

## CHAPTER I INTRODUCTION

### 1.1 Overview of Research Object

Shopee is the leading e-commerce platform in Southeast Asia and Taiwan. Shopee aims to continually enhance its platform and become the region's e-commerce destination of choice via ongoing product optimization and localized user-centred strategies (Shopee, 2020).



Figure 1. 1 Shopee Logo

*Source: careers.shopee.co.id*

Shopee is one of the applications of e-commerce that sells various products that are easily ranging from fashion to daily needs. Shopee launched in 2015 in Singapore, Indonesia, Malaysia, Thailand, Taiwan, Vietnam, and the Philippines, it is a platform tailored for the region, providing customers with an easy, secure and fast online shopping experience through strong payment and fulfilment support (Shopee, 2020).

Shopee is a subsidiary of Sea Group, based in Singapore. Shopee aims to bring the new shopping experience. Shopee facilitates merchants to easily sell and equip buyers with secure payment processing and integrated logistics arrangements. Shopee offers a one-stop online shopping experience that provides a wide selection of products, a social community for exploration, and seamless fulfilment services (Shopee, 2020).

### **1.1.1 Shopee Games**

Shopee Games is a variety of strategies that Shopee uses to increase sales, shopping experience, and user engagement from its customers. Shopee Games can be played via the Shopee application. Users can get free Shopee Coin, one of which is by playing Shopee Games. Shopee Coins are the official virtual currency at Shopee which will be credited to the user's account, users can use Shopee Coins for all transactions in the Shopee application or at ShopeePay merchants, play the Daily Prize, or buy various shopping vouchers on the Shopee Coin Reward page (Shopee, 2020).

Some of the games on Shopee Games have community elements where users can interact with other users, for example, Shopee Farm, in addition to watering their plants, users can water other users' crops which encourages users to attract non-Shopee Games users into the game and on Shopee's platform.

## **1.2 Research Background**

The presence of Internet and the rapid development of the internet led the birth of invention and discoveries. The latest survey by the Indonesian Internet Service Providers Association (APJII) shows that the number of internet users in Indonesia has increased. In addition to the existence of equitable broadband infrastructure, and the pandemic factor that requires people to do activities at home also contributes to the increase in internet penetration. Based on the results of a survey conducted by the Indonesian Internet Service Providers Association (APJII) conducted from 2 to 25 June 2020, the number of internet users reached 196.7 million or 73.7 percent of the total population in Indonesia.

