

CHAPTER I

INTRODUCTION

1.1. Research Overview

The rapid advancement of technology in this modern era has made people extremely rely on the existence of technology that can assist them in all activities, and it is very influential for the users, from working to shopping. They are already used to the existence of the Internet and mobile phones as their daily necessity. According to Nielsen Indonesia report published in the first quarter of 2013, Indonesian consumers are starting to like online shopping in line with the increasing internet penetration in Indonesia. They love to read reviews and seek information about the products and services they need (Nielsen, 2014). According to (Nurudin, 2017), Internet Service Provider (ISP) first appeared in Indonesia called IndoNet, IndoNet has successfully established an initial connection to the Internet using dial-up technology. IndoNet was founded in 1994 by Djarot Subianto, the essence of what IndoNet founders have done is IndoNet builds an ICT Infrastructure that is very connected to Indonesia. IndoNet has produced more than just technology, they provide important connections that inspire future growth.



Figure 1.1 Tokopedia Logo

Source: Tagar.id

The object of this research is Tokopedia. The growth of e-commerce in Indonesia is quite strong. Tokopedia is an e-commerce that is highly trusted by consumers in buying electronic products recently, besides electronics, Tokopedia also sells other items such as home furnishings, fashion, kitchen utensils, and others. Tokopedia has become a marketplace that is often discussed by the public. Tokopedia is a private company that are very influential for Southeast Asia and has been established in public since 2009 by William Tanuwijaya and Leontinus Alpha Edison and it is under the auspices of PT Tokopedia, Tokopedia is one of the largest and fastest growing internet companies in Indonesia and their business model is C2C or basically as known as consumer to consumer market, there is also have an official stores for well-known brands to run their B2C Business or basically as known as business to consumer. Tokopedia is an e-commerce that provides an opportunity for MSMEs to sell or develop their business products by marketing their products through online selling on the Tokopedia platform without getting any charge. Tokopedia provides many goods and needs for the consumers through the marketplace by offering millions of products in 25 categories.

Tokopedia is an Indonesian technology company with a mission to achieve economic equality digitally. They have more than 100 million active users every month and more than 10 million sellers on Tokopedia. Tokopedia's impact on the Indonesian economy is empowering 90% of micro-scale sellers such as encouraging MSME actors to use digital technology to survive, rise, and develop their businesses selling online is able to revive business activities that have dimmed due to the pandemic and provide various benefits., increasing the number of sales by 133% such as business actors experienced a surge in sales volume in line with the shift in online sales through the Tokopedia channel such as Tokopedia encourages the adoption of digital payment methods such as e-wallet and mobile/internet banking and the average growth of business actors transacting during a pandemic, which are the two most chosen financial products during the pandemic, encouraging financial inclusion in Indonesia, and 76.4% of sellers feeling the ease of managing their business on Tokopedia

such as the ease of managing a business is the main reason for most sellers who join Tokopedia.

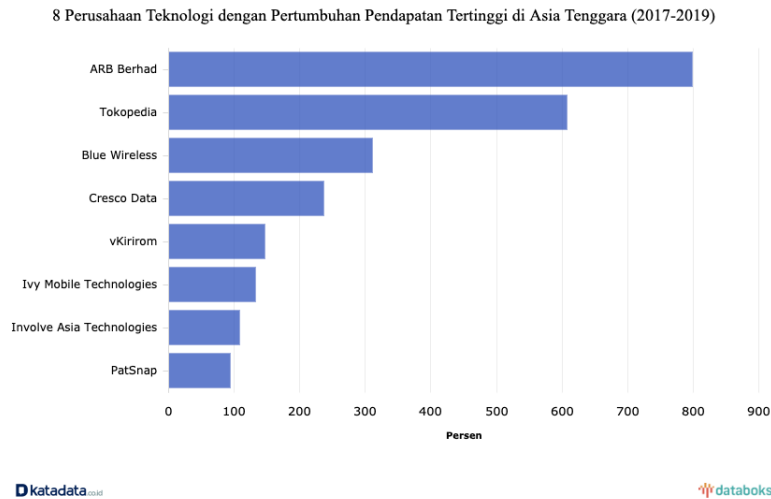


Figure 1.2 8 Technology companies with the highest revenue growth in Southeast Asia

Source: databoks (2020)

According to the data in Figure 1.2, Tokopedia is ranked 94th in the Deloitte Technology Fast 500 Asia Pacific 2020 because it has a revenue growth of 608%. The list includes 500 technology companies with the largest revenue growth in Asia Pacific in 2017-2019. Especially in Southeast Asia, Tokopedia got in the second position among the other technology companies. The company that has a higher growth is ARB Berhad Malaysia which has a value of 799%. After Tokopedia, Singapore based companies dominated the list there are Blue Wireless with 311%, Cresco Data with 237%, vKirirom with 147% and Ivy Mobile Technologies with 132%.

