

## **CHAPTER I**

### **INTRODUCTION**

#### **1.1 Overview of the research object**

##### **1.1.1 Tokopedia Company Profile**

Tokopedia is one of the most significant technology-based buying and selling platforms in Indonesia and is one of the influential unicorns in Southeast Asia. Tokopedia has a marketplace business model; Tokopedia allows every individual, small shop, and brand to open and manage an online store and develop their business by marketing their products online. Tokopedia was founded on August 17, 2009, by In the first month of its existence, Tokopedia managed to get a total transaction amount of Rp. 33 million, 209 merchants, and 4,560 users. One year running, Tokopedia is growing very fast by obtaining transactions reaching Rp. 5,954 billion, 4,659 merchants, and 44,785 users (Tokopedia, 2018).

Tokopedia is a digital company that provides business opportunities for Indonesians to develop and manage their online business efficiently and for free while enabling a safer and more comfortable online shopping experience. The public also trusts Tokopedia that a convenient and secure marketplace is Tokopedia because it is easy to use. Tokopedia is also successful in making this marketplace application because the success of a marketplace is seen by how people reuse this application. Product categories and payments also vary.

##### **1.1.2 Vision and Mission Tokopedia**

###### **a. Vision**

Vision is a goal that will be achieved by the company, the vision of Tokopedia:  
To become the largest and most trusted provider of online transaction facilities for business behaviour in Indonesia.

## **b. Mission**

Mission is a way for the company's mission to be achieved. The mission of Tokopedia:

1. Using technology and the web from the internet appropriately
2. Strengthening products and services from Tokopedia, both online and offline

### **1.1.3 Company Logo**

A company logo is an image created by a company to create a characteristic or a corporate identity to make it easy for customers to remember. According to Tokopedia's Facebook page in 2015 and 2018, Tokopedia's Mascot is an owl and a shopping bag combined. The owl is a symbol of wisdom and intelligence, besides having the ability to see in all directions. Following Tokopedia seeks to see from various points of view as consumers and producers. Then the shopping bag combined with the owl means Tokopedia hopes to be a solution for consumers in shopping (Tokopedia, 2018). The Owl logo on Tokopedia also indicates a symbol of intelligence and wisdom. And the green colour also has its meaning, namely because the green colour is synonymous with calm and humility. But Tokopedia said on Twitter in 2015 that green means safe. This meaning indicates that Tokopedia wants always to be safe and always be the customer's choice because the development of Tokopedia is one of the roles of the custom.

### **1.1.4 Tokopedia Product**

The Tokopedia application sells various products such as Electronic Goods

- Office and Household Equipment
- Sports equipment
- Cosmetics
- Baby equipment etc

Tokopedia also provides various digital products that make it easier for consumers, such as:

- TokoCash
- Train Tickets
- PDAM water

- Credit Installments
- Postpaid
- PGN gas
- Partner Toppers
- Pulse
- BPJS
- Donation
- Game vouchers etc

Quality products can be easily found in the Tokopedia application. This affects the level of sales because customers can shop at Tokopedia comfortably, safely and efficiently. Tokopedia is also equipped with advanced features in its application.



Figure 1. 1 Company Logo

Source: (Tokopedia, 2022)

### **1.1.5 Segmentation of Tokopedia**

Market segmentation can be understood as a strategy carried out by companies to map target consumers so that companies are able to better identify these consumer groups. Mapping is generally done based on characteristics, needs, or behavior (Tokopedia, 2023).

#### **a. Types of Market Segmentation**

##### **1) Behavioral Segmentation**

Grouping based on consumer behavior towards the business products offered, for example knowledge, attitudes, loyalty, response and use of products in Tokopedia. This segmentation is often associated with the consumer decision making process.

## 2) Demographic Segmentation

Grouping based on several aspects such as age, gender, education, occupation, marital status, and others. Demographically, Tokopedia segmented its market for all people who can access the internet in Indonesia, from teenagers to old people, with male and female gender. As well as from any economy class, you can use the Tokopedia application.