## The Total Internet Users in Indonesia reach 196.7 Million.

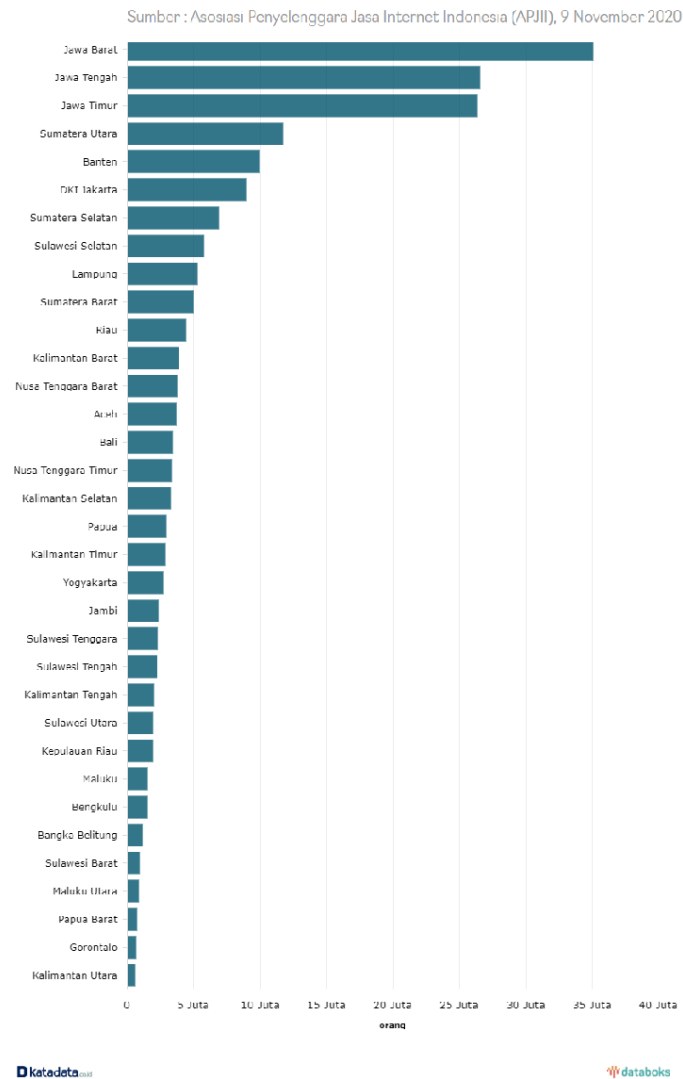


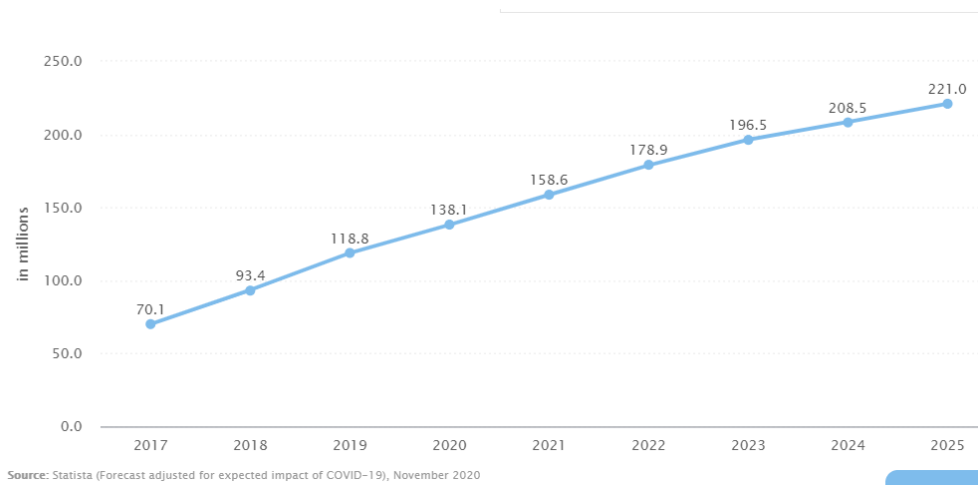
Figure 1. 2 Indonesia Internet User 2020

Source: APJII Survey Result 2020 in Databoks

One of the impacts of Internet growth is disruptive business change which brings new opportunities to businesspeople. The internet user is a potential market for the business. This is an opportunity for business actors to create new strategies through

online marketing. Thus, internet leads the birth of e-commerce that is finally upon us. *“E-commerce is digital enabled commercial transactions between and among organizations and individuals”* (Laudon, 2014). Nowadays e-commerce becomes the main channel and offline trading generator, e-commerce attracted huge audiences in a short time span. E-commerce provides convenience and comfort when conducting online transactions.

According to idEA (Association of E-commerce Indonesia), ASEAN has been referred to as the new market potential of e-commerce, there are 248 million inhabitants, 39 million users and 5 million digital buyers in Indonesia. Indonesia is a market with interesting e-commerce growth from year to year. Since the year 2014, Euromonitor recorded, online sales in Indonesia have reached 1,1 billion USD. The census of the Central Statistical Agency (BPS) data, Indonesia e-commerce industry in the last 10 years has increased to 17 percent with the total number of e-commerce businesses reaching 26.2 million units. In addition to the data, the great potential of the e-commerce industry in Indonesia is also influenced by online shopping styles, especially by millennial generations. According to Indonesia Millennial Report 2019, millennials like to research for price comparisons, features, promo programs and product quality in several e-commerce before deciding on buying an item. Moreover, the COVID-19 pandemic has resulted in behavioural changes in fulfilling life's needs and carrying out activities. This change has an impact on the growth of e-commerce which is quite significant. Based on data from Statista in 2020, e-commerce users in Indonesia increased 6.6 percent from 2019.



**Figure 1. 3 Indonesia’s e-commerce User 2020**

*Source: APJII Survey Result 2020 in Databoks*

Competition in Indonesia's e-commerce business is increasingly fierce, some major e-commerce companies in Indonesia have been doing various innovations to improve its business performance. Improving customer interaction and potential customers, services, and content that provide information about the products and services offered by e-commerce. The e-commerce business in Indonesia is growing rapidly. There are many players in this industry compete to become a top e-commerce platform. One of which is being a highlight is Shopee.



