

CHAPTER I

INTRODUCTION

1.1 General Description

1.1.1 A Brief Profile of Shopee

PT. Shopee International is a marketplace-based company which engaged in e-commerce field. Shopee is under the auspices of the SEA Group, an internet company in Southeast Asia. Shopee is an online shopping platform that provides online buying and selling services. Shopee was founded in 2015 in Indonesia and several countries in Southeast Asia. Shopee companies are spread across Singapore, Malaysia, Thailand, Taiwan, Vietnam, and the Philippines.

Shopee leads the Southeast Asian marketplace by prioritizing the online shopping experience efficiently, safely, and quickly. Shopee provides facilities to its consumers by offering various products and services. Shopee operates on a website and an online shopping application, offering various facilities. Shopee also often hosts big days for shopping, offering specific deals and perks. Some of them are Shopee 4.4 Mega Shopee Sale, Shopee 11.11 Big Sale, and Shopee 12.12 Birthday Sale.

Shopee has the tagline "Buy All on Shopee!" that is often used in their advertising impressions. The slogan appears on advertisements aired on television and social media such as YouTube. Shopee has developed into a rapidly growing marketplace among its e-commerce competitors. This growth is supported by the background and values it holds. The support of Shopee's innovative marketing team plays a role in making Shopee the number one e-commerce that is widely used.

1.1.2 Company Logo



Figure 1.1 Shopee's Logo

Source: shopee.co.id, accessed on March 22, 2021, 13:37 WIB

1.1.3 Purpose, Positioning, Personality

a. Purpose

Shopee's goal is on the skills possessed by technology to change the world better by providing a means to connect between sellers and buyers in a particular place.

b. Positioning

Mainly for internet users, Shopee provides an experience in online shopping on a means that offers many choices such as products, a supportive community, and services that have no limits.

c. Personality

Can define who, how, behaves, or reacts to a particular situation. Simple, happiness, and together are the main attributes at every step of Shopee's journey.

(careers.shopee.co.id, accessed on September 10, 2021, 22:00 WIB).

1.2 Research Background

The rapid development of technology and the internet in Indonesia has a major impact on business change. Digital media is not only for finding information; it is already the key to business efficiency. Starting from how to advertise, how to carry a promotional activities, how to communicate between people, etc. Technology usage and unlimited internet access became the initial avenue of the emergence of e-commerce in Indonesia. Ease of access makes consumers switch to finding information on product or service needs by the internet. This situation is certainly indicate the growth of e-commerce in Indonesia which is growing (unpas.ac.id, accessed on May 27, 2022, 11:40 WIB).

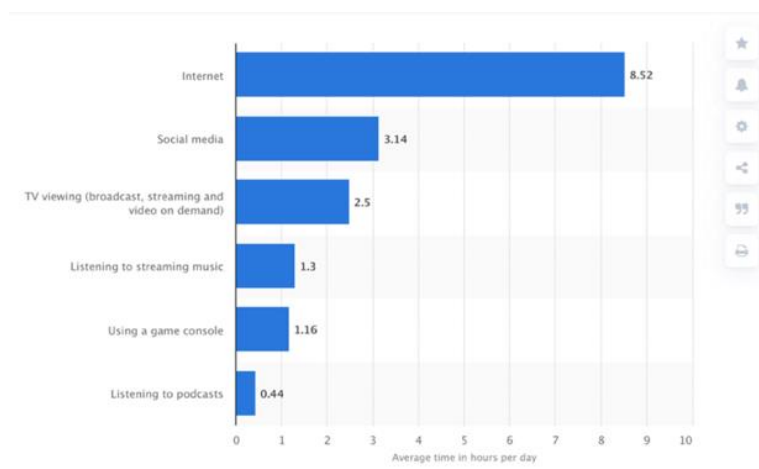


Figure 1.2 The Average of Online Media Usage Time in Indonesia

Source: statista.com, accessed on March 16, 2021, 12:00 WIB

Figure 1.2 shows a survey result published by Statista regarding online media usage in Indonesia. The graph shows the time spent using online media until the third quarter of 2020. The average time spent by Indonesians on internet use is 8 hours 52 minutes/day. The figures above show how the internet has been properly penetrated everyday activities (www.statista.com, accessed on March 16, 2021, 12:00 WIB). The data indicate that Indonesians cannot be separated from the internet to carry out activities and meet their needs.