## 3) Psychographic Segmentation

Segmentation related to the psychological condition of consumers, thus requiring a more complex approach. Usually it is done through surveys such as distributing questionnaires to find out preferences such as lifestyle, hobbies, and so on. Psychographically, Tokopedia performs segmentation for those who prioritize practicality in shopping for a product. In this digital era, of course, it will affect people's behavior to carry out easy and practical buying especially for lifestyle and selling activities and switch to buying from offline stores to online stores.

## 4) Geographic Segmentation

Grouping consumers according to location aspects such as where they live. Location, conditions, to the climate of an area also influence the needs and uses of a product and service. Geographically, Tokopedia segmented its market to areas that are covered by the internet network, this is because accessing Tokopedia as an online buying and selling platform requires an internet connection. All areas in Indonesia that are reachable by the internet and have road access that allow it to become a segment of Tokopedia. Tokopedia sellers and customers come from all over Indonesia, reaching 99% of sub-districts throughout Indonesia (Tokopedia, 2023)

## **1.2 Research Background**

The high level of consumption by the Indonesian people is caused by the interest in a lifestyle to follow pleasure, not fulfill needs. Customers are sometimes tempted by low prices, causing impulsiveness. Then, many customers carry out buying and selling activities to meet their needs; technological developments make it easier for consumers to shop safely and comfortably with the process of selling and buying products which are B2B transactions; this is also beneficial for buyers and sellers

because they can save costs and time and does not interfere with activities (E-Commerce). Indonesia is one of the top 10 countries with the fastest growing E-commerce globally. In 2018, Indonesian E-commerce grew by 78%. Of this amount, 17.7% were due to tickets and hotel reservations, 11.9% to clothing and shoes purchases, and 10% to cosmetics and health products. Judging from this statistical data, E-commerce sites are very profitable for sellers. One of the main benchmarks for E-commerce businesses is customer loyalty metrics, which predict a customer's likelihood of repurchasing from a seller or directly recommending to a friend. 11,9%, As well as cosmetics and health products by 10%.

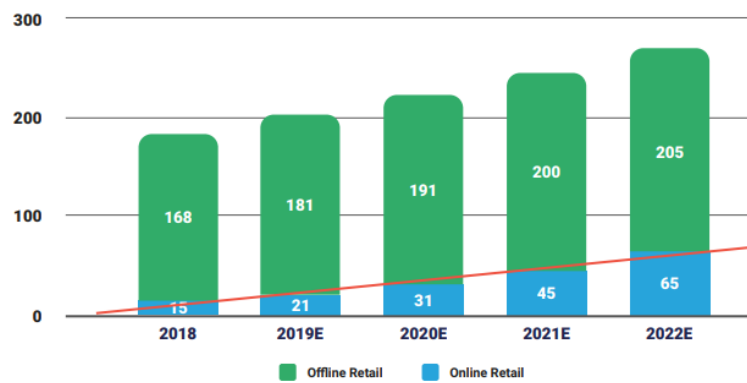


Figure 1. 2 Data E-Commerce Retail

Source: (Sircolo, 2019)

According to data summarized in the report, Indonesia's e-commerce retail sales are estimated to reach US\$15 billion (Rp 210 trillion) in 2018 and will more than quadruple by 2022, touching the figure of US\$65 billion (Rp 910 trillion). This makes online retail, which previously only accounted for 8% of total sales in 2018, is predicted to penetrate 24% in 2022. (Sircolo, 2019)

