

CHAPTER 1

INTRODUCTION

1.1 Company Profile

Shopee is an eCommerce platform that provides services to connect sellers and buyers in one platform to make online shopping transactions effective and efficient by using a smartphone. Shopee was founded by a super-smart and unbelievably reliable CEO, Chris Feng. On February 5, 2015, Shopee was established in Singapore under the SEA group. After successfully launching in Singapore, Shopee started to expand their market to Indonesia, Malaysia, Thailand, Taiwan, Vietnam, Brazil and the Philippines. The factors of Shopee's growth are a strategic expansion plan in the Southeast Asian region, focus on hyper-localized approach, providing user-friendly language and using social media channels as their marketing strategy that made it more popular among the buyers. Now, Shopee continues to gain ground, becoming the first in the Shopping category based on downloads, average monthly active users, and total time spent in apps on Android in Southeast Asia and Taiwan.

Shopee joined the Indonesian market at the end of May 2015 and began operating in June 2015. Shopee is confident that it can lead the market in Indonesia. One way is to make the platform more attractive and easier for buyers and sellers. PT Shopee International found that the increasing penetration of gadget users in Indonesia will get new opportunities in the world of e-commerce. Indonesia has contributed 30% of the total Shopee market. Based on TheAsianParent, Shopee in Indonesia has become the first-choice shopping platform for mothers (73%), followed by Tokopedia (54%), Lazada (51%), and Instagram (50%). Even though it is opened in 7 countries at the same time Shopee will give a local touch by employing local professionals so they can understand the taste of the local population. Shopee created ShopeeFOOD program, which is to promote the sale of ready-to-eat food on the Shopee platform by recruiting more than 500 food vendors in the Jakarta area. Shopee strives to attract loyal buyers by creating interactions through engaging online shopping experiences. Including through the Shopee Feed and Shopee Games.



Figure 1.1 Shopee Logo

Sources: www.google.com

Shopee has a simple logo with a letter S and orange shopping cart. The orange colour is known as a warm colour and can add enthusiasm, appeal, and happiness. This colour will help the company's vision stick more quickly to the hearts of consumers. The orange colour will be good if used in online store logos to increase buyer interest. While the letter S symbolizes Shopee. A simple logo makes everyone recognize and remember it as soon as they see them.

Table 1.1 Company Value Shopee

We Serve	Customers are always right
	Exceed customer expectations, deliver above and beyond
We Adapt	Anticipate changes and plan ahead
	Accept unanticipated changes and make things happen
We Run	Self-driven to deliver, don't need anyone to push
	Always have a sense of urgency to get things done
We Commit	Act like an owner; proactively find ways to make our organization better
	Uphold high standards; don't take shortcuts, even when no one is watching
	Act like an owner; proactively find ways to make our organization better
We Stay Humble	Believe we are always the underdog, and seek to learn from the market and competitors
	Accept that we are not perfect, and will never be
	Work hard first, celebrate and enjoy later

Sources: www.google.com

Shopee is a company that has been through an activity process for several years. The company Value helps the company ensure that all employees are working towards the same goals and has reached the state of being an illustration of public trust in the company. The company value of Shopee is shown in Table 1.1. A business without core values doesn't work because it impacts your business strategy. For those reasons, management and employees of Shopee should be aligned with these values.

Shopee is an Ecommerce platform that is always innovative by not only providing products, but it also provides a variety service to meet customer needs and to maximize the user's shopping experience. Shopee's innovative services are very useful during the Covid-19 pandemic are as follow:

1. Digital Investment

Shopee collaborates with *Pegadaian* companies to run gold savings or investment services. The main objective of this service is that the Indonesian people can invest in gold easily and comfortably, as well as to strengthen the inclusion of gold savings. The advantage of buying gold with this service is that we can buy gold at a nominal value according to our ability and a specified minimum limit. This system is supported by big Shopee events such as 12.12 with a cashback discount of 3% so that customers can start investing in gold at a low price. Users do not need to go outside home to buy gold for the investment.

