

CHAPTER I

INTRODUCTION

1.1 Research Overview

1.1.1 Company Profile

Shopee is one of Southeast Asia's largest marketplaces (Kompas, 2021). Shopee was founded in Singapore in 2015 by Chris Feng and has since spread to Malaysia, Thailand, Taiwan, Indonesia, Vietnam, and the Philippines (Shopee, 2021). Shopee first opened its doors in Indonesia in December of 2015 (Shopee, 2021). Shopee seeks to help Indonesia's growth in global retail e-commerce by providing a social commerce buying experience that combines the use of social media and online shopping platforms to foster social interaction between sellers and consumers and to encourage entrepreneurs to join Shopee (I. Media, 2019). Shopee was the first C2C marketplace to launch (IndoTelko, 2015). Since developing of Shopee Mall, an online retail platform for well-known companies, they've transitioned to the C2C and B2C hybrid models (RIA, 2017). The success of this marketplace is due to a good promotion that ensures Shopee consumers are not inferior to their competitors in a short period of time (Christiana, 2019). Vendors and buyers may communicate easily with Shopee's live chat feature. This purchasing and selling platform also offers a wide range of things, including gadgets, apparel, cosmetics, electronics, services like Shopee Food and more. Shopee has a logo as shown in Figure 1. 1 below:



FIGURE 1.1 SHOPEE LOGO

Source: Google.com

According to Figure 1.1, the Shopee logo is an image of a shopping bag with the symbol "S" as the initials from Shopee. This logo really symbolizes the profile of Shopee, which is an application that brings together sellers and buyers. The main color used by Shopee is orange. Orange color is defined as a warm color, has an appeal and increases the interest of buyers (J. Media, 2020).

1.1.2 Company's Address

Pacific Century Place Tower Lt. 26 SCBD (Sudirman Central Business District) Lot 10, Jl. Jend. Sudirman No.52-53, RT.5/RW.3, Senayan, Kec. Kby. Baru, Kota Jakarta Selatan, Daerah Khusus Ibukota Jakarta 12190 is where Shopee is located (Shopee, 2021).

1.1.3 Company Goals

According to Shopee (2021), their goal is "We believe in the transformative power of technology and want to change the world for the better by providing a platform to connect buyers and sellers within one community."

1.1.4 Company Values

According to Shopee (2021), their values are:

WE SERVE, which has a meaning of the customer is always right and goes beyond customer expectations, go above and beyond.

WE ADAPT, which has a meaning of anticipating change and planning ahead and accepts unexpected changes and still does well.

WE RUN, which has a meaning of having a strong self-drive to get things done, no need to be pushed around by others and always have a high sense of urgency to get work done.

WE COMMIT, which has a meaning of becoming people who can be relied on, do what we promise we will do, holding high standards, taking no shortcuts even when no one is looking, and act as an owner, be proactive in finding ways to make the company better.

WE STAY HUMBLE, which has a meaning of having the mentality that we are underdogs who still have to learn and continue to learn from market conditions and competitors, accept that we are imperfect and will never be, and work hard first and celebrate later.

1.2 Research Background

Along with the times, in this modern era, many have changed. Information Technology is one of them that is undergoing changes (IT). Technology has been widely known among the public, from the younger generation to the older generation. The Internet is one example of information technology development and advancement. Internet stands for interconnection networking which can be interpreted simply as a global network of a computer networks (Mujiyana & Elissa, 2013). Based on data from We Are Social in Figure 1.2, active internet users around the globe have reached 4.66 billion users. When compared to the worldwide population, more than half of the world's population is online. In early 2021, the number of internet users in Indonesia reached 202.6 million people, up 15.5 percent or 27 million individuals from January 2020 (Kompas, 2021).