1.2. Research Background

The development of the digital era in Indonesia is growing rapidly, the internet in Indonesia is also very fast and easily enjoyed by the Indonesian

people and has become a necessity for Indonesian citizens. According to Hidayatullah & Kawistara (2017), internet is a global network that connects computers around the world. Internet is a sophisticated technology that can help people connect and access data from various countries.

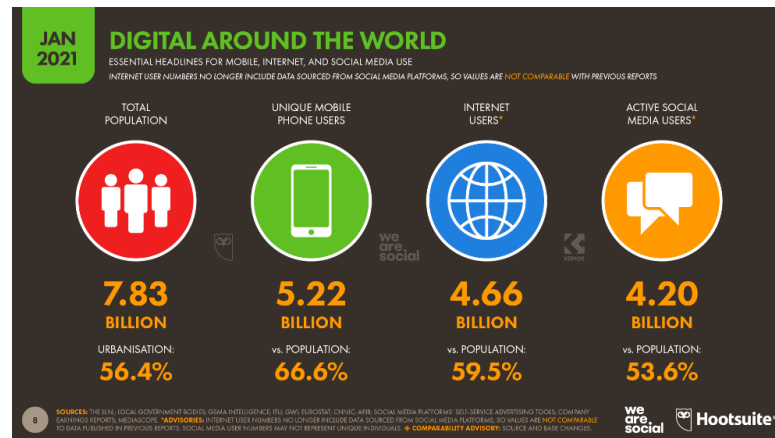


Figure 1.3 Digital Around the World 2021

Source: wearesocial (2021)

According to Figure 1.3, by early 2021 the world's population stood risen to 7.83 billion. According to the United Nations, this Figure is currently growing at a rate of 1% per year. We are Social has conducted research on digital usage around the world which shows that internet users in the world have reached 4.66 billion with a current global internet penetration of 59.5% and the number of unique mobile phone users has reached 5,22 billion, equating to 66,6% of the world's total population. A pandemic situation like this has brought about numerous changes for the people of Indonesia. Indonesians who were previously unfamiliar with any situation had to use the internet, but now they have to use the internet because the work they do all requires it such as working from home or school from home, which had previously required face-to-face communication from children to adults, this situation is to minimize the contact with people so internet usage will definitely increase due to circumstances.

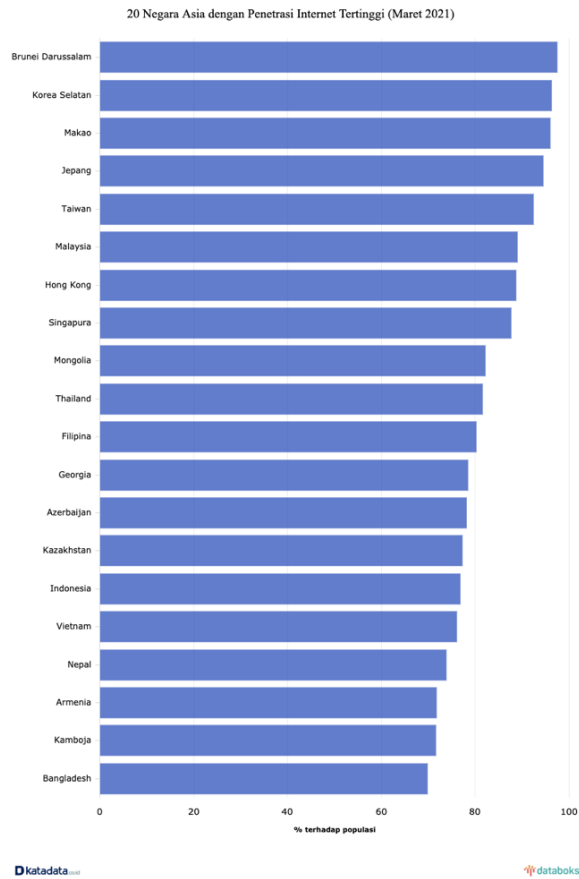


Figure 1.4 20 Asian Countries with Highest Internet Penetration (March 2021)

Source: databoks (2021)

According to Figure 1.4, in March 2021, internet penetration in Indonesia was 76.8% of the total population. According to Internet worlds tats data, internet users in Indonesia have reached 212.35 million with an estimated total population of 276.3 million. With this improvement in Indonesia's condition, Indonesia managed to rank 15th among Asian countries as the highest internet penetration for 2021. Indonesia's penetration rate is higher than the Asian average of 63.9 % for a population of 4.3 billion people, as well as the global average of 65.7 % for a population of 7.86 billion.

media also has a good impact on its users such as getting accurate information, being able to communicate in real-time, increasing brand awareness and others. According to Febriyantoro (2020), by changing how consumers select, share, and analyze content, social media marketing has a communication style that cannot be changed or removed.