2. Virtual Wallet

Shopee's first digital wallet is called Shopeepay which functions as an online payment method in the Shopee application, offline at ShopeePay merchants, and for storing refunds. Buying goods at Shopee using Shopeepay will get a free voucher and cashback vouchers in the form of Shopee Coins which can be used for cheap shopping in the next transaction. Shopping at offline merchants' partnership with Shopeepay can also get Shopeepay cashback of up to 60% which can save expenses. To support governance programs that is Social Distancing, this service is really useful to reduce direct contact with others.

3. Digital Credit

Spinjam and Spaylater are the new services that are provided by Shopee. Both are loans offered to Shopee users. During Covid-19 Pandemic, people are in difficulties and these services will help users to meet their needs.

4. Shopee Xpress

Shopee has innovation in delivery services. Shopee has their own shipping delivery service called Shopee Xpress with an average order sent 2 hours after the user completes the transaction. This service complies with the Health Protocol.

5. Managed by Shopee

This service provides a one stop solution packaged and shipped by Shopee, which prioritizes speed and reliability with a 24-hour security system in the warehouse to manage various products, stocks, and orders from brand partners and sellers.

1.2 Research Background

Today's increasingly sophisticated developments have spread to various aspects of human life, where modern society adopts a lifestyle that is instantaneous, practical, and fast. Modernization offers multiple kinds of convenience in online transactions or so-called electronic transactions. One of the platforms widely used for trading online in Indonesia is the marketplace. Marketplace first appeared in America with the emergence of Amazon and eBay in 1995. In Asia, China launched first marketplace namely Alibaba in 1999.

Marketplace sites are third parties in electronic transactions by providing a place to sell and payment facilities. We can call an online department store without visiting directly and buying the desired item. One of the marketplaces in Indonesia currently in demand by Gen Z circles is "Shopee". Shopee is most favoured by the age group 19-24 years as much as 72% based on the Snapchart survey. The features on Shopee are more interactive, and there is always a new theme at every moment, becoming

the primary choice for the young age group. Creativity in making new features is essential in building communication with online consumers, so they don't get bored quickly and keep something new and interesting. Through that, Shopee has succeeded in proving that the more unique and diverse features, the more choices consumers have for shopping.

One of the Shopee online application features offered to consumers, which has been released since March 6, 2019, is SPaylater. Spaylater is credit-based fintech products. The presence of Fintech is also supported by the existence of a Financial Services Authority Regulation, namely POJK based No.77 / POJK.01 / 2016 concerning Information Technology-Based Lending and Borrowing Services. The number of Fintech developments is expected to continue to increase considering that Fintech has a wider market potential opportunity. Based on research results from the Indonesian Fintech Association (AFTECH), the value of transactions carried out by financial technology companies (fintech) in Indonesia shows that 33% of respondents have transaction values of more than IDR 80 billion, while the other 24% only make transactions of less than IDR 500 million. This proves that Fintech has a wider market potential opportunity.

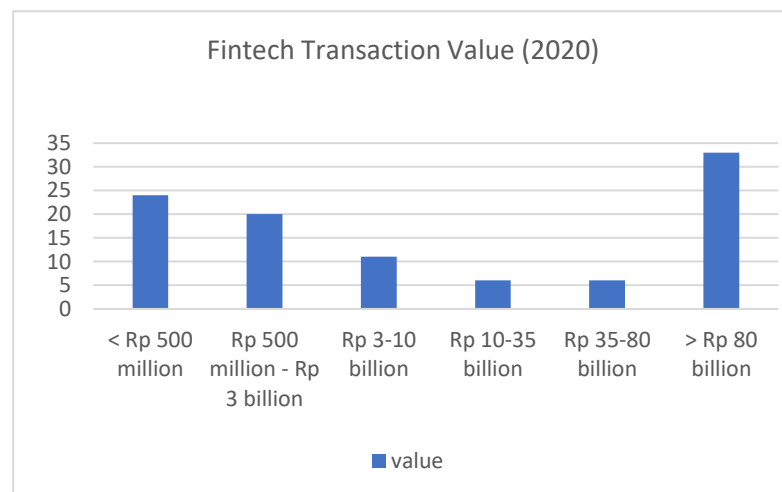


Figure 1.2 Fintech Transaction Value (2020)