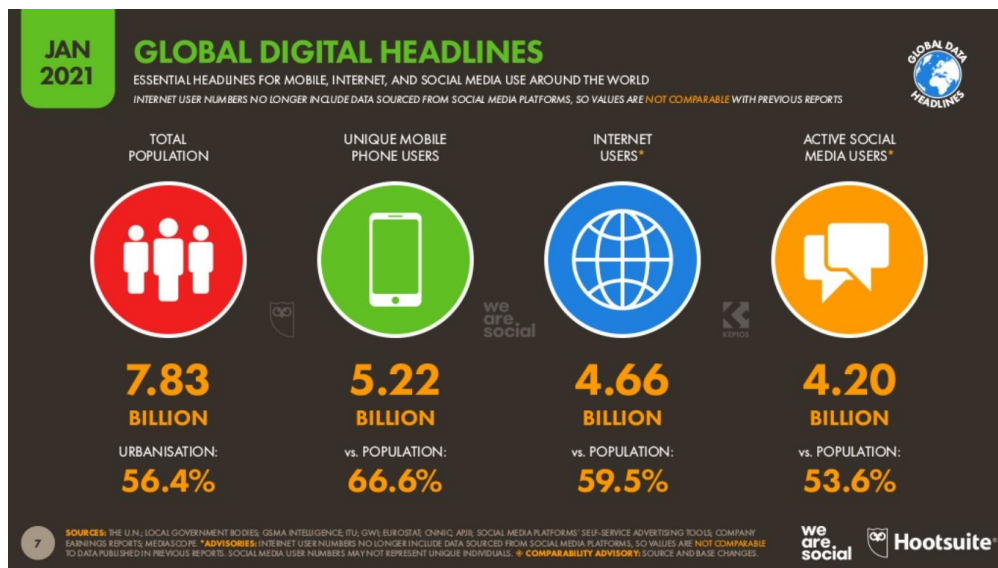


FIGURE 1.2 DIGITAL DATA AROUND THE GLOBE 2021

Source: Wearesocial.com

The large number of internet users around the world has an effect on the number of people who use social media. Social media is online media that is used for long-distance communication needs, the process of interaction between one user and another user, and obtaining information through a special application device using the internet network which aims as a means of communication to connect users with a very wide area coverage (Sekawan, 2020). Based on data from We Are Social in Figure 1.2 active social media users around the globe have reached 4.20 billion users, in Indonesia the active social media users have reached 170 million users. The internet activity most favored by Indonesian internet users is social media, until now there are 170 million Indonesians who are active users of social media with an average usage of 3 hours 14 minutes on social networking platforms (Kompas, 2021). Figure 1.3 shows the active users of social media and internet users in Indonesia:

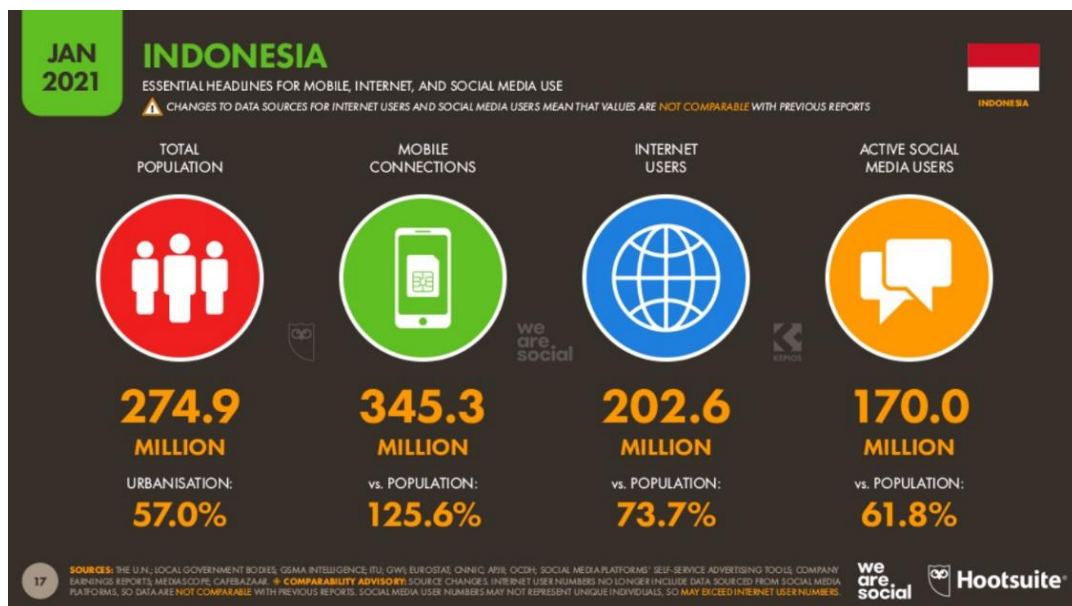


FIGURE 1.3 DIGITAL DATA IN INDONESIA 2021

Source: Wearesocial.com

From the billions of internet users in the world who use social media, there are social media that are widely used by internet users such as Facebook, YouTube, WhatsApp, FB Messenger, Instagram, WeChat, TikTok, and QQ. The following

Figure 1.4 shows information about social media that is most widely used by internet users in the world:

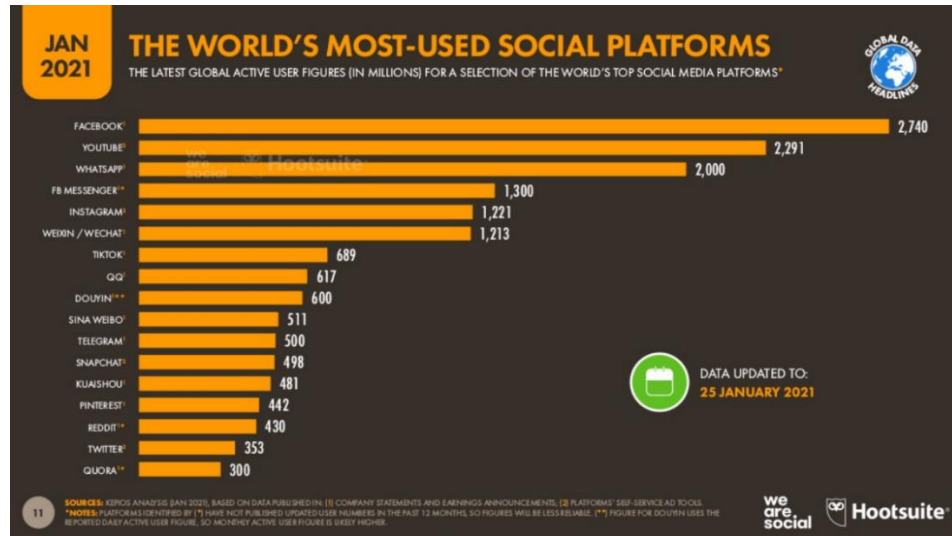


FIGURE 1.4 THE WORLD'S MOST-USED SOCIAL PLATFORMS 2021

Source: Wearesocial.com

From the social media data most used by internet users in the world, TikTok is in the 7th place with 689 million active users after WeChat. According to Tagar (2020), TikTok is a Chinese and American pioneering short video sharing social network that allows users to create videos of singing, as well as dancing. Currently, TikTok is used by 154 countries around the world with 800 million daily active users and makes TikTok's income increase proportionally with its increasing popularity (Tagar, 2020).



FIGURE 1.5 TIKTOK LOGO

Source: Google.com

Since its launch TikTok app's popularity has grown rapidly (Geyser, 2021). According to Selular (2020), TikTok was the most downloaded app worldwide as of July 2020, TikTok bagged more than 65.2 million downloads, which is a 21.4 percent increase from the same period a year earlier. The countries with the most TikTok app installations during this period were the United States with 9.7 percent (6,324,000) and Indonesia with 8.5 percent (5,542,000) (Selular, 2020). Indonesia is consolidating its position as the world's fourth largest TikTok user country, with 8.5 percent total downloads in July 2020, currently there are over 30.7 million TikTok users (Selular, 2020).

