

CHAPTER I

INTRODUCTION

1.1 General Description of Research Object

1.1.1. Company Profile



Figure 1.1 LAZADA Logo
Source: (Lazada, 2022)

Headquarters Regions : Lazada Indonesia Capital Place, 20th And 21st Floor, Jl. Gatot Subroto No.Kav 18, RT.6/RW.1, West Kuningan, Mampang Prapatan, South Jakarta City, Jakarta 12710

Founded Date : 2012

Founders : Private Company 100%

According to Lazada Official Website (Lazada, 2022) Founded in 2012, Lazada Group is Southeast Asia's leading eCommerce platform. With a presence in six countries – Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam – we connect this vast and diverse region through our technology, logistics and payments capabilities. Today, we have the largest selection of brands and sellers, and by 2030, we aim to serve 300 million customers. In 2016, Lazada became the regional flagship of the Alibaba Group, and is backed by Alibaba's best-in-class technology infrastructure.

Lazada core pillars consist of three segments such as; Logistics With end-to-end logistics capabilities and complete control over our supply chain, virtually any product is a click away. We have fulfillment centres across 17 Southeast Asian

cities, and our investment in warehouses, sorting centres, and digital technologies complement our partner network and our cross-border and last mile arrangements in each country.

Secondly Technology, At Lazada, we harness both existing and emerging technologies to redefine the retail experience. Leveraging data in real time allows us to quickly adapt to changing demands and conditions. We connect consumers to brands, create customised experiences, and have evolved into a retail destination that customers come to for both shopping and entertainment. And we continue to push the boundaries. Project Voyager, our technology stack jointly developed with Alibaba, powers Lazada with the most scalable and competitive product and technology solutions for the next decade.

And the last thing payment, ensuring secure and seamless transactions guides the development of Southeast Asia's most secure payments and financial services infrastructure. In a region still at varying stages of e-payment and eCommerce adoption, we've evolved a suite of options that cater to existing preferences while easing customers into digital payments through intuitive solutions they can trust.

Vision:

Become a trusted online shopping place and provide the best quality in terms of quality and service to consumers.

Mission:

Serving all the needs of buyers, from ordering to delivery of goods to the buyer's place.

1.2 Research Background

According to (Lebni, 2020) since the outbreak of Covid-19 in Wuhan, China in late 2019 and later by end of April 2020. The world confirmed that this pandemic made critical challenges for economic, cultural, legal, business politic even social in business world. Furthermore, Lebni in (2020) explained business overall life is infected by how people dramatic change seems by people to do self-quarantine at

homes. These social factors caused consuming problem by creating differences decision before making decisions how they set up savings meanwhile needed of spend for people daily live.

Besides, staying at home for a long time leads people's behavior patterns to the adaptation of new habits (New Normal). To minimize the possibility of contracting this virus, people have begun to change their shopping patterns through online shopping, as well as shifting shopping preferences. From previous research (Firmandan, 2021), It is known that the e-commerce business is one of the beneficiaries due to shifting consumer preferences during the pandemic, so that they make purchases through Shopee or other e-commerce. Based on databox research, e-commerce users are projected to experience an increasing trend with 212.2 million users in 2023, where the penetration rate is 75.3% of the total population of the selected market (Firmandan, 2021).

According to (Juneja, 2022) previous E-commerce platform earlier affected by Consumer behavior and where consumer behavior is affected by social external factor play an essential role in influencing the making decisions of consumers. Human beings are social animals. The business need people around to talk to and discuss various issues to reach to better solutions and ideas for the business. People all live in a society and it is really important for individuals to adhere to the laws and regulations of society for the business. Social Factors influencing consumer making decision can be classified as under Reference Groups, Immediate Family Member, Relatives, roles in the society and status in society. According to (VP-eCommerce, 2022) Social factors are the elements that make up the society and culture around you. It includes things like demographics, economic factors, cultural factors, technological factors, and political factors. Social media marketing is somewhat of a misnomer because it doesn't just affect social media. In fact, it affects all aspects of digital marketing including SEO, PPC, and others.

According to (Stallen, 2022) through years-to-years in making decisions, people are susceptible to the influence of those in their 'in-group', who commonly include others of the same age, sex, ethnicity or religion, as well as friends, family members, colleagues and classmates. This is a long-observed and commonly

acknowledged phenomenon, often explained in terms of evolutionary biology. (By conforming to the common behaviors and shared opinions of their own group or community, members benefit from the wisdom of the group as a whole and thus increase the chances of individual and group survival.) However, relatively little is known about the neurobiological mechanisms that underlie in-group conformity.

