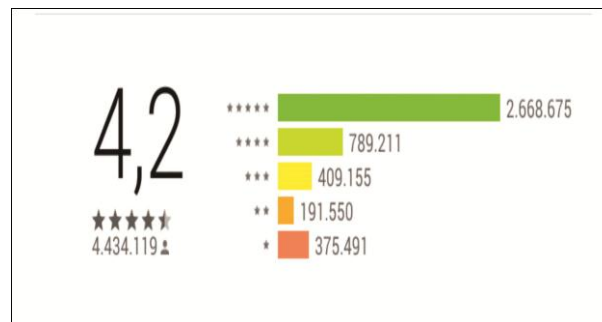
(*source: Google Play*)

Same as in Google Play, LINE has high rate also in App store. Most of users give the highest rank to LINE, even though the total amount of downloader is quite different.

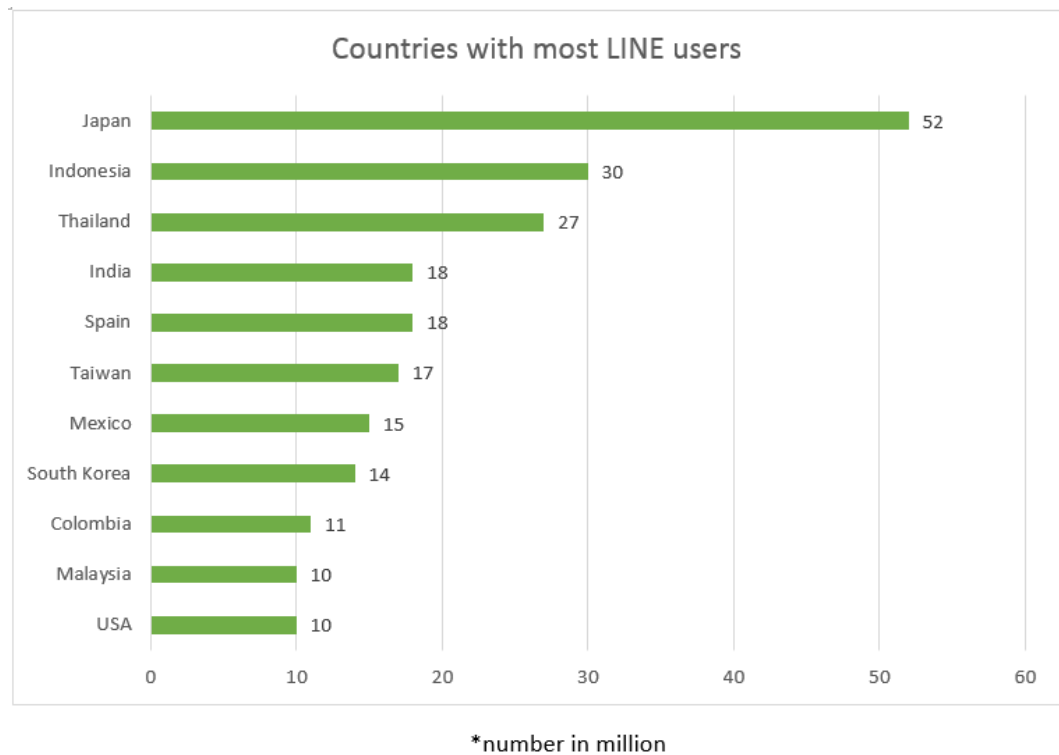**Figure 1.5: LINE's Review in App Store**

(Source: App Store)

Data obtained from Asahi (in Japanese) Line user names Indonesia as the second largest in the world, after Japan, with 30 million users. This means the number of LINE users in Indonesia reaches half of Facebook users from Indonesia which reaches 60 million. In total, the line itself is moving toward 500 million registered users.

Japan still topped the adoption Line with 52 million users, while Thailand trailed in third place with 27 million users. In less than six months Indonesia managed to get through Thailand to the affairs of the number of registered users.

Figure 1.6: Number of users Line World

Countries with most LINE users

Country	Users (million)
Japan	52
Indonesia	30
Thailand	27
India	18
Spain	18
Taiwan	17
Mexico	15
South Korea	14
Colombia	11
Malaysia	10
USA	10

*number in million

(Source: dailysocial.net)

Earlier in the month of March 2014, total LINE users in Indonesia recently reached 30 million. This means that in less than 6 months of Line managed to add 50% of users in this country. Line itself has proven to be a powerful platform for mobile sales tool. LINE Shopping account has successfully encouraged behavior-changing product offered via smartphone (*dailysocial.net/November, 2014*).

With a stable business model today, Line continues to seek new ways to engage users while continuing to increase revenue. One of the latest efforts to make it happen Line has been done in the realm of e-commerce. For example, Maybelline cosmetics brands have been sold in a glance through Line in Thailand with 500 lipsticks sold in just five minutes, branded iPhone casing LINE has also been sold out less than 25 minutes.

Idezawa (Line COO) said that sales of lightning successful for two reasons. First, the Line is a chat platform that features a strong push. Second, because the

line is mostly used in mobile gadgets, flash sales get the user's attention quickly and efficiently. Could the same reason be applied in mobile commerce in general? Line does think so (*id.techinasia.com/November, 2014*).