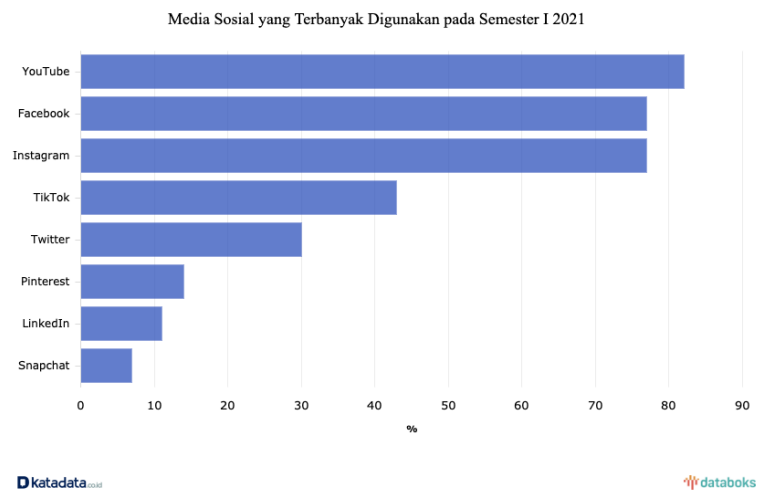


Figure 1.6 The Most Used Social Media in 2021

Source: databoks (2021)

YouTube is an application where users can get and provide information in the form of videos. In this YouTube application, users can upload any and as many videos if they already have an account registered on YouTube. The video that will be uploaded will be able to be seen by the whole world and enjoyed by many other users. During the Covid-19 pandemic, the use of social media is becoming more common. According to Figure 1.6, YouTube is the most popular social media platform among Indonesian people in the first semester of 2021. The reason is, there are as many as 82% of respondents who use the YouTube platform in Indonesia.

According to Febriyantoro (2020), YouTube platform is the most popular social media that mostly used by Indonesian internet users. According

to Dehghani et al. (2016), YouTube advertisements are divided into two types of video advertisements which are in-stream video advertising and in-video advertising. In-stream advertisements allow the viewers to select whether to watch or skip the advertisements once they have played for at least 5 seconds, but standard in-stream advertisements will be played with a maximum of 15 second digital advertising Dehghani et al. (2016).

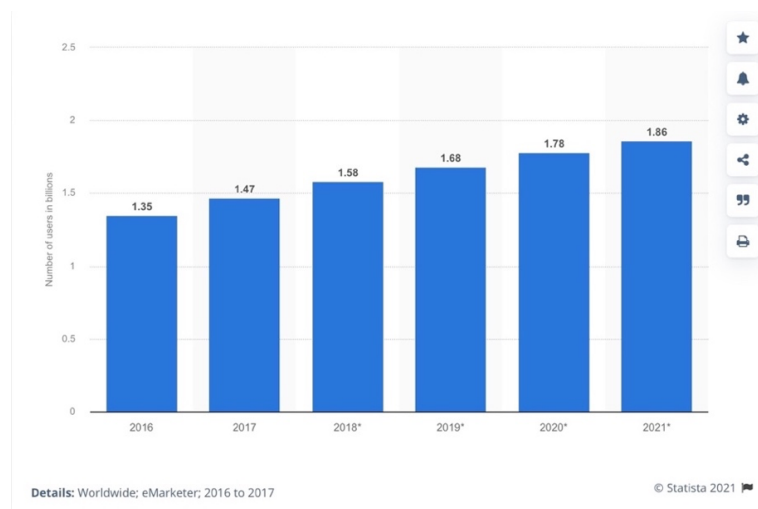


Figure 1.7 Number of YouTube Users Worldwide from 2016 to 2021

Source: statista (2021)

According to the Figure 1.7 above, it presents the number of YouTube users worldwide from 2016 to 2021. According to the forecast above it is the number of video platform or YouTube platform viewers have an amount up from 1,35 billion in 2016, in 2017 there is a slight increased with an amount up from 1,47 billion, in 2018 the amount increased up to 1,58 billion, in 2019 the amount increased up to 1,68 billion, in 2020 the amounts of users increased up to 1,78 billion and in 2021 the users forecast increased to 1,86 billion.