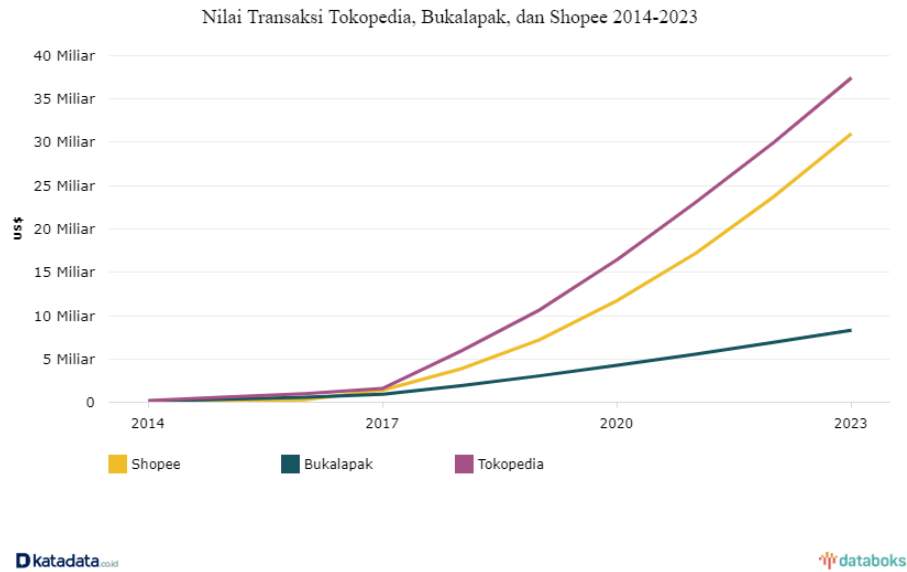


Figure 1. 3 Transaction Value

Source: (Katadata, 2021)

According to the E-Warungs report released by CLSA (2021), the most significant e-commerce transaction value in Indonesia was occupied by Tokopedia in 2014. It will continue to increase until 2023 compared to two other competitors, Shopee and Bukalapak. Tokopedia ranks; first, Shopee ranks second, and Bukalapak has the smallest number of transactions. In 2018, the value of Tokopedia transactions was US\$ 5.9 billion. On the platform 2014, 2017, 2020, 2023 Tokopedia Shopee Bukalapak Transaction Value, seven customers to customers or C2C get a transaction value of US \$ 5.6 billion, business to customer or B2C of US \$ 148 million. In 2023, CSLA projects that Tokopedia will reach a transaction value of US\$ 37.45 billion. The total transaction value from Tokopedia, Shopee, and Bukalapak in 2019 was US\$ 11.6 billion, which will continue to increase in 2023 to US\$ 76.8 billion (Jayani, 2019)

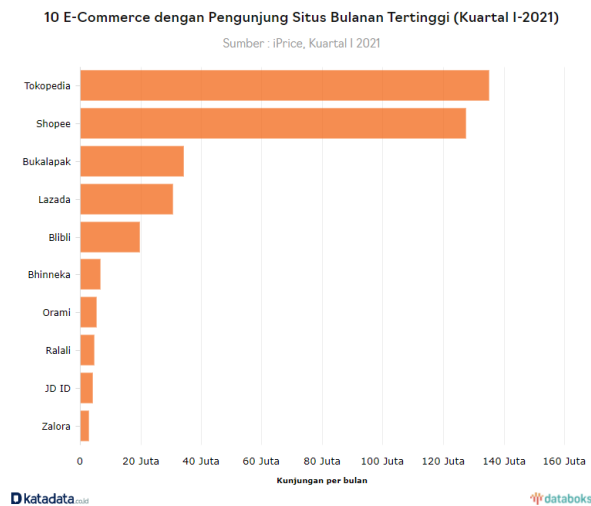


Figure 1. 4 E-commerce monthly visitors

Source: (Katadata, 2021)

According to Iprice (2021), in the fourth quarter of 2020, Shopee was still in the first place for e-commerce with the largest number of site visitors in Indonesia in the fourth quarter of 2020. The average monthly visit to Shopee in the last quarter of last year was 129.3 million. Tokopedia followed in second place with an average monthly site visit of 114.67 million. It was recorded that Tokopedia's monthly web visits were 129.3 million in the fourth quarter of 2020, up 52.1% from the previous quarter. Then the visit increased 4.5% to 135.1 million visits in the first quarter of 2021. Then it increased again 9.4% to 147.8 million visits in the second quarter of 2021. Visits to this market shop increased by 7% to 158.1 million visits compared to the second quarter of 2021. This figure makes Tokopedia the most visited e-commerce in the third quarter of 2021. According to the iPrice Group report, Tokopedia is the most visited e-commerce site in Indonesia in 2021. The average number of visitors to the Tokopedia page is on a monthly basis in the period I-IV 2021 it was recorded to reach 149.6 million. Then the average monthly visitor to the Tokopedia page reached 157.2 million in the first quarter of 2022. This figure increased by 5.1 percent from the fourth quarter of 2021, which recorded 149.6 million visits.