Based on (Stallen, 2022) stated from Researchers at Rotterdam School of Management investigated the phenomenon by both functional magnetic resonance imaging (fMRI) confirm the influence of social as external factors on decision making and the presence of multiple factors when people make choices. People present a further challenge to the consumer behaviour theory, posited in classical economics, that decision-making is rational.

According to (K, 2019) in the main way in which e commerce will affect the economy, in general, is its impact by social external factors around people nowadays. The continued expansion of electronic commerce could also lead to downward pressure on business through increased competition, cost savings and changes in sellers' pricing behavior and consumer behavior then The number of electronic businesses has grown considerably since the Internet was launched.

Today, in all aspects of our daily lives, the Internet has become an undivided part of our lives, as it has a versatile impact on our social activities. Every day, going to the bank to make cash transactions or withdraw money or go to the market to buy things and essential commodities is now quite difficult since there is no time, the human being has become too busy in his work and, So, in these circumstances, online purchases have become an increasingly integral part of our society, exceeding \$ 200 billion in sales only in 2010. The Internet economy is booming. E-commerce sales are expanding by leaps and bounds at a rate of 20% and 25% each year, indicating a far-reaching change in the spending habits of human clients. Internet instead of telephone directories or yellow pages for reviews of convenience products and to obtain updated information for people search and requirements.

Furthermore (K, 2019) The impact of e-commerce and its commercial impact on society has varied according to the models. However, the secure payment transactions provided by the website to Internet users are quick to overcome the

fears yet cause it. There are also impact from e-commerce to consumer behavior such as advantages as well disadvantages. The advantages mainly are e-commerce can be accessed for 24 hours, consumer can Compare to Actual Buying, Through Online the Price Gets Reduced and reach Global Market Place. The disadvantages are chance of Unable to personally examine the products, Privacy and security in online purchases, fraud with credit cards, delays in receiving products, inability to identify fraud, guarantee/guarantee, lack of personal interaction and lastly website fraud. All these advantages and disadvantages is believed to impact consumer behavior where the e-commerce tried to keep developing its feature because of social external factor.

Based on (Burhan, 2020) In Indonesia generally there are many kind of e-commerce that focus B2C, B2B, C2C, and C2B. Information about the four types of e-commerce is something you need to know. Here's the explanation. All Indonesian e-commerce industry players are gathered and given a place to communicate well with each other through the Indonesian e-commerce association or idEA. The abbreviation for idEA is the Indonesian E-Commerce Association. Through



Figure 1.1 LAZADA Interest
Source: (Burhan, 2020)

this forum they can also communicate with the government regarding Indonesian e-commerce regulations. . idEA was founded in May 2021 in the center of Indonesia's capital city, Jakarta.

Based on the picture above which e-commerce platform that mostly attracts customers attention like Shopee in the first position, followed by Tokopedia, Lazada, Bukalapak, JD.ID, Blibli and other for the rest. This data conducted by Populix survey and the author see that Lazada was not the most popular. The reason was rooted by many aspects that Indonesians considered in choosing e-commerce. Shopee was the most popular as it advertising is scale bigger than Lazada.

Furthermore reasons why Indonesian go shopping as according to Populix research data, the main reason for choosing Indonesian e-commerce according to the public is because of attractive discount promos. As many as 40% of male respondents and 30% of female respondents agreed with this reason. While other points of consideration are as follows: Postage promotion, Habit of using one particular eCommerce application. Product accessories, Service interface display

Lazada Indonesia Executive Director Ferry Kusnowo said Almost everyone is now familiar with Lazada, so Lazada opens up a great business as e-commerce. Therefore, c Lazada growth 2021 from the following monthly January to August event to strengthen your business plan going forward.