Various provision of needs such as digital and non-digital goods that are integrity by technological becomes its characteristic. It becomes a different offering from the online shopping phenomenon and e-commerce in the digital era. Indonesia is the country with the largest e-commerce market in Southeast Asia. There is a survey that shows the level of online shopping activity in Indonesia. Based on Wearesocial and Hootsuite, 90% of internet users in Indonesia have shopped online through e-commerce (Sirlo.com, accessed on April 17, 2021, 16:00 WIB).

Filter by Business Model Store Type Store Origin Select Data Per Quarter Q4 2020






Merchant	Monthly Web Visits	AppStore Rank	PlayStore Rank	Twitter	Instagram	Facebook	Number of Employees
1  Shopee	129,320,800	#1	#1	541,700	7,100,000	19,908,390	9,066
2  Tokopedia	114,655,600	#2	#4	710,400	2,400,000	6,372,160	4,521
3  Bukalapak	38,583,100	#7	#7	199,600	1,363,070	2,514,260	2,446
4  Lazada	36,260,600	#3	#3	411,400	2,600,000	30,461,740	4,500
5  Blibli	22,413,100	#6	#5	514,800	1,389,780	8,539,020	2,106

Figure 1.3 The Map of E-Commerce in Indonesia Q4 2020

Source: iprice.co.id, accessed on March 22, 2021, 11:29 WIB

Based on Figure 1.3, it shows the growth of e-commerce in Indonesia published by iPrice Insight. There are five significant marketplaces in the Q4 of 2020: Shopee, Tokopedia, Bukalapak, Lazada, and Blibli. The five marketplace companies that are the top e-commerce companies have millions of visitors every month. Shopee is ranked first, with the number of visitors reaching 129,320,800 every month. The top position was filled in the previous year by Shopee's competitor, Tokopedia. This data shows a significant increase in visitors numbers on the Shopee application during 2020 (iprice.co.id, accessed on March 22, 2021, 11:29 WIB).

Shopee's success cannot be separated from the success of the integrated marketing communication strategy that Shopee has carried out aggressively. Integrated marketing communication is a scientific study that discusses the plan and role of marketing communications. This field includes advertising, sales promotion, public relations, direct marketing, personal selling, etc. A message combination strategy makes these efforts to achieve clarity, stability, and maximum communication impact (I. Pamungkas, 2016: 8). It is also done to present the brand with promotions to attract customers and maintain customer loyalty. Brands need an integrated marketing communications strategy that differs from competitors to retain and attract customers (Wang & Hariandja, 2016).

The rapid development in the modern era makes it easy for people to receive information and absorb new cultures. The online media usage in Indonesia is well penetrated, marked by the entry of Korean culture, which is developing globally. Its

existence tends to be accepted by the public from various circles, especially the millennial generation. The Korean culture's existence gave rise to a global phenomenon, namely the Korean Wave or Hallyu. The development of K-Pop culture in Indonesia manifests globalization in the dimensions of communication and culture. The development began with the entry of Korean dramas and the music industry, which Indonesians much liked. This culture introduces South Korean culture through various media, including music, fashion, films, etc. (egsaugm.ac.id, accessed on May 27, 2022, 11:50 WIB).



Figure 1.4 The Country with the Most K-Pop Fans

Source: cnnindonesia.com, accessed on March 22, 2022, 15:00 WIB

Based on Figure 1.4, data was published by Twitter regarding the country with the highest K-Pop fans. Indonesia is ranked first as the country with the highest K-Pop fans among other countries. The ranking is followed by Japan, the Philippines, South Korea, and the United States. It shows that the Indonesians have a high intensity following the development of the K-Pop industry. It embodies the Korean Wave as a trend with characteristics that influence various aspects of life. It includes acculturation, fashion, culinary, music, communication, and information to marketing activities in Indonesia (cnnindonesia.com, accessed on March 22, 2022, 15:00 WIB).