In Indonesia, the average age of TikTok users is 18-24 years old, with 40% of those aged 18-24 years old, while 37% of those aged 25-34 years old still use TikTok (Ginee, 2021). As a result, 76 percent of Indonesians aged 18-34 use TikTok (Ginee, 2021). Another 13% of users are between the ages of 13-17, 8% are between the ages of 35-44, and 3% are between the ages of 45 and over (Ginee, 2021). Figure 1.6 shows the data on the countries that downloaded TikTok the most in 2020:

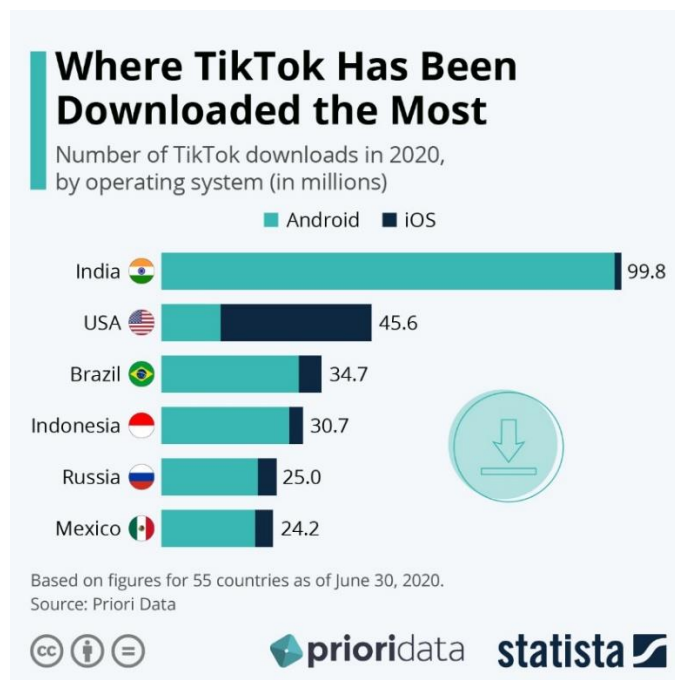


FIGURE 1.6 COUNTRIES THAT DOWNLOAD THE MOST TIKTOK

Source: Statista.com

The key factor for its rise and popularity is local content, through local contents, challenges and hashtags the app focuses on local trends, which users love (Glints, 2021). On TikTok, users frequently search for what is called the For You Page. For You Page or can be abbreviated as FYP are videos that appear on the first page of the application or TikTok recommendation page, entering FYP is an opportunity for users because it can make videos more trending and viral (F. Media, 2021). It's slightly similar with Instagram's Explore Page. That's what For You Pages are for TikTok. The difference is, TikTok users spend more time on these For You Pages than the average Instagram user spends on Explore Pages (F. Media, 2021).

With such interesting content, TikTok can increase its popularity both globally and in Indonesia (Detik, 2021). When compared to the Twitter and Instagram applications, TikTok is superior in terms of engagement rates. Engagement rate is a formula used to measure and calculate the number of interactions social content gets relative to reach or other audience numbers (Hootsuite, 2021). Figure 1.7 shows the level of engagements on Instagram, TikTok, and Twitter in 2019:

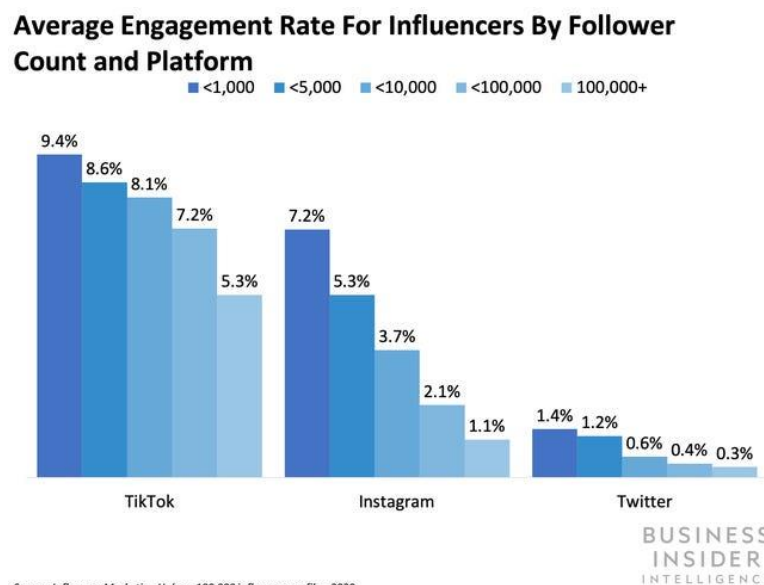


FIGURE 1.7 AVERAGE ENGAGEMENT RATE FOR INFLUENCERS BY FOLLOWER 2019

Source: Businessinsider.com

With a high level of engagement between users and audiences, TikTok can be used as the right digital social media platform for marketing activities. According to Glints (2021), there are several reasons why TikTok can be used as the right social media platform for marketing activities, first is by uploading content on TikTok users will increase brand awareness that will drive purchases, second is the average TikTok user spends 52 minutes a day creating and viewing videos on the application furthermore this is an opportunity for users to publish as much content as possible that will be seen by the audience.

One of the brands or e-commerce that uses TikTok as a promotional medium is Shopee Indonesia. On the TikTok application, Shopee has a special account for Indonesian users, namely @shopee_id. The account has 2.4 million followers as of 6 October 2021. Figure 1.8 below shows the profile of the TikTok account from Shopee:

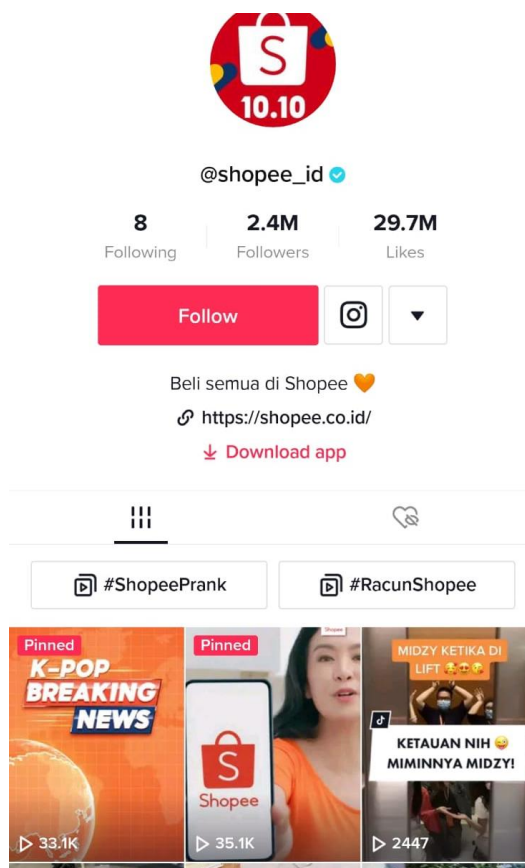


FIGURE 1.8 SHOPEE TIKTOK PROFILE PAGE

Source: TikTok

Shopee Indonesia's TikTok account upload their video contents everyday with average 3 videos per day. Knowing the engagement rate of TikTok is very high rather than other social media, Shopee seek the opportunities to upload their video contents in hopes it will get viral and attract consumer. Shopee usually makes videos about recommendation of product or service, online campaign, and reviews. Figure 1.9 below show the latest viral video content that username @shopee_id uploads:

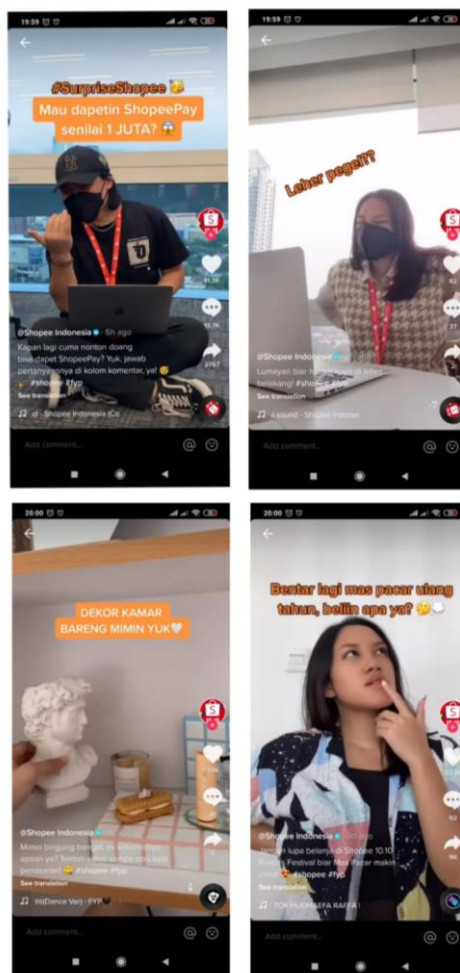


FIGURE 1.9 TIKTOK SHOPEE CONTENTS

Source: TikTok

In Figure 1.9 (specifically bottom right the 2nd most like video), it may be observed in content that describes “What things are appropriate for purchasing gifts for girlfriend?”, in this video Shopee trying to suggest a product that might suitable

for purchasing a gift, as well as content that announces information about Shopee 10.10, in which Shopee welcomes Shopee customers to participate in the online shopping festival. Consumers finally give "like" and realize the value of the information in the video as evidenced by the number of "like" liked by consumers and TikTok Shopee viewers.

On every video uploaded on TikTok, there is a comment field feature. Comment is a review or response to news, speech, or an object (Lektur.ID, 2020). Every TikTok user can write their comments as long as the comment field is active. Figure 1.10 shows some comments from TikTok users on video content that has been uploaded by Shopee's TikTok account:



FIGURE 1.10 SHOPEE'S CONSUMER ATTITUDE ON TIKTOK

Source: TikTok

In Figure 1.10, the comments show that Shopee's video on TikTok makes users or viewers on TikTok have positive and negative attitudes. A lot of research has been done in the field of marketing management to see how attitudes are developed and how they evolve over time (Sandhe & Joshi, 2017). Consumer attitude is a trained inclination to behave consistently favorably or unfavorably toward a specific object (Schiffman & Wisenblit, 2015, p. 172). Consumers are motivated to buy or not buy specific products or brands based on their attitudes

toward the attitude object, which can be positive or negative (Schiffman & Wisenblit, 2015, p. 172). The object in this research is the Shopee's TikTok video that went viral. In short, viewers are showing their consumers' attitude in the comment section as their react to Shopee's Viral Marketing TikTok video.

According to Taupasar (2021), TikTok users certainly understand very well how important it is to use a hashtag when posting the video, they make. The goal is one, so that the video will enter FYP and be known by many people (Taupasar, 2021). On every video content on TikTok, Shopee and each user can embed a hashtag in the caption before uploading a short video. Figure 1.11 below will show some content posts from Shopee using hashtags:



FIGURE 1.11 SHOPEE'S TIKTOK HASHTAGS

Source: TikTok

There are several hashtags related to Shopee that have managed to get attention on TikTok by having more than 100 billion views, namely #shopee_id and #RacunShopee, each of which has 1.6 billion views and 7.8 billion views as of 27 May 2021. Figure 1.12 below shows the hashtag related to Shopee and the number of views:

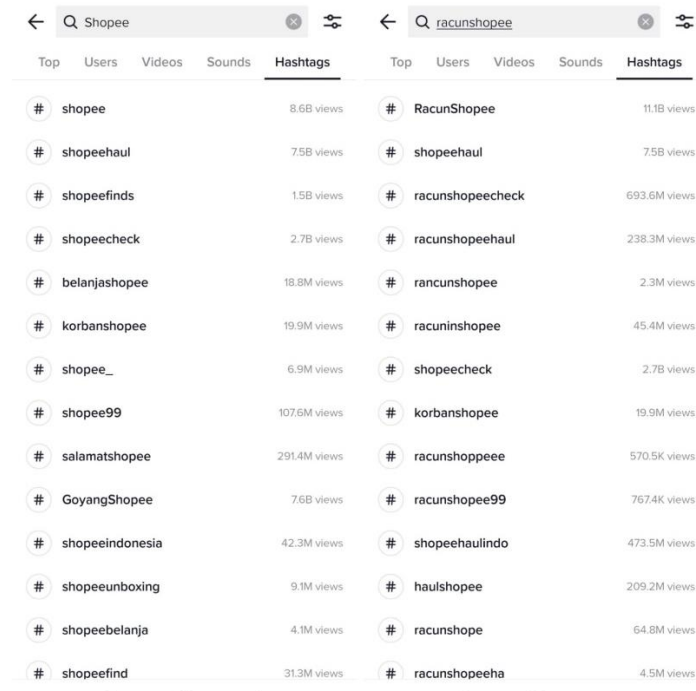


FIGURE 1.12 SHOPEE'S HASHTAGS VIEWERS

Source: TikTok

With this hashtag Shopee and every TikTok user can carry out promotions or share experiences related to product information that you want to promote or share by using it as content. The more often Shopee and TikTok users follow trends, challenges, and hashtags, the greater the possibility that TikTok videos will go viral (Detik, 2021). Therefore, Shopee is also taking advantage of TikTok in new ways, by creating video that has the potential to go viral by implementing a viral marketing strategy (Redcomm, 2021). According to American Marketing Association (2017), one 10 types of marketing is Viral Marketing. According to Hawkins & Mothersbaugh (2016:238), Viral Marketing is an online "forward" strategy, it uses electronic tools and communications to spark brand messages across a wide network of buyers. Viral marketing has a significant impact on customer product evaluation (Riasi & Pourmiri, 2015). The dimensions that can be used as benchmarks in Viral Marketing strategy are informativeness, entertainment, irritation, and credibility (Zernigah & Sohail, 2012).

Consumers' attitudes toward viral marketing are usually gauged by how they react to marketing messages, which are evaluated for their informativeness, entertainment, irritation, and credibility (Zernigah & Sohail, 2012). As a result, in order to assess consumers' attitudes about viral marketing, this study considers using four dimensions of viral marketing: informativeness, entertainment, credibility, and irritation, to examine their impact on the dependent variable, attitude toward viral marketing (Zernigah & Sohail, 2012). Consumers can have both a positive and negative attitude toward viral marketing message, according to research (Zernigah & Sohail, 2012).

Based on the descriptions and problems that have been previously described, and research related journal. The author will use the TikTok Shopee Indonesia account as the object. Viral Marketing as the X variable (Independent Variable) that can influence Consumers' Attitude as the Y variable (Dependent Variable). The title taken in this thesis is **“THE INFLUENCE OF VIRAL MARKETING THROUGH TIKTOK ON CONSUMERS' ATTITUDE AT SHOPEE”**.

1.3 Problem Formulation

Indonesia is consolidating its position as the world's fourth largest TikTok user country, with 8.5 percent total downloads in July 2020, currently there are over 30.7 million TikTok users (Selular, 2020). The key factor for its rise and popularity is local content, through local contents, challenges, and hashtags the app focuses on local trends, which users love (Glints, 2021). FYP are videos that appear on the first page of the application or TikTok recommendation page, entering FYP is an opportunity for users because it can make videos more trending and viral (F. Media, 2021). TikTok is superior in terms of engagement rates. With a high level of engagement between users and audiences, TikTok can be used as the right digital social media platform for marketing activities.

On the TikTok application, Shopee has a special account for Indonesian users, namely @shopee_id. The more often Shopee and TikTok users follow trends, challenges, and hashtags, the greater the possibility that TikTok videos will go viral (Detik, 2021). With this hashtag Shopee and every TikTok user can carry out

promotions or share experiences related to product information that you want to promote or share by using it as content. Therefore, Shopee is also taking advantage of TikTok in new ways, by creating video that has the potential to go viral by implementing a viral marketing strategy (Redcomm, 2021).

TikTok user can write their comments as long as the comment field is active. The comments in Shopee's Viral Marketing content on TikTok shows users have positive and negative attitudes. Consumer attitude is a trained inclination to behave consistently favorably or unfavorably toward a specific object (Schiffman & Wisenblit, 2015, p. 172). Consumers' attitudes toward viral marketing are usually gauged by how they react to marketing messages, which are evaluated for their informativeness, entertainment, irritation, and credibility (Zernigah & Sohail, 2012). As a result, in order to assess consumers' attitudes about viral marketing, this study considers using four dimensions of viral marketing: informativeness, entertainment, credibility, and irritation, to examines their impact on the dependent variable, consumers' attitude (Zernigah & Sohail, 2012).

