

CHAPTER 1

INTRODUCTION

1.1 Research Overview

1.1.2 Company Background

Shopee is a multinational technology business based in Singapore that focuses in e-commerce. Under Sea Group, formerly known as Garena, launched Shopee in 2015 and has since expanded its reach to Malaysia, Thailand, Taiwan, Indonesia, and other countries. Shopee, a platform dedicated to the region that began in 2015, provides clients with a simple, secure, and speedy online shopping experience as well as robust payment and fulfillment capabilities. Shopee's aim is to believe in technology's revolutionary power and to use it to better the world by bringing buyers and sellers together in one community. Shopee has established itself among the region's internet users. Shopee offers a one-stop online shopping experience with a diverse product range, a social network for discovery, and efficient fulfillment services. Shopee, a platform dedicated to the region that began in 2015, provides clients with a simple, secure, and speedy online shopping experience as well as robust payment and fulfillment capabilities.



Figure 1.1 Shopee Logo

Source: (Shopee, 2021)

Shopee's aim is to believe in technology's revolutionary power and to use it to better the world by bringing buyers and sellers together in one community. Shopee has established itself among the region's internet users. Shopee offers a one-

stop online shopping experience with a diverse product range, a social network for discovery, and efficient fulfillment services.

The pandemic has simply intensified the e-commerce growth trend that was already underway. According to a collaborative research by Google, Temasek, and Bain & Company, the South-east Asian E-Commerce sector was worth more than \$38 billion in 2019, up from \$5.5 billion in 2015. According to the survey, the value of e-commerce in the region would approach \$100 billion by 2020. Shopee, the region's biggest e-commerce site in terms of average monthly active users, is riding the wave. Shopee was created as a mobile-first, social marketplace.

Shopee has four key strategic driving factors:

1. Cellphone. Always.

Shopee chose mobile as an emerging trend and way forward for e-commerce in its business from the start. It focuses on improving the experience and engagement of the mobile users. Online commerce, according to the company, must change to meet the needs of younger customers, especially those who grew up talking, collaborating, and entertaining themselves on mobile devices. Shopee's mobile-first strategy allows it to take advantage of the continued calculated increase in mobile subscriber penetration. Over 95 percent of Shopee orders are now via mobile devices. In response to this high demand, Shopee has developed its mobile application which provides a complete and informative online shopping experience. Customers can browse products, order, pay for them, and track their delivery. At the same time, sellers within Shopee can use the app to take pictures, create lists, track shipments, and assess business success using integrated logistics and secure payment capabilities.

2. Adopt a hyper-local mindset

Shopee is able to adapt to the needs of users by understanding each market and user behavior. In addition to having local offices and staff in each area where it operates, the product categories and marketing campaigns of each market are highly localized. For example, Shopee develops Shopee Flash sales in Indonesia during Indonesian national holidays aimed at meeting the needs of users during

their holidays with appropriate goods and services. For example, such as the month of Ramadan or Eid al-Fitr.

3. For Customers: There's More Than Just Shopping

Shopee combines big data and AI to detect patterns and insights from users' browsing and purchasing data, as well as new technologies such as AI and AR-powered tools to help Shopee create meaningful shopping experiences for their consumers. Instead of focusing exclusively on closing deals and competing on price, brand. Sellers can benefit from this experience by engaging customers and building their respective brand affinity.

Shopee was built from the ground up with shopping and social in mind. The platform delivers an experience by enabling users to connect and interact with each other through a strong community.

4. Merchant support and digital inclusion

Shopee plans to accelerate the next digital growth in each area and ensure that it is able to digitize and take advantage of the growing potential in the local area, especially after the downturn due to COVID-19. The Merchant Support Plan, introduced in April to help merchants digitize and recover from the pandemic, is one example of the assistance available.

1.1.3 Company's Address

Shopee has an address located at 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.

1.1.4 Organization Structure

Shopee is currently led by a CEO named Chris Feng along with his management who are divided into several countries. Forrest li as the chairman and Group CEO, Gang Ye as the Group Chief Operating Officer, David Chen as the Chief Product Officer on Shopee, Tony Hou as the Group Chief Financial Officer,

Yanjun Wang as the Group Chief Corporate Officer, Nok Anulomsombut as the CEO of Thailand, and Terry Zhao as the President in Garena. In Indonesia, shopee is led by an Executive Director named Christin Djuarto.