Currently, Korean music industry has become the beginning of Korean Wave emergence, which has its influence. This phenomenon has a reasonably strong impact on marketing communications in Indonesia, especially in advertising (indonesiana.id,

accessed on May 9, 2021, 10:00 WIB). Kotler and Armstrong (2008) stated advertising is considered the most effective way in integrated marketing communication (IMC) strategy. An integrated marketing communication strategy such as advertising which added with Korean Wave is considered to have its charm. Korean Wave has been widely used and become a trend in Indonesia in implementing brand promotions. An example is the use of Korean celebrities as brand ambassadors to represent the company. Many companies and brands in Indonesia use Korean celebrities as brand ambassadors with the aim of targeting the international market (storelogy.com, accessed on May 27, 2022, 14:50 WIB).

The use of brand ambassadors is a promotional strategy to connect brands emotionally with customers. Brand ambassadors are believed to have the power to attract customers psychologically to a brand (Shimp, 2003: 455). A brand ambassador is defined as an individual public figure or celebrity trusted to represent the company. They are selected and customized based on identity and characteristics of a brand or company (Pratami & Sari, 2020). Rossiter, Percy, and Bergkvist (2018) suggest that brand ambassadors are seen from the candidate characteristics. It includes visibility, credibility, attraction, and power the candidate owns, which is considered worthy of being representative.

It has been done by Shopee that has raised many brand ambassadors who come from among the popular celebrities and exist in promotional activities; advertising. Celebrities selected to be brand ambassadors are usually featured in advertising impressions and are part of the advertisement. From 2018 to 2020, Shopee uses brand ambassadors from international celebrities, one of which is Christian Ronaldo. In 2018 Shopee made a big step by intersecting with the Korean Wave and collaborating with Korean celebrities. The enthusiasm of K-Pop fans is the reason why Shopee uses Korean celebrities in promotions, namely Stray Kids. Shopee also inaugurated several Korean celebrities as brand ambassadors, namely Blackpink in 2018 and GFriend in 2019. Shopee's competitors, Tokopedia, also use Korean celebrities as their brand ambassadors in 2019, namely BTS (ginee.com, accessed on May 27, 2022, 15:00 WIB).



Figure 1.5 Stray Kids becomes Shopee Brand Ambassador

Source: twitter.com/ShopeeID, accessed on September 7, 2021, 22:00 WIB

Based on Figure 1.5, Stray Kids was officially selected as Shopee's Brand Ambassador in 2020. Shopee announced a new brand ambassador on November 4, 2020, precisely during the Shopee 11.11 Big Sale promotion. Shopee chose Stray Kids because it sees a high number of Shopee users who are young generations. Not a few among Shopee users are K-Pop fans or follow the Korean Wave trend. It triggered Shopee's initiative to invite Stray Kids as an outstanding celebrity to collaborate with Shopee (money.kompas.com, accessed on March 26, 2021, 10:00 WIB).

Shopee Director Handika Jahja emphasized their success cannot be separated from the requests of Shopee loyal users. Stray Kids was chosen because it was considered a representation according to Shopee's values and characters. Shopee is attached to its young, creative, and passionate values. It follows Shopee's primary target audience, the majority of which are generation Z (money.kompas.com, accessed on March 26, 2021, 10:00 WIB). Stray Kids is considered to be a perfect representative because of the talent and achievements they have.