According to the Jakpat survey (2021), which involved 1,054 respondents in 25 provinces, Tokopedia is at the top, followed by Shopee, Bukalapak, Lazada, and JD.ID. During the first semester of 2021, Tokopedia's NPS figure was 49 percent of the 567 respondents. This illustrates that around 49 percent of e-commerce users

created by the nation's children provide recommendations to other consumers. The second position is Shopee with 42 percent NPS, Bukalapak 32 percent, Lazada 32 percent, and JD.ID with the exact NPS figure of 32 percent. Interestingly, about 9 percent of 837 Shopee respondents do not recommend using this e-commerce platform. With the same parameters, 5 percent of respondents do not recommend Tokopedia.





















Domain	Traffic Share	Change	Rating	Monthly Visitor	Unique Visitor
 tokopedia.com	33.07% 	↑ 11.81%	#222	132.0M	40.62M
 shopee.co.id	29.73% 	↑ 5.6%	#225	118.6M	35.67M
 bukalapak.com	7.79% 	↑ 5.34%	#1.442	31.11M	12.77M
 lazada.com	7.45% 	↑ 13.6%	#1.256	29.75M	11.90M
 blibli.com	4.86% 	↑ 1.26%	#3.037	19,41M	10.07M
 iprice.co.id	2.28% 	↑ 7.63%	#7.583	9.110M	6.317M
 amazon.com	2.23% 	↑ 3.06%	#12	8.899M	6.110M
 cekresi.com	1.22% 	↑ 11.83%	#19	4.868M	3.304M
 ralali.com	1.21% 	↑ 14.22%	#17	4.849M	1.354M
 jd.id	0.93% 	↑ 9.51%	#15	3.700M	1.687M

Figure 1. 5 The Highest Platform Used for Online Selling

In the data above, the competition for innovation between e-commerce players is getting tougher. The actors offer various features that make it easier for consumers to carry out shopping activities to fulfill their daily needs through e-commerce platforms. Some of the innovations that are currently being loved by e-commerce players, such as investment products for future savings, digital products for paying bills, and personal loans. Through these innovations, Indonesian e-commerce is growing and encouraging consumers to keep using their platforms (Asti, 2021). This innovation relates to product, price, promotion and also delivery of these dimensions included in the E-Marketing mix. According to Nurbani, et al (2019) stated that the better the marketing mix, the higher consumer trust will be obtained. So it can be understood that the marketing mix plays an important role in increasing consumer confidence.

With a variety of E-Commerce in Indonesia, there is competition in E-commerce. However, this is a good thing for customers because customers can



determine which applications make them comfortable to make a decision to purchase the product. Researchers from the Center of Innovation and Digital Economy Index assess that Tokopedia's user loyalty is higher than its competitors, indicating that the platform has more value than others. For this reason, maintaining this loyalty becomes very important and a challenge especially in purchase decision. Because even though consumers are satisfied with shopping on one particular e-commerce, they still shop at other e-commerce for their different needs. Tokopedia competes fiercely with other e-commerce to get consumer loyalty. In various ways, such as providing promos and campaigns. One of them is Tokopedia participating in the 10.10 shopping party. To enliven the 10.10 shopping party, there are several e-commerce participating in providing discount promos, free shipping, and cashback. Tokopedia offers cashback of IDR 300,000 to discounts on beauty products, kitchen utensils, and accessories, then Shopee and Bukalapak provide free shipping and flash sales (Tokopedia, 2019).

A marketing mix is a set of marketing variables used to achieve a company's goals. Research studies identified that the traditional marketing mix (4Ps) influences brand and consumers loyalty. The concept of the traditional marketing mix is influence to digital marketing with the 4Ps variable there are E-Product, Price Intelligence, Promotion Intelligence and Delivery Risk (Sriram et al., 2019).