1.1.5 Company Values

Shopee claims to operate on values that have been in place since the company's beginning, one of which is the "We Serve" value, which states that consumers are always right and that the company attempts to go above and beyond customer expectations. "We Adapt," which implies we anticipate and plan for changes, accept unanticipated changes, and take action. "We Run" denotes that we are self-motivated to deliver, that we do not require outside encouragement, and that we are always focused on completing our tasks. "We Commit" means being dependable, accomplishing what we say we'll do, upholding high standards (don't cut shortcuts even if no one is looking), and operating like an owner, proactively seeking ways to improve our organization. "We Stay Humble" suggests that we always consider ourselves to be the underdog, that we strive to learn from the market and our competitors, and that we recognize that we are not perfect and never will be. Work hard first and foremost, then celebrate and enjoy.

1.2 Research Background

In this modern era, the existence of technology has changed the style of human life. Increasingly sophisticated technology also has an impact on the running of a business and human lifestyle, especially in the field of consumptive behavior. Consumers today tend to choose to make purchases with a practical online system

rather than face to face with the seller. So that the trend of people to shop online is increasing.



Figure 1.2 E-Commerce Adaption

Sources: *Full Digital 2021: Global Overview Report*, (2021)

According to data reported by wearesocial (2021), Indonesia is the country with the most adoption of e-commerce applications, at 87.1%, beating several countries in the world as in the figure above. This research proves that Indonesia has followed the existing digital developments.

Shopee Indonesia has supposedly been the king of E-commerce in the country since the epidemic covid-19, according to data provided by Bisnis.com. In 2020, Shopee had a considerable increase in the number of transactions compared to the previous year. This increase is also a significant indicator that the Covid-19 pandemic has hastened digitization in the Indonesian commercial sector. According to Handhika Jahja, a Shopee Indonesia Director, the total number of transactions on Shopee has surpassed 260 million, with an average daily rate of 2.8 million. This is a 130% increase over the previous year. During the pandemic, Shopee has observed various changes in people's behavior that have prompted the adoption of digital applications and an increase in the number of E-commerce transactions. This marketplace was launched simultaneously in six countries, including Singapore, Malaysia, Thailand, Vietnam, the Philippines, and Indonesia. Shopee's objective is

to "create an entrepreneurial spirit for merchants in Indonesia" and its vision is to "be the number one mobile marketplace in Indonesia."

This is supported by I-Shopee price's Financial Report, which shows that Shopee's order growth in 2020 is expected to exceed 110 million orders, with a daily average of 1.2 million orders. Shopee's advantage outweighs Lazada, the Southeast Asian e-commerce site with the most active users.






Merchant	Monthly Web Visits	AppStore Rank	PlayStore Rank
1  Tokopedia	158,136,700	#2	#3
2  Shopee	134,383,300	#1	#1
3  Bukalapak	30,126,700	#6	#5
4  Lazada	27,953,300	#3	#2
5  Blibli	16,326,700	#8	#6

Figure 1.3 Shopee Ranks

Sources: IPrice, (2021)

According to, iPrice. Shopee has managed to maintain its first position in the Appstore and Playstore in the top e-commerces category in Indonesia. With monthly web visitors of 134.3 million. This means that Shopee is the most downloaded and used application by smartphone users. In maintaining this position, Shopee has used several of its marketing strategies. E-commerce competition in Indonesia has also occurred not only from local companies, but several international companies and required to have different characteristics or attractiveness from their competitors. The uniqueness of the products that will be offered aims to attract consumer interest and the occurrence of purchase action. Consumer purchase intention can arise with the stimulus offered by the company. One of them is by giving discounts on the products sold and through all kinds of unique sales

promotions. According to Kotler & Keller (2016) discount is a reduction in the direct price paid by consumers for purchases over a certain period of time.

Currently, there are many strategies implemented by e-commerce in Indonesia to become the best choice for consumers to shop online, one of which is the Flash Sale promotion conducted by Shopee.



Figure 1.4 Flash Sale on Shopee

Sources: Shopee, (2021)

Shopee Flash Sale is one of the promotion programs that makes the Shopee name increasingly known to the public. Because Shopee is one of the main pioneers in issuing marketing strategies in the form of Flash Sale promotional programs. With the program's marketing strategy, buyers can get products at much cheaper prices. Initially the Flash Sale promotion from Shopee was held 3x a day, namely (a) 00:00 – 12:00, (b) 12:00 – 18:00, (c) 18:00 – 00:00 WIB. Each user can purchase a maximum of 1-3 items per product. Products sold in the Flash Sale will be selected by Shopee from all random categories of product every month.



Figure 1.5 E-Commerce Spend Products

Sources: *Full Digital 2021: Global Overview Report*, (2021)

We Are Social (2021) shares statistical data about what products are sold the most in e-commerce, such as the figure above which shows that Fashion & Beauty as the highest product sector with consumer calculations spending as much as \$665.6 billion. Followed by other sector goods, Shopee includes clothing, cellphones, accessories, computers, baby and child fashion, men's fashion, electronics, photography, sport equipment, automotive, home supplies, holiday vouchers, souvenirs, beverages in their flash sale promotion. This Flash sale promotion is a discount or promotion offered by Shopee as a place to shop in a short time. Product Quantity is limited, which often means higher or more significant discounts than regular promotions.