Figure 1.6 Shopee 12.12 Birthday Sale x Stray Kids Ads

Source: ipricegroup.com, Accessed on March 26, 2021, 16:45 WIB

Not only present as Shopee's brand ambassador, Stray Kids is also presented as an advertising star. In Figure 1.6, Stray Kids became the star of Shopee's advertisement entitled "12.12 Birthday Sale". The ad aired on television and became an AdSense on YouTube. Shopee 12.12 Birthday sale is one of the most awaited moments by Shopee users. Shopee trusts the eight Stray Kids personnel to become a representative in the ad (shopee.co.id, accessed on March 15, 2021, 15:00 WIB). Stray Kids' performance with the song and choreography of "God's Menu" performed by them is featured in the commercial ad.



Figure 1.7 Stray Kids Fans Response

Source: twitter.com/ShopeeID, accessed on June 2, 2021, 10:48 WIB

Based on Figure 1.7, Shopee 12.12 Birthday Sale ad video uploaded by the official Twitter account @ShopeeID. Shopee uploaded the ad video to welcome their new brand ambassador, Stray Kids. The video has been viewed 1.7 million times since it was uploaded on November 17, 2020, until June 2021. Shopee 12.12 Birthday Sale ad starring Stray Kids was warmly welcomed by Shopee users. Stray Kids' presence received a positive response from an audience, especially among K-Pop fans. The video ad became a trending topic on Twitter since a few minutes were released with the hashtag #1212ShopeeStrayKids.

Stray Kids is a South Korean music group active under JYP Entertainment. Stray Kids is admired for its talent and has fans in many countries, including Indonesia. Stray Kids is known as a music group that has strong performance, energy, and spirit. Although considered a newcomer artist, Stray Kids has received many awards. In the last three years, Stray Kids has received 28 music awards since its debut in 2018. The Best New Male Artist award evidences it at the Asia Artist Awards, Soribada Best K-Music Awards, Genie Music Awards, and Mnet Asian Music Awards (Koreaboo.com, accessed on September 16, 2021, 21:00 WIB).



Figure 1.8 Top 10 Most Mentioned K-pop Artists

Source: twitter.com/TwitterData, accessed on September 16, 2021, 21:05 WIB

Figure 1.8 shows the data on the most mentioned K-Pop artists published by Twitter. Stray Kids is included in the list of the most talked-about Korean music groups globally. Stray Kids entered the top ten and was ranked tenth on the international scene. Stray Kids is in the top five of the K-pop idol category most mentioned by Indonesian

fans (GenSINDO, accessed on April 24, 2021, 20:00 WIB). Stray Kids also managed to top the music charts in 23 countries in 2020 (idntimes.com, accessed on September 17, 2021, 13:00 WIB). Stray Kids' concept is in line with Shopee's character and values. Stray Kids has members who are relatively young with an age range of 20. The oldest member is Bangchan (24 y.o), and the youngest member is I.N (21 y.o). The age range is in accordance with Shopee's target audience, namely the millennials and young generation. Carrying the concept of a youthful character owned by Stray Kids, it is compatible with Shopee. Creative like Stray Kids produce their music, as well as powerful that is reflected in their music. Therefore, Shopee relies on and trusts Stray Kids as a brand ambassador.

Appointing a celebrity who is well known in public, it is expected can provide a distinct advantage for the company. With the Stray Kids brand ambassador, it is hoped to will be able to provide attractiveness, popularity, and good influence to the brand. It is also expected to assist in maintaining Shopee customer loyalty and attracting new customers. It because Shopee must compete in keeping the market remain trusted by the public and its users. However, the statement and the concept in this research as explained above is proportional to Shopee's growth rate after appointing Korean celebrities as brand ambassadors.

Filter berdasarkan Model Bisnis Store Type Asal Toko Pilih Data per Kuartal Q1 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

Figure 1.9 The Map of E-Commerce in Indonesia Q1 2021

Source: iprice.co.id, accessed on January 13, 2022, 14:00 WIB

Figure 1.9 shows there is a change in the e-commerce rank visitors from the previous quarter. In Q4 2020, Shopee was ranked first, and Tokopedia ranked second as described. However, in Q1 2021, Shopee dropped to the second position, and Tokopedia ranked first with the most visitors. It certainly shows the implication of the phenomenon,

namely Shopee experiencing a decrease in visitors. The downgrade occurred during the period when Stray Kids became Shopee's brand ambassador. Various factors certainly cause this phenomenon, therefore, researchers want to investigate further the phenomenon experienced by Shopee.