E-products are products in the form of electronics that are traded online on digital platforms. This product can be in the form of an application, software or marketplace. The techniques of Price Intelligence must apply in company to optimize the price of company from competitor based on accuracy of pricing analysis. On digital platforms, especially the influence of the E-Marketing mix, the process is that customer purchases are adjusted to make the customer's product comfortable so that it affects repeat buyers. The concept of E-marketing Mix is also based on customers with digital platforms through price intelligence, the internet gives consumers the power to shop for the best deals with just a practical way through the application. For sellers, there is no need to spend marketing channel costs (distribution costs). Therefore, the seller's advantage of the price that customers get online is very attractive compared to conventional stores. Promotional Intelligence is a company technique for studying and analyzing the entire market. This helps to store and research all consumer data and helps understand customer behavior across markets. Delivery risk most often occurs in companies based on digital technology, especially in E-commerce. This is due to

several factors, especially errors on the part of the consumer in inputting data such as address or cellphone number. E-Marketers should also emphasize that the product is delivered to the consumer's address and the return policy is clearly communicated and emphasizes the importance of shipping in the fulfillment process.

The consumer decision in purchasing a product is an action that is commonly carried out by each individual consumer when making a buying decision. The decision to buy or not to buy is part of the elements that are inherent in individual consumers called behavior which will refer to real physical actions that can be seen and measured by others. Purchase Decision is a process that is carried out to combine all the knowledge obtained by consumers into consideration values that are useful in choosing two or more alternatives, so that they can decide on one product (Darmawan, 2018)

However, to support this research, the author conducted a pre-research on the E-Marketing mix variable in the Tokopedia application. The results of this pre-research are to find out how purchase decision is in the Tokopedia application. This pre-research was conducted through a *google form* which was distributed to 30 users of the Tokopedia application. The following is a table of pre-research results:

No	Variable	Question	Answer	
			Agree	Disagree
1.	E-Marketing Mix (E-Product)	Do you have a higher chance to buy products from Tokopedia if they advertise their products in attractive packaging?	100%	0%
		Do you have a higher chance to buy Tokopedia products if they display product reviews?	100%	0%
		Do you often buy products from Tokopedia if the product specifications are clearly stated?	100%	0%
2.	E-Marketing Mix (Price Intelligence)	Do you often switch from Tokopedia to other recommended applications if the discounts there are more attractive?	93,3%	6,7%
		Are you always looking for attractive discounts before buying products at Tokopedia?	97,5%	2,5%
		Would you be interested in switching from Tokopedia to another app if they advertise lower prices?	95%	5%
		Are you looking for offer codes or price cuts in other	93,4%	6,6%

		applications besides Tokopedia before making an online purchase decision?		
3.	E-Marketing Mix (Promotional Intelligence)	Are you interested in buying products from Tokopedia if the marketing increases the number of ads while you visit the application?	91,5%	8,5%
		Do you mind if the advertisements directed by Tokopedia are based on your online searches?	92,6%	7,4%
		Do you mind if the advertisements directed by Tokopedia are based on your location?	87,6%	12,4%
		Are you distracted by advertisements suggested by Tokopedia to show you similar products to the product you are looking for?	76,1%	23,9%
4.	E-Marketing Mix (Delivery Risk)	Do you often buy products from Apps that are suggested by advertisements even though you are not sure about the return policy?	49,6%	50,4%
		Do you often buy products from other applications than Tokopedia or	37,1%	62,9%

		suggested by advertisements even though they do not guarantee a delivery period?		
		Do your goods sent by Tokopedia always arrive safely without the wrong destination address?	95%	5%
5.	Purchase Decision	Would you choose the best quality product using the Tokopedia application for your needs?	100%	0%
		Would you choose a well-known brand in the Tokopedia Application for your needs?	49,6%	50,4%
		Would you choose a seller who provides good service and affordable prices?	100%	0%
		Do you shop at Tokopedia based on your needs?	100%	0%
		Will you use Tokopedia when you are holding a promo on a certain date? (Example: 8.8 Tokopedia promo)	76,9	23,1%
		Does Tokopedia provide payment services via the banking method?	100%	0%
		Does Tokopedia provide on-site payment services or cash on delivery?	100%	0%

Table 1. 1 Pre-research questionnaire table results

Based on the results of 30 respondents randomly distributing pre-research questionnaires, there are results from the E-Marketing Mix variable in the Tokopedia application, namely:

- a. In the variable dimension of E-marketing mix (E-Product), which is as many as 30 people or equivalent to a value of 100% agree that they are interested in buying products in the Tokopedia application if they advertise their products are packaged attractively if they display product reviews if product specifications are stated clearly.
- b. In the variable dimension of E-marketing mix (Price Intelligence), 93.3% agree that frequently switching from Tokopedia to other applications is recommended if the discounts there are more attractive and 6.7% are not interested if there are discounts using other applications. And 97.5% agree that always look for attractive discounts before buying products at Tokopedia and 2.5% disagree and don't need to look for discounts. 95% are interested in switching from Tokopedia to other applications if they advertise lower prices and 5% are not interested and continue to use Tokopedia. A total of 93.4% agreed to look for offer codes or price cuts in other applications besides Tokopedia before making an online purchase decision and 6.6% did not agree.
- c. In the variable dimension of E-marketing mix (Promotion Intelligence), 91.5% agree that they are interested in buying products from Tokopedia if the marketing increases the number of advertisements while visiting the application and 8.5% disagree. A total of 92.6% agreed and did not mind if the advertisements aimed at Tokopedia were based on online searches and 7.4% objected if there were advertisements. A total of 87.6% agree and do not mind if the advertisements aimed at Tokopedia are based on location and 12.4% disagree and object if there are advertisements. A total of 76.1% agree that they are disturbed by advertisements suggested by Tokopedia to show products similar to the products that customers are looking for, and as many as 23.9% disagree and are not distracted by advertisements.
- d. In the dimension of the variable E-marketing mix (Delivery Risk), 49.6% agree that they often buy products from applications suggested by advertisements even though they are not sure about the return policy, and as

many as 51.4% do not agree if they often buy products. from Apps suggested by ads though not sure about the return policy. A total of 37.1% agree that they often buy products from applications other than Tokopedia or as suggested by advertisements even though they do not guarantee a delivery period, and as many as 62.9% do not agree if there is no guarantee of a delivery period. 95% agree that goods sent by Tokopedia always arrive safely without the wrong destination address and 5% disagree and sometimes get the wrong destination address.

- e. In the Variable Purchase Decision, as many as 30 people or the equivalent of 100% agree that they look for trusted product, price and seller who sell the goods. A total of 49,6% agree that they don't need to look at well-known brands, but look at quality and affordable price. They 100% agree if they shop to Tokopedia if they need to buy some product. Also, they agree if Tokopedia have many payments method in the application.

Based on these results, it can be concluded that the lowest dimension that has the lowest value is delivery risk, which is to agree that you often buy products from applications suggested by advertisements even though you are not sure about the return policy, this shows that purchase decision is not entirely good because customers are still interested in the other application and 37.1% agree that they often buy products from applications other than Tokopedia or those suggested by advertisements even though they do not guarantee a delivery period, which shows that there are still many who buy products from other applications even though there are many risks. Then, in the price intelligence dimension, 93.4% agree that they often switch from Tokopedia to other recommended applications if the discounts there are more attractive and 95% agree that they are more interested in switching from Tokopedia to other applications if they advertise lower prices. This shows that the E-Commerce competition is very fierce and there is a lot of competition. Tokopedia must innovate in providing services and provide the best price-quality to create customer satisfaction. If consumers feel that they get a high satisfaction when using the Tokopedia application, this can create an emotional bond to use the Tokopedia service again so that a sense of consumer making purchase decision to Tokopedia.

From the research described, the researcher chose the Influence of the E-Marketing Mix on Purchase Decision on Tokopedia. Researchers determined the Tokopedia E-Commerce object because according to Iprice (2020), Tokopedia experienced an increase in the number of visitors from 2020 to 2022 and until now Tokopedia has become the most popular E-commerce for the community to make purchasing decisions. Based on Similar web data for the January-June 2021 period, Tokopedia is the most visited e-commerce platform by the Indonesian people. Per month, Tokopedia is visited by 132.8 million times. Below, there are Shopee (116 million times) and Bukalapak (28.9 million). The Jackpot Survey also states that 91 percent of the 567 respondents indicated satisfaction when transacting on Tokopedia. Tokopedia's level of consumer satisfaction is at level 4.41 on a scale of 1-5, which means that Tokopedia is the best e-commerce site in terms of the number of visitors. So, it is necessary to also research the E-Marketing mix with 4 clasification at Tokopedia to find out what factors affect purchase decision to Tokopedia.