Sources: databoks.katadata.co.id/

From katadata.co.id, Director of OJK Fintech Licensing and Supervision Regulation Hendrikus Passagi stated that 90% of loan disbursements are still in Java. As of May 23, 2019, lending outside Java was only IDR 5.2 trillion, while in Java it was IDR 31.8 trillion. This happened because of the lack of information regarding financial technology lending by people outside Java. This is also supported by the results of the Indonesian Polling study in collaboration with the Indonesian Internet Service Providers Association (APJII) stated that internet users in Indonesia are still concentrated on the Java and Bali islands. The portion reaches 55% of the total users. The rest, Sumatra Island by 21%, Papua 10%, Kalimantan 9% and Nusa Tenggara by 5%.

Shopee has a marketing strategy in various media. Shopee total sales and marketing expenses increased by 88.8% to US\$1.8 billion for the full year ended December 31, 2020 from US\$969.5 million for the full year ended December 31, 2019. Shopee also implements online marketing communication methods to the Spaylater feature include online advertising via social media, online public relations via a website and social media, and providing free shipping and cashback vouchers to users. With free shipping vouchers and Spaylater cashback, it can save customers' consumptive shopping, making it easier for users to do online shopping. And lately, Shopee has been giving more free shipping vouchers and cashback with T&Cs using the Shopee pay or Spaylater payment method compared to Vouchers with COD payments or without T&Cs. Based on the results of Katadata's research, many paylater users use Paylater from the Shopee application:

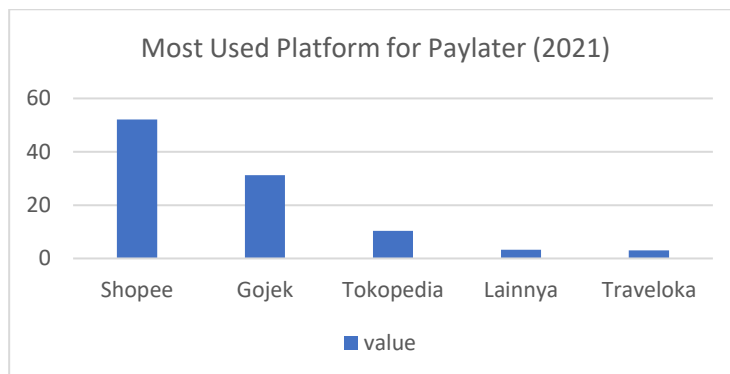


Figure 1.3 Most Used Platform for Paylater (2021)

Sources: databoks.katadata.co.id

This also supports the current phenomenon, the condition of the Covid-19 pandemic that has not subsided, prompting an increase in purchases through e-commerce. Where people in Indonesia experience economic difficulties to meet the needs of life. From this problem, many people make practical online loans, 24 hours of liquid funds after submission. In Katadata's research, it showed that there was an increase from 7.6% to 9.3% for respondents who stated that they used paylaters very often during the pandemic. An increase also occurred by respondents who stated that they often used paylaters during the pandemic, which increased from 12.5% to 13.4%.