The character and image of a brand or company are considered influential in maintaining loyalty to the brand. According to Kotler and Keller (Purnomo, 2018), brand image is the views and beliefs that come from consumers. It is where the perceptions held by consumers have been embedded in the memories and consumers' minds. Brand image is one of the vital aspects of a brand or company. This brand image will always be remembered first by consumers when they hear the name of a brand.

According to Kotler and Armstrong (Sari & Santika, 2017), competition with competitors does not only depend on product quality. The consumers' perception of the brand also has an essential role in competing in the market. These consumer perceptions can be described through a brand image that grows and sticks in the minds of consumers. According to Ismani (2008), it is challenging to attract new customers and retain customers without a strong brand image (Rizan et al., 2012). Having a positive brand image is crucial that companies need to pay attention to. The marketing communication strategy that intensively carried out and Shopee's popularity make it a strong image.

Table 1.1 Top Brand Index E-Commerce

Brand	TBI 2021
Shopee.co.id	41.8%
Tokopedia.com	16.7%
Lazada.co.id	15.2%
Bukalapak.com	9.5%
Blibli.com	8.1%

Source: topbrand-award.com, accessed on January 12, 2022, 15:00 WIB

Table 1.1 is the Top Brand Index data category of e-commerce or online buying and selling sites. It can be seen that many e-commerce brands provide many offers in increasing customer desires. Shopee occupies the first position, which means that Shopee has a strong brand image. Shopee's achievements make it e-commerce that is

often used by loyal Shopee users. There are three aspects contained in the brand image, among others, strengths, favorable, and uniqueness (Keller, 2013). Brand image has a crucial role in brand loyalty because a brand that has a bad brand image will reduce consumer confidence.

Using brand ambassadors and a strong brand image is considered as suitable means in retaining customers. It certainly creates a form of consumer behavior that is beneficial for the brand. One of the things that can provide benefits for the brand is a form of brand loyalty. According to Kotler dan Keller (2009) (Suryanto & Sari, 2020) loyalty arises from feelings of pleasure or disappointment arising from consumer expectations and experiences with brands. In loyalty behavior, customers will not want to switch to other brands. This understanding aligns with the definition by Setiadi (Angela & Paramita, 2021); brand loyalty is a happy attitude towards a brand. This joyful attitude occurs consistently and is manifested in long-term brand purchases. In addition, brand loyalty is a measure of the relationship between customers and brands (Duriyanto et al., 2004). According to Rangkuti (2004) (Utomo, 2017), the dimensions of brand loyalty consist of behavior measures, measuring switching cost, measuring satisfaction, measuring liking brand, and measuring commitment. The dimension of brand loyalty can be used as a sub-variable to measure brand loyalty.

Since 2020 Shopee has had a new program, Shopee Loyalty, to show appreciation to loyal customers. Each user has a loyalty level which can be seen through the Shopee application. From lowest to the highest level: Classic Shopee Members, Shopee Silver Members, and Shopee Gold Members. Each user receives the benefits of each Shopee Loyalty level in vouchers and other promotions. The higher the customer membership level, the more promos Shopee users will receive (marketeers.com, accessed on January 12, 2022, 22.00 WIB).

Shopee strives to retain customers and maintain the position of its e-commerce competitors. Shopee's efforts are reflected in the appointment of Stray Kids as brand ambassadors, intensive promotional activities, and creating loyalty programs. Reviewing the previous explanation that the characters and images of Shopee and Stray Kids are related to each other. Shopee is counted as e-commerce that has a strong brand image as described before. It is hoped that the Stray Kids brand ambassador and Shopee's image

can have a good impact on the company in retaining customers to stay loyal to the brand. However, this is in contrast to the situation experienced which experienced a decline in visitors. This study focuses on how to appoint Stray Kids as brand ambassadors and the image owned by Shopee influence brand loyalty. The focus of this research is on Shopee users among people who like Stray Kids in Indonesia who follow the @Stray_Kids Twitter account.