Marketing communication is a message from the media conveyed by a company in an attempt to communicate with the market. There are many different types of marketing communication, such as advertising, direct marketing, branding, packaging, public relations activities, sales presentations,

sponsorship, online activities, and so on. The method of marketing to the target market is an important consideration in marketing communication. Consumers will buy the product if the marketing is attractive enough. Positioning for the company is very important because positioning will make sales know the broad picture of their products in the market. The application of marketing communications is a marketing strategy in the long term and the thing that needs to be considered is creating brand awareness for the community. The essence of marketing is the function that has the most contact with the outside world, despite the fact that the company has only limited influence over it. Therefore, marketing plays an important role in strategy development. Marketing is a social and managerial process by which individuals or organizations obtain what they require and wish by generating and exchanging value with others. Advertising patterns are now interactive because of technological advancements in communication and advertising patterns, resulting in a shift in marketing operations for businesses (Febriyantoro, 2020).

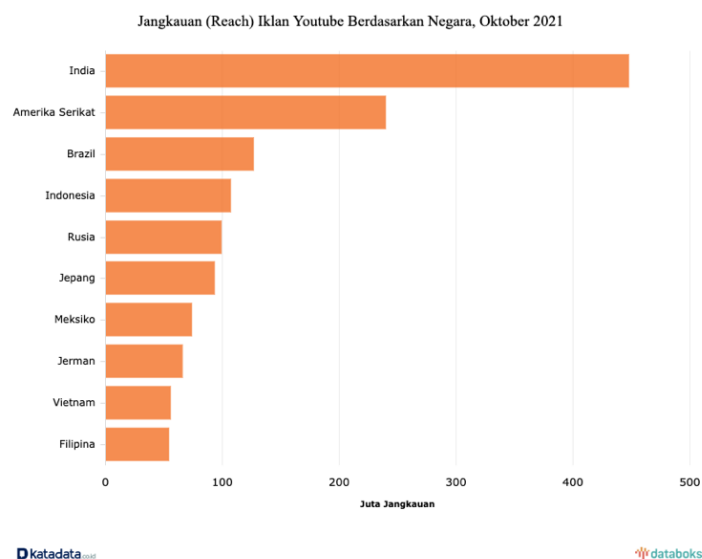


Figure 1.8 YouTube Advertisement Reach by Country

Source: databoks (2021)

A campaign is a form of marketing activity that is used to increase audience awareness. Product-oriented campaigns are utilized when companies need to emphasize their products' uniqueness. According to We Are Social in databoks (2021), Indonesia has become the fourth largest YouTube advertising reach market in the world. Reach is the number of individuals who watched a single piece of information. In Indonesia, the total audience that has been reach by YouTube advertisement is 107 million audience. The first rank that got into the YouTube advertisement reach by Country is India who got an advertisement with a reach of 448 million audiences, followed by the United States and Brazil with a reach of 240 million audiences and 127 million audiences respectively. Also, according to Google, YouTube advertisement may reach 2.29 million potential viewers.

These days internet can be used not only as their communication platform or study but also as a shopping place which is commonly known as e-commerce platform. E-commerce has a big name in Indonesia and the development of e-commerce in Indonesia is increasing rapidly since the first-time internet in Indonesia was launched because all the users in Indonesia are already familiar with shopping through e commerce. According to (Laudon & Traver, 2017:9) e-commerce is defined as a commercial transaction that involves exchanging value through or using digital technology between individuals. According to Yunarko (2021), the pandemic situation encourages e-commerce penetration to expand further in 2021, and e-commerce users are predicted to continue to grow in the next few years. According to Webber, along with the increasing penetration of e-commerce, convenience and consumer confidence in online shopping, it is predicted that there will be an increase in transactions for a more diverse product category other than the grocery category and FMCG (Fast Moving Consumer Goods).