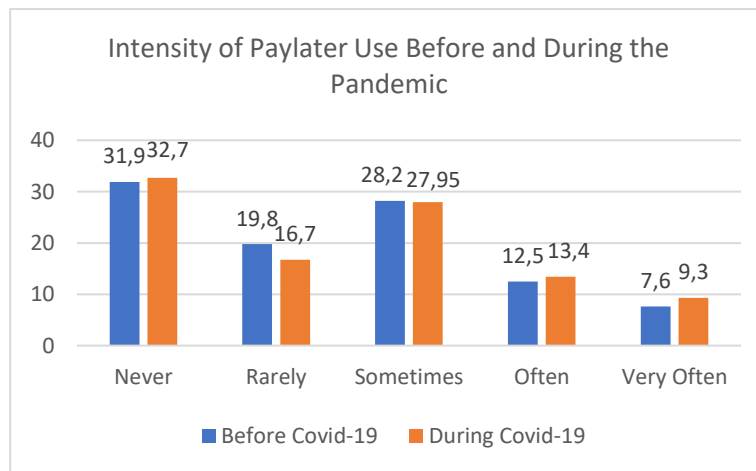


Figure 1.4 Intensity of Paylater Use Before and During the Pandemic

Sources: <https://databoks.katadata.co.id/>

Regarding Joyce J. Gordon, which was summarized in the book *Effective Public Relations I*, public relations maintain a good and beneficial relationship between the organization and the public. With this concept, the company carefully integrates and coordinates the various communication channels to convey a clear, consistent and mutually supportive message about the organization and its products. One of the roles of public relations at Shopee is Customer Service. The Shopee Customer service website (help.shopee.co.id) conveys information about Spaylater features such as what Spaylater features are and details on interest rates and additional fees based on the type of payment the user chooses.

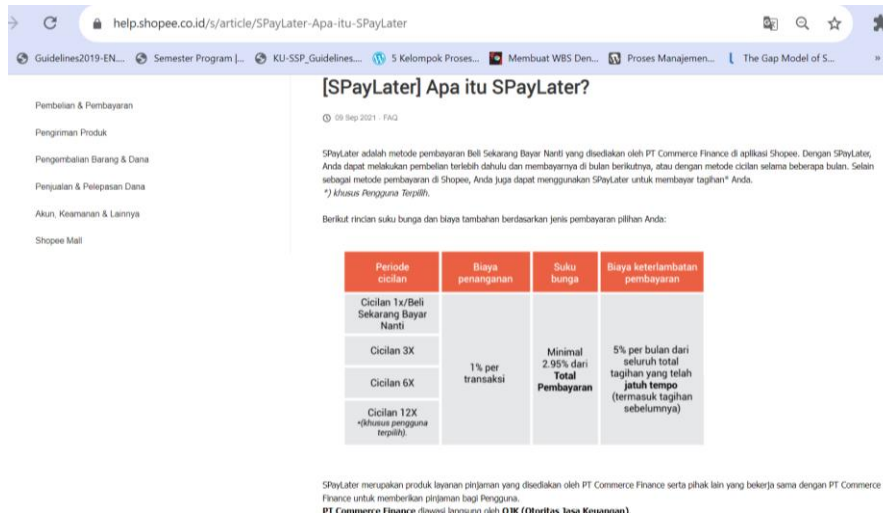


Figure 1.5 Website Customer Service Shopeee

Sources: help.shopee.co.id

Periode cicilan	Biaya penanganan	Suku bunga	Biaya keterlambatan pembayaran
Cicilan 1x/Beli Sekarang Bayar Nanti	1% per transaksi	Minimal 2.95% dari Total Pembayaran	5% per bulan dari seluruh total tagihan yang telah jatuh tempo (termasuk tagihan sebelumnya)
Cicilan 3X			
Cicilan 6X			
Cicilan 12X *(khusus pengguna terpilih).			

Figure 1.6 Spaylater Interest rates and additional fees

Sources: help.shopee.co.id

Spaylater has their own requirements and rules that must be fulfilled. There is risk when transactions using SPayLater bear an interest rate of at least 2.95% and charges a handling fee of 1% per transaction. If there is a late payment, the user will be subject to a fine of 5%. SPayLater hacked hackers without OTP request. These rules risk may cause people to hesitate when they want to use. Users who cannot pay their debts on time will register the username with the OJK as a person with debt problems. Later, the user will have difficulty dealing with the bank, such as paying instalments on a house, motorbike, etc.

Of course, with the convenience of the SPaylater feature provided by Shopee, it will not always run smoothly. One of the cases of late payment occurred by a woman whose TikTok video went viral. She told a story while crying because of Spaylater service. She cried because of the bill this month, which makes her anxious, reaching more than IDR 17 million. Initially, she only borrowed IDR 453,308 to buy goods at an online shop in June 2020. One year passed, the debt was not paid and continued to multiply. As a result, the paylater interest continues to grow as he fails to pay every month. This girl initially only used a small amount of pay later.

The other risk is SPayLater debt collector, who collects outside the emergency contact. They do billing to the user's relatives who the user has sent goods via Shopee, and the user has never included the phone number to interest personal the user's credit.