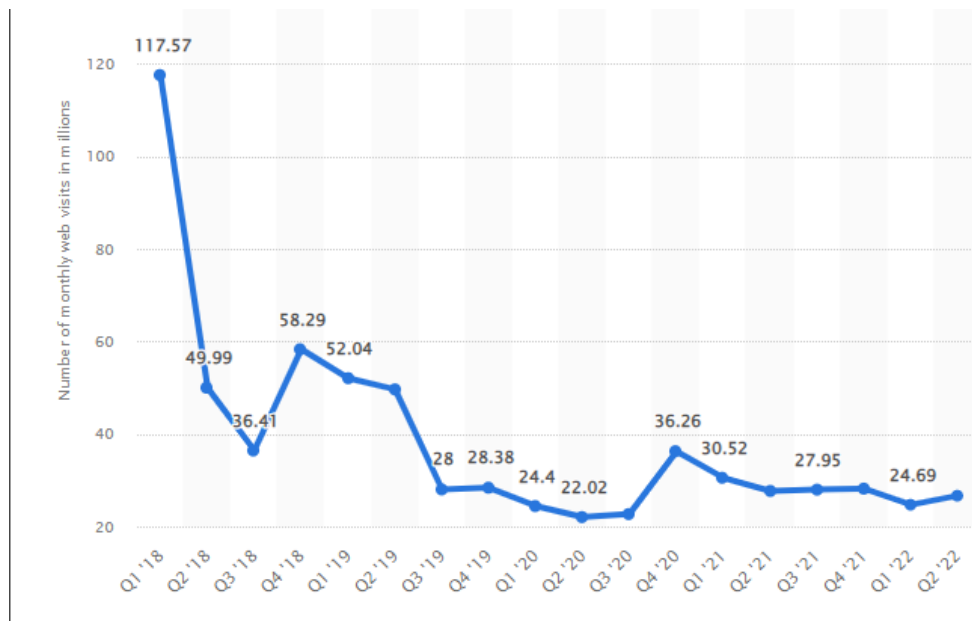


Figure 1.1 LAZADA Visitor
Source: (Nurhayati, 2022)

Based on the graph, it can be seen that Number of monthly web visits on Lazada in Indonesia from 1st quarter 2018 to 2nd quarter 2022 is keep decreasing from year to year since first quartal of 2018 till end of 2022 in the second quarter of 2022, the number of Lazada's monthly visitors in Indonesia amounted to approximately 26.64 million (Nurhayati, 2022).

According to (Kim, 2021) there are several factors that influence decisions making and e-commerce that make people doing transaction which are Social External factor such as graph of relationships and interactions within a group of individuals, which often plays a fundamental role as a medium for the spread of information, and ideas. Based on the research result Although social external factor influence has impact on E-commerce and decision making, few studies have considered social external factor influence in an E-commerce decision support system, because until recently data about social interaction has not been adequately captured in E-commerce. Currently, however, the E-commerce customer base is at a turning point from a transaction-based society to decision making. Second research conducted by (Hieronanda, 2021) result the results indicate that social factors, trust, and website quality do not affect repurchase intentions in e-

commerce. In contrast, social factors influence e-commerce. To figure out more about factors that affects Decisions Making and consumer behavior on E-commerce, according to (Frey, 2018) Pretest–posttest designs in either experimental or nonexperimental studies are prevalent in educational and social science research settings. Pretesting is often used to establish a baseline before intervention, to stratify subjects on the basis of pretest scores (which is called blocking solutions), to provide a covariate in quasi-experimental designs, or to plan instructions with appropriate materials to students’ current level (i.e., to identify what they already know or what deficiencies they have). For these reasons, pretesting is advocated for use in educational and psychological research applications. However, a paradox exists in that the benefits of a pretest n research can simultaneously generate threats to the internal validity of the research. In other words, pretesting causes its own threats to internal validity in addition to supporting the internal validity of the intervention effect. Author author pre-surveyed 30 people and the result of the pre-survey showed that e-commerce consumer behavior and decisions making for consumer was that influenced by social external factor. The following table below showed the result as

Table 1.1 Results of the Pre-Survey Questionnaire for E-commerce consumer behavior and decision making

No	Factors	Respondents	Percentage
1.	Social External factor	17	55.6%

Source: Provisional Questionnaire Data Processing Results (2020)

Based on the result of the questionnaires form that has been spread by the author, the result of employee answer agreed that social external factor as the main factor that affect decision making and consumer behavior on e-commerce with social external factor 55.6%.

To support the ongoing phenomena, the author conducted a preliminary survey to know more about that social external factor that influence decision making and consumer behavior on e-commerce, the preliminary data is done by spreading questionnaires about the dimension of social external factor to make clearer about what actually social external factor that influenced decisions making

and consumer behavior on e-commerce for 30 respondents. The following table below showed the result as

Table 1.2 Results of the Pre-Survey dimensions of social external factor

No.	Social External Factor Dimension	Percentage
1.	Culture	20.2%
2.	Social Class	41.1%
3	Social and Reference Group	28.9%
4	Family	2.2%
5	Technology	7.6%

Source: Provisional Questionnaire Data Processing Results (2020)

Based on the background stated above, the conducted a study by taking the title "**SOCIAL EXTERNAL FACTOR IN AFFECTING DECISIONS MAKING AND CONSUMER BEHAVIOR FOR ECOMMERCE PLATFORM**".