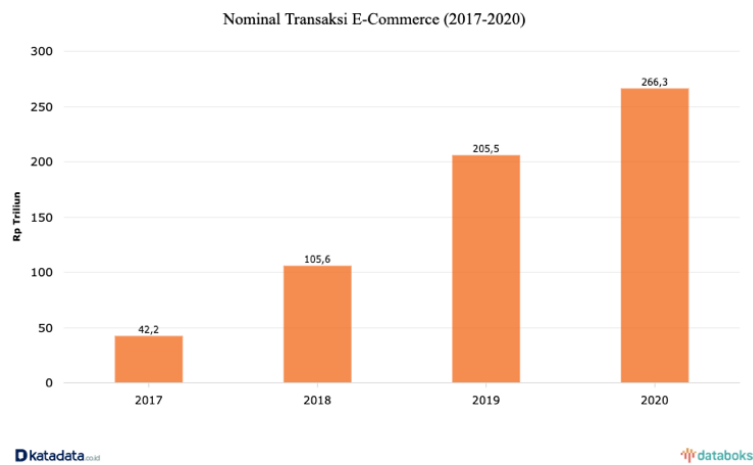


Figure 1.9 E-Commerce Transaction Amount (2017-2020)

Source: databoks (2021)

Nominal e-commerce transactions increased by 29.6% in 2020, from 205.5 trillion in 2019 to 266.3 trillion in 2020 based on Figure 1.9. This is because, in the midst of the Covid-19 pandemic, digitalization of the payment system has accelerated the pace of digital economic transactions via e-commerce. Digital payment transactions have increased in lockstep with the rapid growth of e-commerce, as indicated by the volume of electronic money used in e-commerce transactions.

Indonesia is one of the largest digital economies in the Southeast Asia region. Economic transactions in Indonesia have consistently increased due to online shopping, the expansion of digital payments, and the acceleration of digital banking. Online shopping is usually done at e-commerce sites in Indonesia such as Tokopedia, Shopee, JD.ID, and others. E-commerce application users are very comfortable using the application because they can shop online and most of their needs are met on the platform. According to MarkPlus Survey in Imandiar (2021), Tokopedia is the most popular e-commerce platform in Indonesia for purchasing products from local MSMEs, the presence of e-commerce sites as Tokopedia is thought to be particularly beneficial to the MSME business's long-term viability. Tokopedia launches

initiatives such as free shipping and discounted prices that are used to stimulate buying interest from the Indonesian people towards MSME products at Tokopedia according to Imandiar (2021). Tokopedia is the most popular e-commerce among Indonesian consumers to purchase for local products, according to the MarkPlus Survey in Imandiar (2021), with 51 percent of them choosing Tokopedia.

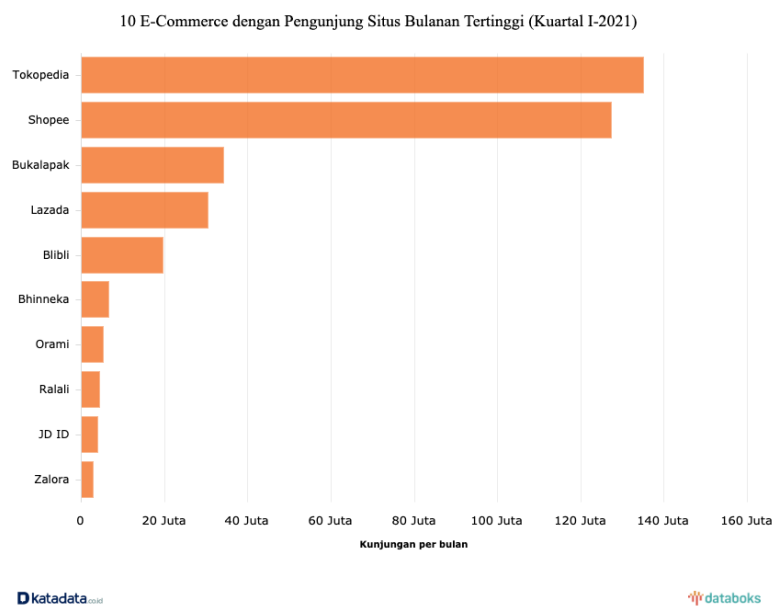


Figure 1.10 10 E-Commerce with Highest Monthly Website Visitors (Quarter 1-2021)

Source: databoks (2021)

Based on Figure 1.10, in the first quarter of 2021, Tokopedia has become the highest e-commerce site with the most monthly website visitors in Indonesia. The platform has succeeded in overtaking Shopee, which has always had the largest number of website visits since the fourth quarter of 2019. In detail, the number of Tokopedia visitors in the first three months of this year reached 135.1 million. This figure increased by 17.8% from the previous quarter with a total of 114.7 million visits. Followed by Shopee with a total number of Shopee visitors recorded at 127.4 million in the first quarter of 2021,

followed by Bukalapak with total visitors that recorded at 34.2 million. Between Tokopedia and Shopee they has a slightly different number of visitors monthly in the first quarter in 2021, they both have the same free shipping systems so the users will get free shipping voucher from the e-commerce platforms but what makes Tokopedia different is they are implementing many marketing strategies for the e-commerce.