With the existence of online promotion Spaylater, users can effectively consumptive shopping activities. However, some risks must be considered, such as the lack of transparency in how Spaylater works; the amount of interest is different between checkout and payment time. It turns out that Spaylater uses a double-charge handling fee which the spaylater has never informed. This should be informed clearly at the beginning to the customer.

The author wants to research the online marketing communication factors that influence customer intention to use and the perceived risk of using SPayLater on the Shopee application and the effect of perceived risk on online marketing interactions to intention to use. This study uses the perceived risk of the SPayLater feature on the Shopee application as a moderating variable because of the convenience provided by SPayLater had several risks that user must consider. The use of SPayLater can be influenced by several factors in this study, namely the influence of e-integrated marketing communication and perceived.

Concerning the background, the title of this final project is “The Influence of E-Integrated Marketing Communications on Intention to Use of Spaylater: The Mediating Role of Perceived Risk”.

1.3 Problem Statement

Shopee has launched financial technology services which is Spaylater. Shopee used E-IMC method to promote their feature. This feature help to shop easier in the form of instant loans with very minimal interest with the payment and billing system. Beside the convenience of shopping, there are various financial risks that lurk, one of which is if there is a late payment, a fine of 5% of the total bill will be imposed. It should be realized that the working system of this feature is not much different from the credit card system and must be paid off at a later date. The problem formulations for this study are as follows:

1. Does the Implementation of E-Integrated Marketing Communication affect Intention to Use on Spaylater program?
2. Does the implementation of E-Integrated Marketing Communicatio affect Perceived Risk on Spaylater Program?
3. Does the implementation perceived risk affect Intention to Use?

1.4 Research Objectives

From the problem statements can be concluded that the objectives of this research are:

1. To determine the effect of implantation E-Integrated Marketing communication on customer's Intention to Use on Spaylater program.
2. To find out the effect implementation of E-Integrated Marketing Communication to Perceived Risk on Spaylater Program
3. To determine influence of Perceived Risk on customers' Intentions to Use Spaylater programs the level of an on buying process.

1.5 Significance of the Study

Based on the background, problem formulation, and research objectives, the authors conducted this research which is expected to be beneficial for parties of interest. The benefits of this research are:

1.5.1 Theoretical Use

The theoretical use of this research is expected to be a tangible form of contribution, especially as learning materials and the application of knowledge in the academic

field in order to know the influence of perceived risk to intention to use from fintech integration: the case of spaylater applying an existing theory. as well as in addition to research as a reference for further research.

1.5.2 Practical Use

The results of this study can be used as reference material and input for Shopee. Knowing this research is expected to be useful in providing additional information for Shopee in order to develop services for the better and benefit its users. As well as contributing to adding insight and knowledge in the field of using lending services about the influence of perceived risk to intention to use from fintech integration: the case of spaylater.

1.6 Research Limitation

- a. Variables used in this research is focused on the Perceived Risk and Intention to use
- b. Research period start from March 2021 until October 2021
- c. The research is done to find the influence of perceived risk to intention to use from fintech integration: the case of spaylater

1.7 Writing Systematics

This research is entitled "The influence of perceived risk to intention to use from fintech integration: the case of spaylater". The systematics of writing in this study are as follows:

CHAPTER I INTRODUCTION

This chapter is a general explanation of the object of research studies, the background of the problem, the formulation of the problem, the objectives and uses of the research, the research scope, and the systematics of writing.

CHAPTER II LITERATURE REVIEW

This chapter clearly stated the results of the literature review related to the problem to be studied. This chapter includes a description of the theoretical basis used as the basis for

research analysis, previous research, and a thought framework.

CHAPTER III RESEARCH METHODOLOGY

This chapter describes the approaches, methods, and techniques used to collect and analyse data to answer or explain research problems.

CHAPTER IV RESULT AND DISCUSSION

This chapter describes the research object's description, the results of the analysis and data processing, and its discussion, which are presented chronologically and systematically according to the scope of the research and consistent with the research objectives.

CHAPTER V CONCLUSION AND SUGGESTIONS

This chapter contains the conclusions of the research carried out and suggestions to companies and other parties.