This flash sale promotion is closely related to time limit, where time limit usually acts as a subjective urgency and anxiety that will be felt by customers (time pressure). According to Peng et al., (2019) Time limits are one of the causes of assumed time pressure, but in the context of customer purchasing decisions, time limits do not always result in time pressure. According to Vannisa et al., (2020) Limited-time promotions are more effective than time-free promotions because they reduce the likelihood that subjects will continue to seek better agreements. Seeing how Shopee improves the quality by this time setting strategy on its platform

shows that Shopee is really serious in providing premium services to its customers. Regarding flash sale activities, Shopee has guaranteed its flash sale promotion by buying products that are safe and in accordance with the product specifications given in the description on the application page. Shopee also provides a notification feature that will appear 10 minutes before the flash sale takes place so that consumers don't miss the offer. According to Kotler & Keller (2016) define advertising as any paid form of non-personal presentation and promotion of ideas, goods or services through mass media such as newspapers, magazines, television or radio by an identified sponsor. The main key factor in advertising is that advertising must arouse the attention of potential consumers to the products or services offered by the company. Prospective consumers must be made to pay attention and care about products that offer benefits to them which will be their reason to buy the product or service whereas product refers to the combination of goods and services that the business provides to its target market (Kotler & Keller, 2016) The price of a product or service is the amount of money charged for it (Kotler & Keller, 2016) Based on this explanation, the product is one of the things related (Product Involvement) with a consumer's purchase decision. Involvement is defined as a state of perceived importance, interest, and personal relevance evoked by a particular stimulus or situation (Sadasivan, Rajakumar, & Rajinikanth, 2011). Therefore, product involvement refers to the state of consumer interest in a product. Consumers with a high level of product involvement have a strong motivation to search, process, and compare relevant product information before making a purchase (Im, & Ha, 2011).

On National Online Shopping Day in Indonesia, Shopee can do flash sale promotions more often than usual up to 5 times a day and offer lots of cashback, free shipping vouchers, and attractive discounts. This event made many consumers access Shopee repeatedly in a day so as not to be left behind with many product offerings such as beauty tools, cosmetics, body care, daily necessities and even electronic devices. Consumers tend to shop for products that make them think that the offer will not happen again and only lasts for that moment.

Unplanned buying or impulse buying is a behavior in which a person does not plan to make a purchase. Consumers often buy a product without prior planning due to many factors such as price cuts, attractive displays, and product itself. These factors will be striking and attract the attention of consumers until consumers feel the need to buy the product. Flash Sale promotions make many consumers do impulse purchases. Some of consumers who were initially not interested in buying a product will still bought the product in a Flash sale session after knowing what the product involve and matching it to their perceived values and enjoys it that refers to shopping enjoyment. The number of promotions offered in the marketplace can encourage consumers to make purchases outside the plan, resulting in impulse purchases.

Shopping enjoyment is defined as the pleasure one obtains in the shopping process. Given that a shopper may enjoy some shopping contexts more so than others. (E. Beatty & Ferrel, 1998). According to Hart (2011), Shopping has been referred to as a fun, pleasurable activity that leads to feelings of 'Joy'. Shopping enjoyment refers to the pleasure obtained from the shopping process.

Based on the descriptions and problems that have been previously described, the title taken in this mini-thesis is **“THE INFLUENCES OF FLASH SALES PROMOTION ON SHOPPING ENJOYMENT AND IMPULSIVE BUYING OF SHOPEE CONSUMERS INDONESIA”**

1.3 Research Problem Statement

According to Indrawati (2015) the Problem Statement is the focus of the researchers attention in carrying out the research process. Shopee was launched in Indonesia in 2015 Shopee offers a variety of products that involve with various strategy marketing methods, from discounts and also providing an integrated delivery services to make buying and selling program safer and more practical. According to Chris Feng (2015) as the CEO of shopee, he added that Shopee wants to take part in supporting Indonesia's growth in global retail e-commerce by bringing an E-commerces applications experiences that integrates the study about consumer behavior and marketing strategy to support social interaction and gain

more profit between sellers and buyers. According to Handhika (2019) as the director of Shopee's Indonesia, he stated that Shopee is the application with the highest number of downloads in Southeast Asia.

To maximize the sales, Shopee has provided features that are convenient to use, attractive, and make it easier for customers to shop online so as to trigger impulse purchases or shopping enjoyment. The number of various promotions is also one of the factors that trigger impulse purchases at Shopee, one of which is Flash Sale.