The compare of variable factor used based on previous research, According to Lailiya (2020), the two variables brand ambassador and trust together (simultaneously) contribute 37.4% to purchasing decisions, while 62.6% is the influence of other variables that are not included in this study. According to Tanady & Fuad (2020), 54% of the variation in purchasing decisions can be explained by the variables of the two independent variables, namely brand image and service quality. While the remaining 46% is explained by other reasons outside the model. According to Ani, J., Lumanauw, B., & Tampenawas, J. (2022), this shows that 43% of consumer purchasing decisions on Tokopedia e-commerce in Manado City are influenced by brand image, promotion and service quality variables. While the remaining 57% is influenced by other variables that are not included in this study.

According to Sari, D. P., & Soliha, E. (2021), the results of calculating the coefficient of determination using the SPSS program help show that the Adjusted R2 (R square) is 0.819 (81.9%) which means that the dimensions of the E-Marketing mix are like product quality , the perception of price and promotion is able to explain the purchase decision of 81.9% and the remaining 18.1% (100% - 81.9%) is explained by other factors. According to Benedictus (2019) based on previous research, with the tittle “Analisis E-Marketing Mix Terhadap Keputusan Pembelian Konsumen Traveloka” Based on the results of data processing, it is known that only 3 variables,



namely price, personalization and site appearance have a significant effect on customers purchasing decisions. In addition, it turns out that purchasing decisions can be explained by the e-marketing mix variable of 58.49%. While the remaining 41.51% is explained by other variables.

It can be concluded if E-marketing mix is the highest variables factor to influence purchase decision and E-Marketing mix a tool used by companies to create strategies in order to achieve company goals. According to Haryanto, M. P & Juanim, H (2021), to achieve a company's success, every company needs to develop an effective and efficient marketing strategy by combining elements in the marketing in order to achieve company goals including digital-based companies such as e-commerce. Companies need to determine the target market and the desired position in the minds of consumers, besides that they also need to design programs so that the products or services offered by the company can get a good response from the target market. While in this study, what is meant by the company's goal is to want to influence their consumer behavior in improving their consumer purchasing decisions so that the number of their transactions can increase.

This phenomenon is certainly interesting to study because it is an influential E-marketing of Tokopedia to make a strategy to improve the quality of E-product, price, promotion and delivery risk. So that consumers feel more satisfied, so that prolonged purchase decision created. Based on the phenomenon of data and facts, researchers want to do research with "**The Influence of E-Marketing Mix on Purchase Decision of Tokopedia**".

### **1.3 Statement of the Problem**

Currently, E-Commerce customers in Indonesia attach great importance to product quality and affordable prices. This causes competition in E-Commerce to be very tight. Even companies compete to improve quality to be the most superior in customers' eyes so that customers will continue to use the platform. Based on the background above, the following problems can be proposed:

- a. How about E-Marketing mix of Tokopedia?
- b. How about Purchase Decision of Tokopedia?
- c. How the influence of E-marketing Mix on Purchase Decision of Tokopedia?

### **1.4 Research Objectives**

- a. To find out and analyze the E-Marketing Mix of Tokopedia.
- b. To find out and analyze Purchase Decision of Tokopedia.
- c. To knowing and analyzing E-marketing mix can influence Purchase Decision of Tokopedia.

### **1.5 Benefit of Research**

#### **1.5.1 Theoretical Aspect**

The results of this study are expected to complement the knowledge and insights for research, especially those related to E-Commerce, E-Marketing Mix, and Purchase Decision. It is also hoped that this research can be used as a reference for future research. In addition, it can be used as material for further research on what additional factors influence the buying decision behavior of Tokopedia consumers.

### **1.5.2 Practical Aspect**

The results of this study are expected to be useful as evaluation material for related companies, namely Tokopedia, especially being able to find out what factors and variables can affect the E-marketing mix on Purchase Decision.