Figure 1. 4 Indonesian e-commerce rank

*Source: Statista Survey Result in 2020*

Based on survey conducted by Statista in September 2020, Shopee was recorded as the most frequently used e-commerce by Indonesian. The penetration of Shopee users outperform their competitors such as Bukalapak, Tokopedia, Lazada, and Blibli. In terms of business, Shopee demonstrated strengthening in the 2020. Shopee was able to record the Gross merchandise value (GMV) growth accelerated further to 109.9% year-on-year to the US \$ 8.0 billion for the second quarter, compared with 74.3% year-on-year in first quartal in 2020. Furthermore, Shopee registered more than 260 million orders in the second quarter, an increase of over 130% year-on-year. Besides, both in Indonesia, Southeast Asia, and Taiwan, Shopee also ranks first, based on average monthly users, downloads, and total time spent in-app on Android, besides that, Shopee is also in the top three worldwide in the same category.

The Shopee app has been downloaded more than 80 million times with 2.2 million sellers from all over Indonesia. Shopee currently continues to add more features to create new marketing strategies to attract more users and to boost user engagement. One of the features released by Shopee are is gamification. Gamification is a method that uses game elements in other contexts that are not a game (Lucassen

& Jansen, 2014). Implementation of gamification can increase user involvement, user motivation to transact, and user loyalty (Hsu & Chen, 2018). Since gamification makes shopping more attractive and can change human behaviour by increasing motivation, engagement and loyalty, retailers have begun to enhance the online customer experience by implementing game elements and mechanics in online shopping with the aim of increasing customer engagement on their sites (Insley and Nunan, 2014). These benefits make gamification a trend in the business world today, especially online shopping.



Figure 1. 5 Goyang Shopee on Shopee Birthday Sale

*Source: kapanlagi.com*

Shopee developed the game features based on the success of *Goyang Shopee* which has been played over 500 million times. Because of *Goyang Shopee's* success, Shopee is now focused on emulating the gamification as their new marketing strategy to increase user engagement and increase their users. Shopee has released several new gamification features as their marketing strategies such as *Shopee Tanam*, *Goyang Shopee Lucky Prize*, *Shopee Candy*, *Shopee Bubble*, *Shope Poly*, *Shopee Capit*, *Shopee Link*, *Shopee Flappy*, *Shopee Joget*, *Shopee Tangkap*, *Shopee Lempar*, *Shopee Potong*, and *Lucky Draw*.

Trend of this gamification continues to increase in the business world, social studies in Indonesia related to gamification in e-commerce itself are still relatively

small. One study conducted by Kristoforus Gratianus Haryanto Sutrisna in 2019 stated that the motivation of recreation in gamification on the GO-POINTS system had a positive influence for GO-JEK customer loyalty. Another study conducted by Baptista and Oliveira in 2017 stated that gamification has strong relationship with intention to use mobile banking service, supporting that gamification can help make banking activities more exciting, interesting and enjoyable, and in turn increase customer acceptance, engagement and satisfaction. The lack of research related to the effect of marketing strategy with gamification on the marketplace in Indonesia is not comparable with the growing trend of gamification itself. In the case of e-commerce application, the influence of gamification in user's intention is still unclear. In fact, companies that want and have implemented gamification need to further understand their customer's behavioural intention towards their gamification to boost user engagement and drive more sales. Moreover, Rahi and Ghani in 2018 stated that there is a positive relationship between customer's intention to adopt and customer's intention to recommend internet banking when there is gamification.

Based on that, the researcher intends to find out the gamification impact, technology acceptance and behavioural intention of Shopee application's user towards Shopee Games. The Researcher intends to conduct research with the title, "THE ROLE OF GAMIFICATION IMPACT TOWARDS THE ADOPTION OF SHOPEE GAMES USING MODIFIED UTAUT-2".

### **1.3 Problem Statements**

. The concept of gamification is currently a hot topic in marketing. Simoes et al. (2013) have described, gamification uses game elements, like the mechanics and dynamics of games in non-game contexts. When used in a business context, gamification is the process of integrating game mechanics into a website, application, business service, online community, or marketing campaign to drive participation and engagement. Gamification has the potential to influence and increase people's engagement and encourage certain behaviors (Kuo and Chuang, 2016). Gamification is a new type of marketing thinking, with the provision of full games being seen as a way to add value to an e-commerce application. Shopee has



launched a new marketing strategy in the form of gamification to gain more users and visitors to the app and engage its user. By creating unique experiences such as Shopee games, Shopee intends to engage, retain users on the platform as they consume, and advocate for their products and services. Most current e-commerce was not designed to be fun or entertaining, just transactional. It is expected that applying game techniques in an Shopee application have a significant impact.