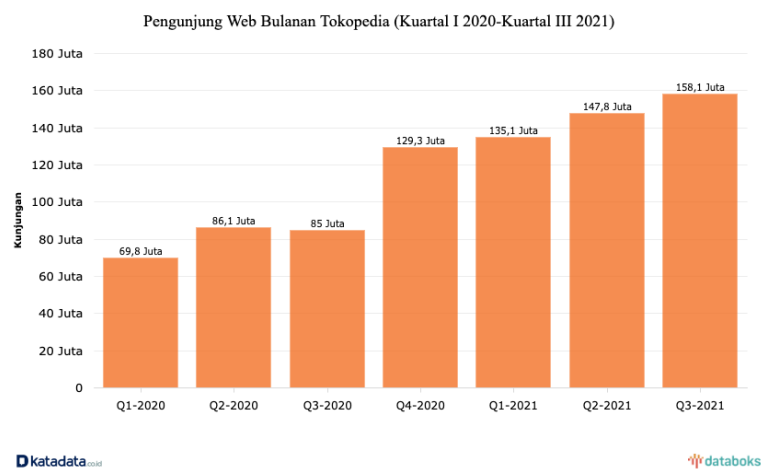


Figure 1.11 The Average of Tokopedia Monthly Visitors (Quarter I 2020 – Quarter III 2021)

Source: databoks (2021)

According to Figure 1.11, the average number of Tokopedia monthly visitors shows an increased. At the end of 2020, the number of monthly web visitors has increased. According to iPrice (2021), Tokopedia e-commerce visitors has increased by 52,1% compared to the third quarter of 2020 and receive 129,3 million visitors. Then in the first quarter of 2021, the number of monthly visitors experienced an increased to 134,1 million visitors. Also, in the second quarter of 2021, the visitor increased by 147,8%. At the third quartal of 2021, the visitor of Tokopedia e-commerce has increased by 7% in 2021 to 158,1 million visitors compared to the second quarter of 2021 and the Figure shows that Tokopedia the most visited e-commerce in the third quarter of 2021.

Toko Online	Pengunjung Web Bulanan	Ranking AppStore	Ranking PlayStore	Twitter	Instagram	Facebook	Jumlah Karyawan
1 Tokopedia	135,076,700	#2	#4	807,100	3,413,560	6,538,670	5,365
2 Shopee	127,400,000	#1	#1	578,000	7,654,330	21,550,060	10,530
3 Bukalapak	34,170,000	#6	#5	206,000	1,568,690	2,517,900	2,371
4 Lazada	30,516,700	#3	#2	425,000	2,917,400	31,234,990	3,997
5 Blibli	19,590,000	#7	#7	525,300	1,597,250	8,598,300	1,999
6 Bhinneka	6,726,700	#20	#17	68,100	42,250	1,038,720	511
7 Orami	5,343,300	n/a	n/a	5,940	4,870	352,490	202
8 Ralali	4,476,700	#23	n/a	2,910	41,190	91,760	178
9 JD ID	4,063,300	#8	#6	38,500	564,730	893,090	1,151
10 Zalora	2,860,000	#4	#8	n/a	701,270	7,973,750	583
11 Sociolla	2,836,700	#5	#3	5,100	985,680	15,930	534
12 Alfamart	1,309,200	#11	#9	7,940	60,340	1,879,170	86

Figure 1.12 E-Commerce List in Indonesia

Source: iPrice (2021)

In 2021, Tokopedia got their position back in the first place. Tokopedia won their first place as an Indonesian e-commerce with many monthly application visitors in the first quarter of 2021 like as seen in the Figure 1.12 above. As seen on the data above, Tokopedia gets in their first position in 2021, their monthly visitors are 135.076.700 people, they beat Shopee after a long time, and Shopee got in the second position with 127.400.000 monthly visitors in their e-commerce sites, and on the third position is Bukalapak with 34.170.000 monthly visitors, but for the Appstore and Playstore ranking Shopee is still winning on the first place.

According to iPrice (2021), in the third quarter of 2021 Tokopedia is still the most visited e-commerce in Indonesia. The data reflected by the number of monthly website visitors with a number of 158,1 million visitors, the Table below shows that Tokopedia is the most visited e-commerce by the consumers. Followed by Shopee which reached a number of 134,4 million visitors on its website, Bukalapak has reached a number of 30,1 million visitors on the third quarter of 2021, Lazada reached a number of 27,95 million visitors, then in the

third quarter of 2020, Blibli which has reached a number of 16,3 million visitors as shown as the Table 1.1 below.