In short, since the rise of TikTok's popularity in Indonesia with its focus on local content (FYP) that can make videos trending and viral. Shopee uses this opportunity to implement a viral marketing strategy by uploading TikTok videos that follow trends, challenges, and hashtags to enter FYP. However, in the comment's column of Shopee's Viral Marketing TikTok video, it shows the comment give positive and negative attitudes. Therefore, Shopee must maintain their Viral Marketing videos which consist of informativeness, entertainment, irritation, and credibility in the hope of having a good influence on consumer attitudes.

Related to this phenomenon, there has been research exploring the influence of viral marketing on consumers' attitude. However, there has not been research that explores the influence of viral marketing on consumers' attitude specifically with Shopee's TikTok account as the object.

1.4 Research Questions

The following are the issue formulations in this study, based on the previously given background:

1. How much are the rate of informativeness, entertainment, irritation, and credibility on Shopee's Viral Marketing TikTok video based on respondents' point of view?
2. How much is the rate of consumers' attitude on Shopee's Viral Marketing TikTok video based on respondents' point of view?
3. Do informativeness, entertainment, irritation, and credibility of Shopee's Viral Marketing TikTok video influence consumer attitude based on respondents' point of view?

1.5 Research Purposes

Based on the formulation of the problem above, this study aims to describe:

1. The rate of informativeness, entertainment, irritation, and credibility on Shopee's Viral Marketing at TikTok based on respondents' point of view
2. The rate of consumers' attitude on Shopee's Viral Marketing at TikTok based on respondents' point of view.
3. The influence of informativeness, entertainment, irritation, and credibility on consumer attitude.

1.6 Research Benefit

1.6.1 Theoretical Use

The results of this study are expected to enrich and complete the scientific treasures in the field of marketing, especially those related to the influence of viral marketing on consumer attitudes. In addition, some of the findings revealed in this study are expected to be used as reference material for future researchers who conduct research in the same field.

1.6.2 Practical Uses

This research is expected to be used as input for companies to develop better viral marketing in the future so that it can have a positive impact on consumer attitudes.

1.7 Research Stage

1.7.1 Location and Object of Study

The study will take place in Indonesia. TikTok users who have seen Shopee's viral marketing video content on TikTok are the object of the study.

1.7.2 Time and Period

This study will run from October 2021 to February 2022, for a total of four months.

1.8 Final Project Writing Systematics

Contains systematics and a brief explanation of research reports consisting of Chapters I to V in research reports.

a. Chapter I Introduction

This chapter is a general, succinct, and accurate description of the research's substance. Some of the topics mentioned in this chapter are as follows: Research Overview, Research Background, Problem Formulation, Research Questions, Research Objectives, Research Benefits, and Systematics of Final Project Writing.

b. Chapter II Literature Review

This chapter contains theories from general to specific, accompanied by previous research and is followed by a research framework that ends with a hypothesis if necessary.

c. Chapter III Research Method

The approaches, methods, and strategies used to collect and analyze findings that answer research concerns are described in this chapter. Descriptions of the following items can be found in this chapter: Types of Research,

Operationalization of Variables, Population and Sample (for quantitative) / Social Situation (for qualitative), Data Collection, Validity and Reliability Testing, and Data Analysis Techniques.

d. Chapter IV Results and Discussion

The results of the research and discussion are described systematically in accordance with the formulation of the problem and research objectives and are presented in separate subtitles. This chapter contains two parts: the first part presents the research results and the second part presents a discussion or analysis of the research results. Every aspect of the discussion should begin with the results of data analysis, then interpret it and then follow it by drawing conclusions. In the discussion, it should be compared with previous studies or relevant theoretical foundations.

e. Chapter V Conclusions and Suggestions

The conclusion is the answer to the research question, then becomes a suggestion related to the benefits of the research.