Currently, there is no research regarding the acceptance of Shopee's new strategy using gamification through analysing their behavioural intention of using Shopee Games and its potential impact. Hence there is need to investigate factors such as performance expectancy, effort expectancy, social influence, facilitation conditions, hedonic motivation, price value, habit, gamification impact and several moderators on their influence towards such behavioural intention and use behaviour. Analysing customer's behavioural intention and use behaviour towards Shopee Games is essential to gain insight for Shopee's further expansions and developments.

Furthermore, Shopee is aware of their target users by designing marketing strategy by creating Shopee Games, so Shopee want to find ways to provide it users with more enjoyment while using Shopee Games. Hence, Shopee needs to suggest future research agenda in gamification and to ensure that Shopee Games creates sustainable and prospective users that can address Shopee user's needs by understanding their behaviour against Shopee Games. Furthermore, since Shopee consistently focus on enhancing user engagement on Shopee, Shopee needs to expand their social content in the Shopee Games. Shopee further broaden the types of social content and games they offer to Shopee games users.

In addition, gamification is a new strategy in the e-commerce business in Indonesia, therefore, this research intends to identify customer's behavioural intention of using Shopee games and the potential impacts of Shopee gamification.

#### **1.4 Research Question**

Based on the background that has been described, UTAUT-2 is an appropriate method to analyse this situation because of its explanatory power in predicting

technology adoption. Hence, the formulation of the problem which is used as a discussion in this study are:

1. To what extent do users' perceptions in the factors of modified UTAUT-2 influence on behavioural intention and use behaviour in adopting Shopee games?
2. What are the factors that influence the behavioural intention and use behaviour in using Shopee Games based on the UTAUT-2 Model?
3. What are the value of each factors that influence the behavioural intention and use behaviour in using Shopee Games based on the UTAUT-2 Model?
4. Do the moderating variables in the UTAUT-2 Model such as age and gender affect the user's behavioural intention and use behaviour in using Shopee Games?
5. Are there additional factors in UTAUT-2 Model that influence the behavioural intention in using Shopee Games?

### **1.5 Research Objectives**

Based on the background and formulation of the problems that have been described previously, this research was conducted with the following objective:

1. To investigate the extent of users' perceptions in the factors of modified UTAUT-2 influence on behavioural intention and use behaviour in adopting Shopee games.
2. To analyse the factors of the UTAUT-2 Model in influencing user's behavioural intention and use behaviour in using Shopee Games.
3. To analyse the value of each factors of the UTAUT-2 Model in influencing user's behavioural intention and use behaviour in using Shopee Games.
4. To analyse the effect of moderating variables in the UTAUT-2 Model such as age and gender in the behavioural intention and use behaviour in using Shopee Games.
5. To investigate other additional factors in the UTAUT-2 Model in influencing the behavioural intention in using Shopee Games.

### **1.6 Benefits of Research**

Conducting this research can provide the following benefits:

- a. Theoretically, the results of this study are expected to be useful as input for science in general and knowledge about the Unified Theory of Acceptance and Use of Technology 2 (UTAUT-2). The results of this study can also be used as a reference for students majoring in management and accounting economics to add insight and knowledge and can be used as a guide for further research.
- b. Practically, understanding technology acceptance of Shopee Games and behavioural intention in using Shopee Games can be used to evaluate existing features that will give Shopee more insight for Shopee's further expansions and developments. The results of this study can be taken into consideration for Shopee's developers in determining appropriate strategies to develop marketing strategies with gamification.

### **1.7 Research Writing Systematics**

This research is structurally arranged to provide the overview of the research stages.

- a. **CHAPTER I INTRODUCTION:** This chapter provides insight into the background of the object that will be in research, identifying problem statements, the purpose of doing research and finally explaining how this research will be arranged and organized.
- b. **CHAPTER II LITERATURE REVIEW:** In this chapter will distort the underlying theories through a review of the study that had been done before. This derives the proposed hypotheses and for framework.
- c. **CHAPTER III RESEARCH METHODOLOGY:** This chapter will discuss research methodology used to do this research.
- d. **CHAPTER IV RESULTS AND DISCUSSION:** This chapter will present the results obtained after the research, both statistical and data analysis.
- e. **CHAPTER V CONCLUSION AND SUGGESTION:** This chapter will summarize the research findings, implications of the finding, and also draw conclusion that will provide better insight for Shopee and future researchers.