Table 1.1 E-Commerce Visitors Data (Quartal III 2021)

No.	E-Commerce	Visitors
1.	Tokopedia	158,1 million
2.	Shopee	134,4 million
3.	Bukalapak	30,1 million
4.	Lazada	27,95 million
5.	Blibli	16,3 million

Source: iPrice (2021)

Tokopedia has an extraordinary marketing strategy such as following social media trends, they active in social media such as Instagram and giving advertisement on YouTube. The other marketing strategy is that Tokopedia will give appreciation to the sellers who have an active role in the platform to maintain their seller on, the appreciation that Tokopedia give is in making videos for the sellers and in Tokopedia Instagram there are many IGTV videos that contain products from the sellers, now, Tokopedia also make a series at their IGTV on Instagram. They also often provide loyalty gifts to consumers as a form of appreciation to loyal customers, usually in the form of cashback or giveaways that are given regularly to make the consumers can feel satisfaction and interested in making purchases on Tokopedia. Tokopedia also famous for participating in several events such as National Online Shopping Day, Tokopedia's discount campaign advertising on YouTube also brings a purchase intention in online shopping for the consumer that Tokopedia holds, such as Indonesian Shopping Time (WIB), every 25th at the end of the month Tokopedia often holds a sale called WIB or Indonesian Shopping Time where consumers can shop for their needs by online, at that event mostly they invite their brand ambassador to join the event they will perform and playing games. Tokopedia

itself provided several surprises during the event such as cashback, prizes and flash sales. Consumers may also obtain a variety of high-quality products from various brands through Tokopedia, as well as significant discounts of up to 90% off and special cashback through the “Kejar Diskon” program which is only available during the certain hours.

Tokopedia also uses brand ambassadors for one of its marketing strategies. Brand ambassadors are chosen based on the brand image of the most appropriate and best artist or celebrity in the eyes of the public, that is why Tokopedia is very selective in choosing its brand ambassadors. The brand ambassador that are used by Tokopedia are not brand ambassador that are only known in Indonesia but are known throughout the world and it is BTS and BLACKPINK. Tokopedia held a shopping event started from April 2021, they held an event where the consumers can get a free BTS Photocards on a store that have registered on “GRATIS ONGKIR EKSTRA” with minimum spend Rp 50.000 with certain hours and schedule. The stores that have been registered in “GRATIS ONGKIR EKSTRA” are local MSMEs in Indonesia, the purpose of Tokopedia hold this event is to make local MSMEs in Indonesia will be better known by Indonesian citizens, this event is one of their marketing strategies and photocard event has been carried out several times by Tokopedia.

According to Ducoffe in Hamouda (2018), advertisement value is stated as the customers' impression of the usefulness or relative worth of the advertisement. Consumers will easily receive the information they are interested in through internet advertising and utilize the information to show on social media for their decision-making to purchase products (Sari et al., 2020). Consumers will easily get the information they are interested in through online advertising (Sari et al., 2020).

As a new segmentation, there is a lack of understanding about the advertising strategy plan according to (Sari et al., 2020). The study also discovered that millennials use social media to evaluate variety of products and obtain expert advice before purchasing products, they also check the number of likes and dislikes that are shown by the other customers before purchasing

products online. However, the previous study only focuses on Muslim millennial parents only and uses social media as the platform and did not state the social media also object that are used on the study. Therefore, in this research the author intends to make this research with entitled “The Influence of the Antecedents of YouTube Perceived Advertising Value on Purchase Intention through Brand Awareness as Intervening Variable at Tokopedia”.

1.3. Problem Formulation

Tokopedia is an e-commerce that is widely known by the people in Indonesia, they have led the online shopping market in Indonesia. Back in 2019, Tokopedia has become one of the e-commerce sites that has the third highest revenue growth. According to databoks (2019), Tokopedia has the most e-commerce website visitors in Indonesia, the platform has succeeded in overtaking Shopee which has always had the largest number of website visits. Beside that Tokopedia uses YouTube advertisement for promoting their WIB (Indonesian Shopping Time) and product sales which always held by Tokopedia every month at the end of the month. The advertisement was created to commemorate the Tokopedia WIB that will soon be implemented and to notify consumers to shop at Tokopedia on a predetermined date because of the big discount.