Quoted from techinasia.com, activities of LINE Shopping also help boost the number of LINE users in the homeland. Currently Shopping Line has 1,9 million members in Indonesia. Line worked closely with five well-known e-commerce companies, which are BerryBenka, Groupon, Rakuten, Qoo10 and Zalora to offer direct offer section through this channel Line Shopping (*id.techinasia.com/November, 2014*).

The current business environment is getting more competitive. In order for many companies to stay competitive, businesses have always strived to improve themselves by creating better products and services for Reviews their customers. With the recent emergence of the wireless and mobile networks, a new platform for business to trade Reviews their product and service known as m-commerce is beginning to gather attentions from businesses (Wei, 2009).

Since its launch in December 2013, LINE Shopping has taken Indonesian LINE users by storm. LINE Shopping has created such hype over several promotional discounts on branded products, such products can be sold out within day even hours. LINE shopping hype reached its peak when it offers 12 iPad mini at a heavily discounted rate through Rakuten. With an outstanding amount of user flooding in, Rakuten website went down (because of traffic overload) and the product being offered instantly sold out.

The technique used by LINE is not uncommon for Indonesian consumer. Many consumers already used to manual purchase through BlackBerry Messenger where sellers will broadcast info regarding their latest offers to their contacts. This method of marketing is proven to be effective to most sellers, and of course a more simple and modernized version of this will reduce consumer learning curve. That is where LINE shopping fits the desired description.

LINE shopping will broadcast info to its followers regarding the latest and hottest deals from its partners. If someone is interested, the consumer only had to tap on the broadcasted banner and will directly landed on the product page to do a

purchase (*dailysocial.net/November, 2014*). Up until this was written, LINE shopping followers was reaching 3.75 million and counting.

Figure 1.7: Line Shopping Followers

(*Source: LINE App*)

In a mobile-first country such as Indonesia, mobile phone ownership penetration rate is really high. The concept of mobile commerce will be more easily acceptable by society compared to ecommerce. Masaya Ueno, the Director of Rakuten Asia stated that Indonesian between the ages of 16-44 spend more than half of their time on their gadgets, it is not surprising that mobile commerce is on the rise. On the first quarter of 2014, Rakuten Online Shop indulged in 546.8% increase in number of mobile visit and 587.1% increase in mobile purchase compared to the first quarter of 2013. This trend will likely to increase due to the introduction of 4G/LTE (Long Term Evolution) technology which could cater for faster and more reliable mobile internet connection. Hence, internet will be more inseparable from daily life than ever (*www.tabloidpulsa.co.id/May, 2015*).

Moreover, based on data from Kominfo in the "Online Shopping Images in Indonesia case study: Jabodetabek, Bandung and Yogyakarta," it is mentioned that 46% of online shopping users there use the mobile phone or smartphone to do

online shopping. The remaining 43% use a computer or laptop and 11% use a tablet PC.

Given the fact that m-commerce has a great potential and Line Shopping was able to exploit the opportunity, it is crucial to find out what are the most influencing factors for m-commerce adoption. Line exceptional performance in harnessing the power of m-commerce has got to writer's interest. Therefore, the writer is interested to analyze any factors that can influence adoption of m-Commerce in Indonesia like case study in LINE Shopping, with titled THE IMPACT ADOPTION OF M-COMMERCE BASE ON TAM TO CONSUMER INTENTION IN INDONESIA: STUDY OF LINE SHOPPING.

1.3 Problem Statement

How much is the impact from adoption of M-Commerce base on TAM to consumer intention in Indonesia (Study of LINE Shopping).

1.4 Research Objectives

Based on those formulated problems, the purposes of this research are as follows:

To find out how much does the impact from adoption of M–Commerce base on TAM to consumer intention in Indonesia (Study of LINE Shopping).

1.5 Research Benefits

This research is expected to be useful for many stakeholders who need it. The purposes of this research are:

1.5.1 Theoretical Aspects

a. This research is useful for a means of empirical proof over theories that is acquired at higher education and as adder insight and knowledge of the Adoption of m-Commerce in Indonesia.

b. For the researcher, this research can be used as medium to develop the skill and theory application during the college lecture.

1.5.2 Practical Aspects

a. This research hopefully can be used as reference for company to develop marketing strategy based on the research result.

b. This research hopefully can be used as reference for those who want to know any further information about the Adoption of m-Commerce in Indonesia or any other parts related in this research.

1.6 Final Project Systematics

The writing structure is written to provide a general overview about this research. Further explanation of the structure will be explained below:

CHAPTER I   : INTRODUCTION

As has been described previously, this chapter consists of general overview of research object, research background, problem statement, research purposes, benefit of research and research outline.

CHAPTER II :   THEORETICAL   REVIEW   AND   RESEARCH SCOPE

This chapter consists of review of literature research, research hypothesis, theoretical framework, scope of research and problem solving support. The theoretical frameworks used in this research are integrated marketing communication and Brand Awareness.

CHAPTER III   : RESEARCH METHOD

This chapter contains a type of research used, operational variable, validation test and reliability, step of research, the scale of measurement, collection data methods, sampling techniques, and data analysis techniques.

CHAPTER IV   : RESEARCH RESULTS AND DISCUSSION

The final result of this research and its subject matter must be written systematically and similar to what is already stated in problem statement and research objectives. This chapter consists of characteristic of respondent, final result of this research and analysis of the data process that has been obtained.

CHAPTER V   : CONCLUSIONS AND SUGGESTIONS

The final chapter comprises the conclusions of the whole research data and analysis that will be used as a practical guideline for the company and recommendation for further research in this field.