1.3 Problem Statement

External factors are those that stem from people surroundings. External factors may include expectations from one family, friends, cultural or gender stereotypes and family responsibilities. These factors can influence decision-making in a positive or negative way. It is important to consider external factors when making decisions so one individual can absorb the positive support and create a plan to counteract the negative. After making a decision about your career direction, it is important to be mindful of the internal and external factors that may affect your next steps. Once you have narrowed down your career choices, you will want to set a goal and develop a plan of action by setting effective goals.

There more e-commerce with various advantages and the shortcomings of each, demanding consumers to be more selective in making decisions in choosing which e-commerce costumer needs. According Sobakh in (2020) stages of the consumer purchasing decision process based on some factors like; recognition of needs, information search, alternative assessment, buying decision, consumer behavior after buying.

Previous research on the influence of external factors on behavior consumers have done a lot, but still few have researched about e-commerce. previous research that examines e-commerce including research on the factors that influence consumer behavior in culture, reference group as well family (Hardavella, Gaagnat, Saad, Rousalova, & Sreter, 2017) and the influence of external factors on e-commerce selection decisions. While research others mostly research external factors that influence consumer decisions on other than e-commerce, such as bank, internet cafes, beauty product as well touristic place . The aim of this study to examine how much influence the factors external factors on consumer behavior and making selection decisions for e-commerce.

According to Raouf (2015) research question is an attempt to “tame” curiosity, so they are not asked in haphazard manner but in relation to what is already known about the topic of interest. Based on the expert above can clouded that research questions are a statement that indicates a problem in terms of academic and practical. After that the research questions are formulated as a reference for finding solutions to the problems that are to be solved in the research. Based on the description of the research object and the background of the research, the author makes the following problem formulation

1. How big is external social in Lazada E-Ecommerce?
2. How big is Purchasing Decision in Lazada?
3. How much is the influence of external social factors towards decision making and consumer behavior in e-commerce?

1.4 Research purpose

1. To know How big is external social in Lazada E-Ecommerce?
2. To know How big is Purchasing Decision in Lazada?
3. To know the influence of external social factors towards decision making and consumer behavior in e-commerce?

1.5 The significance of the study

1.5.1. Theoretical Aspect

The results of this study are expected to enlighten and complement the scientific study in the field of business management, especially those related to the Social External Factors, decisions making as well Purchasing decisions. In addition, some of the findings revealed in this study are also expected to be used as a reference for further research related to the study

1.5.2. Practical Aspect

The results of this study are expected to be used as input for consumer that use e-commerce as well as for other consumer who visit e-commerce organization, especially in e-commerce on Indonesia, to get better understanding and knowledge the role and important of social external factors. In addition, the results of this study are expected to provide an overview for readers and students who will do the same research in the future about social eternal factors.

The results of this study are expected to be useful not only for the needs of personal writers, but also for readers who have the same interest in the Influence of social external factor on consumer behavior and decision making, especially regarding how the in-e-commerce field in as follows:

- a. As one of the conditions in the attempt to complete the ICT study and obtain a bachelor degree at Telkom University.
- b. This research is used as process of knowing and analysing about the influence of social external factor that influence purchasing decisions
- c. The result of this research is used as the material of an existence of the application of scientific management disciplines, especially with the subject of Social External Factor In Affecting Decisions Making And Consumer Behaviour For Ecommerce Platform
- d. This research is expected to be informative for readers and researchers who want to find out and research more about this problem

1.6 Organization of the Study

The research work is organized into five chapters.

- a. Chapter I: INTRODUCTION

Chapter one presents the general introduction, General Description of Research Object, Background Study, the research questions, the research purpose, the significance of the study and organization of the study. In this chapter the problem that author state is the influence of social external factors toward purchasing decision which take study place at Lazada Indonesia thus the author writes the title of this research as The influence of Social external factors toward Purchasing Decision

b. Chapter II: Literature Review

In this chapter the author will explain about theories that use in this research from major to minor, along with literature review and continue with conceptual framework to get hypothesis if needed.

c. Chapter III: Research Methodology

In this chapter the author confirms about the paradigm of the research, method and technique that are used to collect and analyze data to answer research questions. in chapter three there will be brief about; Research Design, Variable Operational, population and sample (Quantitative)/ Social Condition (Qualitative), data collection, Data validation and Reliability and the last Data analysis Technique.

d. Chapter IV Analysis And Result

This chapter is described based on the results of the processed data according to the method used, the results of hypothesis testing, and discussion for problems that have been formulated.

e. Chapter V Conclusions And Suggestions

This chapter contains the conclusions of the analysis and discussion of previous chapters and, suggestions put forward by researchers for the improvement of problems in the present and the future