This research implies previous research, which refers to a study by Pradnyan (2020) titled "The Influence of Brand Ambassadors and Brand Image on Purchase Intention of Tokopedia Application Users." The research results of brand ambassadors with 74.4% are included in the excellent category but have no significant effect on purchase intention. Meanwhile, Brand Image has a significant influence on purchase intention. Research by Utaminingsih (2021) titled "The Influence of Brand Ambassador Stray Kids on Brand Loyalty Shopee." The results showed that the Stray Kids brand ambassador influenced 51.9% of brand loyalty to Shopee users. Research by Pramesthi (2020) with the title "The Influence of BTS as Tokopedia's Brand Ambassador on Brand Switching." The study results illustrate that BTS as Tokopedia's brand ambassador (X) significantly influences brand switching by 67.8%.

It is known that Shopee's competitor position appoints and uses Korean celebrities as brand ambassadors. And the image of Shopee's competitors is getting stronger, such as Tokopedia. Shopee made similar efforts and strengthened its image to prevent consumers from switching to other brands. Departing from the things described above, the author feels that it needs to be researched further. The author sees the possibility of using Korean celebrities as brand ambassadors in advertisement shows, and Shopee's brand image can influence brand loyalty. However, this cannot be known and confirmed, so empirical evidence is needed. Therefore, this research's focus is to partially find out the influence of brand ambassadors and brand image on brand loyalty.

In this study, the approach used is a causal descriptive type of quantitative method. This method is used because it aims to find out the causal relationship between two or more variables. The population and sample used in this study were Shopee users among Stray Kids fans. The sampling technique used in this study is non-probability sampling using purposive sampling. This study uses the sampling technique to obtain a

representative sample representing the population. The research data will be processed by quantitative descriptive analysis, correlation coefficient, multiple linear regression model, t-test, f-test, and coefficient of determination.

The author focuses on conducting research on the influence of using Stray Kids brand ambassadors on advertising impressions and Shopee's brand image as brand loyalty. This research is marketing communication research because brand loyalty research can be used as a reference in strategic planning. Which form of promotion carried out by a brand is included in marketing communications. It is aligned with the primary objective of marketing communications, namely to achieve long-term brand loyalty. Based on this, the researchers are interested in conducting research entitled **"The Influence of The Use of Brand Ambassador 'Stray Kids' in Shopee 12.12 Birthday Sale Advertisements and Shopee's Brand Image towards Brand Loyalty."**

1.3 Problem Identification

Based on the description of the research background, here are some problem formulations in the research to be studied:

1. How much influence of the use of Stray Kids Brand Ambassador in Shopee 12.12 Birthday Sale advertisement towards Brand Loyalty?
2. How much influence of Shopee's Brand Image towards Brand Loyalty?
3. How much influence does Stray Kids Brand Ambassador in Shopee 12.12 Birthday Sale ads and Shopee's Brand Image towards Brand Loyalty?

1.4 Research Objectives

Based on the background description and problem identification above, here are the objectives of this research:

1. To measure the influence of the use of Stray Kids Brand Ambassador in Shopee 12.12 Birthday Sale advertisement towards Brand Loyalty.
2. To measure the influence of Shopee's Brand Image towards Brand Loyalty.
3. To measure how much influence the Stray Kids Brand Ambassador in Shopee 12.12 Birthday Sale ads and Shopee's Brand Image towards Brand Loyalty.

1.5 Research Usability

3.	Chapter 3 Writing										
4.	Pre-Survey										
5.	Desk Evaluation										
6.	Revision										
7.	Research Implementation (Survey)										
8.	Supervision and Chapter 4, 5 Writing										
9.	Thesis Defense										

Source: Processed by Researcher (2022)