According to Vannisa et al., (2020) During the shopping trips and purchases, the consumers might experience enjoyment and fun. According to Mirela (2016), The personal factors that support in shopping enjoyment is reflecting specific consumers' attitudes/relations toward the certain elements of the traditional marketing mix, such as: attitudes toward the advertising (promotion/communication domain), individuality/uniqueness (product domain including experiences) and price sensitivity (price aspect). In this case, Shopee has tried to integrates the attitudes of consumer towards the advertising, flash sale.

In terms of Business, Shopee takes advantage of the opportunity to maximize sales by providing a secure platform for both buyers and sellers. With this flash sale promotion, Shopee wants to show its seriousness in supporting buyers to advertise their products (product involvement) and also to sellers to trigger impulse purchases or shopping Enjoyment.

In terms of knowledge, this flash sale promotion phenomenon that relates time limit strategies when shopping is very useful to be learn and giving a new experiences to the consumer by adding new variables such as perceived values and product involvement. According to Kotler & Keller (2016) customer perceived value or CPV is defined as the difference between a prospect's evaluation of all the benefits and costs of an offer and the perceived alternative. There are 3 sets of perceived monetary values, Economic, Functional, & Psychological. It is very important to know the factors that influence attitude toward flash sales and from the author's review, there are no studies yet that investigate the influence of Product Involve and Perceived value on consumer attitude toward Flash Sale.

1.4 Research Questions

Based on the description that has been presented in the background of the problem, the formulation of the problem that has been compiled in this research is:

1. How much is the rate of Product Involve towards Shopee Flash Sale promotion based on respondents' point of view?
2. How much are the rate of Perceived Values towards Shopee Flash Sale promotion based on respondents' point of view?
3. How much is the rate of customer attitude towards Shopee Flash Sale promotion based on respondents' point of view?
4. How much is the rate of Shopping Enjoyment towards Shopee Flash Sale promotion respondents' point of view?
5. How much is the rate of Impulsive Buying towards Shopee Flash Sale promotion based on respondents point of view?
6. Do Product Involve influence consumer attitude towards Shopee Flash Sale Promotion?
7. Does Perceived Values influences consumer attitude towards Shopee Flash Sale Promotion?
8. Do Customer attitudes of Shopee Flash Sale promotion influence Shopping Enjoyment?
9. Do Customer attitudes of Shopee Flash Sale promotion influence impulse buying?

1.5 Research Objectives

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

1. The rate of Product Involve on Shopee Flash Sale promotion based on respondents' point of view.
2. The rate of Perceived Values on Shopee Flash Sale promotion based on respondents' point of view.

3. The rate of Consumers attitude towards Shopee Flash Sale Promotion on Shopping Enjoyment based on respondents' point of view.
4. The rate of Consumer attitude towards Shopee flash sale promotion on Impulse Buying based on respondents' point of view.
5. The influences of product involvement on Consumer attitude towards Shopee Flash Sale Promotion.
6. The influences of Perceived Values on Consumer attitude towards Shopee Flash Sale Promotion.
7. The influences of Consumer attitudes on Shopee Flash Sale Promotion towards Shopping Enjoyment.
8. The influences of Consumer attitudes on Shopee Flash Sale Promotion towards Impulse Buying.

1.6 Research Benefit

1.6.1 Theoretical Use

The results of this study are expected to enrich and complement knowledge in the field of marketing, especially those related to sales promotion strategies that affect consumer behavior in online shopping. In addition, some of the new findings in this study are expected to be used as reference material for future researchers who conduct research in the same field in the future.

1.6.2 Practical Uses

This research is expected to be an input for companies to develop or maintain better sales promotion strategies in the future so that they can improve consumer attitudes in Shopee in order to reach purchasing decisions.

1.7 Writing Systematics

This section contains systematics and a brief explanation of the research report consisting of Chapters I to V of the research.

A. Chapter I INTRODUCTION

This chapter is a general, concise, and accurate description of the substance of the research. The following are some of the topics discussed in this chapter: 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 followed by a research framework that ends with the necessary hypotheses.

C. Chapter III Research Methods

This chapter consists of the approaches, methods, and strategies used in collecting and analyzing the findings that answer the research problems described. Descriptions of the following items can be found in this chapter: Type 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

This chapter consists of research results and discussion systematically described in accordance with the formulation of the problem and research objectives and presented in separate sub-headings. This chapter contains two parts: the first part presents the research results that have been studied and the second part presents a discussion or analysis of the research results. Each aspect of the discussion must begin with the results of data analysis, then be interpreted and followed by drawing conclusions.

e. Chapter V Conclusion and Suggestions

This chapter consists of Conclusions which are answers to research questions which then become suggestions related to the benefits of research.