Tokopedia is one of the e-commerce unicorns in Indonesia, and YouTube is the social media most frequently visited by the public. With Tokopedia advertising campaign WIB (International Shopping Time) on YouTube, it increased the purchase intention in online shopping because Tokopedia offers big discounts on the products, cashback and free shipping. Since Tokopedia uses YouTube as an advertising media, it should be able to increase Tokopedia's brand awareness, with the data provided, yet this has not been proven. As a result, the author conducts research on the subject. Related to this phenomenon, this research has been done before, but the previous research did not use any object, so in this research the author uses Tokopedia as the object of the research. Also, in this research the author focuses on testing

the influence of the antecedents of the perceived advertising value on all ages for the research.

1.4. Research Question

1. How much is the rate of informativeness, entertainment, lack of irritation, and credibility of Tokopedia advertisement on YouTube from respondent point of view?
2. How much is the rate of perceived advertising value of Tokopedia advertisement on YouTube from respondent point of view?
3. How much is the rate of brand awareness of Tokopedia advertisement on YouTube from respondent point of view?
4. How much is the rate of purchase intention of Tokopedia advertisement on YouTube from respondent point of view?
5. Does informativeness, entertainment, lack of irritation, and credibility of Tokopedia advertisement influence perceived advertising value?
6. Does perceived advertising value of Tokopedia advertisement influence brand awareness?
7. Does brand awareness of Tokopedia advertisement influence customer purchase intention?
8. Does informativeness, entertainment, lack of irritation, and credibility influence purchase intention through perceived advertising value and brand awareness?

1.5. Research Objectives

1. To know the rate of informativeness, entertainment, irritation, and credibility of Tokopedia advertisement on YouTube from respondent point of view.
2. To know the rate of perceived advertising value of Tokopedia advertisement on YouTube from respondent point of view.
3. To know the rate of brand awareness of Tokopedia advertisement on YouTube from respondent point of view.

4. To know the rate of purchase intention of Tokopedia advertisement on YouTube from respondent point of view.
5. To know the influence of informativeness, entertainment, lack of irritation, and credibility of Tokopedia advertisement on perceived advertising value.
6. To know the influence of perceived advertising value of Tokopedia advertisement on brand awareness.
7. To know the influence of brand awareness of Tokopedia advertisement on purchase intention.
8. To know the influence of informativeness, entertainment, lack of irritation, and credibility influence purchase intention through perceived advertising value and brand awareness?

1.6. Research Benefits

1.6.1. Theoretical Aspects

By conducting this research, the author hopes that the next author can conduct a research by using this paper as the reference on Tokopedia entertainment, informativeness, lack of irritation and credibility on YouTube who have an influence on purchase intention through perceived advertising value and brand awareness. The other purposes of this study is to contribute the body of research on consumer behaviour by looking at the effects of user-generate material in entertainment, informativeness, lack of irritation and credibility on consumer purchase intention and the relationship between perceived advertising value and brand awareness.

1.6.2. Practical Aspects

By conducting this research, the author hopes that this research can be used very well in gathering the information and developed very well in further research so that it can be used by the other researcher in the marketing management segment that focuses on the entertainment, informativeness, lack of irritation, credibility, perceived advertising value, purchase intention and brand awareness.

1.7. Research Scope

1.7.1. Research Location and Object

This research is focuses on entertainment, informativeness, lack of irritation and credibility of YouTube on purchase intention with perceived advertising value through brand awareness as the intervening variable at Tokopedia. The object of this research is consumer who use YouTube and people who have seen Tokopedia's advertisement on the YouTube advertisement.

1.7.2. Research Period

The period of this research started from October 2021 until February 2022.

1.8. Systematically Writing

CHAPTER 1: INTRODUCTION

This section contains of the background of the study, it will describe a brief explanation about the study and to know the limitation of the study. In this chapter there are research overview, research background, problem formulation, research question, research objectives, research benefits, research scope and systematically writing.

CHAPTER 2: Theoretical Review and Research Scope

In this chapter, it contains the related literature in the marketing management segmentation. It contains with general to specific theories and it will continue to make a research framework and create research hypotheses.

CHAPTER 3: Research Method

In this chapter, it contains approaches, methods and techniques used to collect and analyze findings that can answer research problems. This chapter includes a description of the type of research, operationalization of variables, population and samples, population and social situations, data collection, validity and reliability test and data analysis techniques.

CHAPTER 4: Research Result and Discussions

In this chapter, it contains the result of the result and discussion are describes systematically in accordance with the formulation of the problem and research objectives and are presented in a separate sub-title. This chapter contains two parts, first part presents the research result and the second is the part presents the discussion or analysis of the research result.

CHAPTER 5: Conclusion and Suggestion

In this chapter, it contains a conclusion from the answer of problem formulation that the authors make and for the suggestion, the author will give a suggestion for the next author to help in the further researcher and develop the research properly.