

CHAPTER I

INTRODUCTION

1.1 Research Objects Overview

Tokopedia is an online buying and selling company that carries a marketplace. Tokopedia has succeeded in becoming one of the online buying and selling companies that are growing rapidly in the number of buying and selling transactions, the number of products sold, and the number of active members. Tokopedia can compete in the marketplace because Tokopedia has different trading methods than its competitors in the E-Commerce business competition. Tokopedia does not have branch companies like other companies. Tokopedia only has a branch office located in Jakarta and Tokopedia has users from all over Indonesia. Tokopedia has a program to help MSMEs and individuals to help grow their businesses by marketing their products digitally.

Tokopedia was officially launched in 2009 and founded by William Tanuwijaya and Leontipus Alpha Edison. After the inauguration, Tokopedia was able to invite 509 sellers, and 4,560 members, and managed to get 3.3 million transactions. Tokopedia has succeeded in bringing Tokopedia into a growing shopping platform for one year. Tokopedia has reached 12 million sales in just 2.5 million due to the pandemic. Tokopedia believes that the marketplace is a good business model because the marketplace can be used to make other people more successful. Tokopedia's vision is that Tokopedia wants to grow an ecosystem where everyone can start anything anywhere and anytime. The initial goal of Tokopedia's establishment was also Tokopedia's mission, namely to achieve digital economic equality in Indonesia.

(<https://katadata.co.id/redaksi/ekonopedia/62ac8f53e3ca7/william-tanuwijaya-kisah-pendiri-tokopedia-di-jajaran-orang-terkaya>)

1.2 Research Background

The internet has had a major influence on personal and professional life, the acquisition of knowledge, and the realization of individual learning goals (Oktora & Alamsyah, 2017). From year to year, the number of internet users in Indonesia is increasing. According to the Indonesian Internet Service Providers Association (APJII), the number of Indonesian internet users in 2023 will reach 215.63 million with a penetration rate of 78.19%. Based on the percentage of internet penetration, the internet penetration rate will increase in 2023. This increase is influenced by the learning activities of pupils and students still using online learning systems and work-from-home policies. According to the survey, the largest internet users are on the island of Java, namely 81.83%. The following is an explanation of the increase in internet users in 2023 according to APJII:



Figure 1.1 Internet Users in Indonesia in 2023

Source: Indonesian Internet Service Providers Association (APJII) (2023)

E-commerce is an application that can make buying and selling transactions of goods and services through an online platform. E-Commerce is an online channel used by businesses and consumers to obtain information using a computer that begins with the process of providing information to consumers to determine consumer choices.

With the rapid development of online platforms in Indonesia, making online platforms compete with each other in their services both in the form of goods or services they provide. The following is online platform visitor data in Indonesia for the second quarter of 2022.

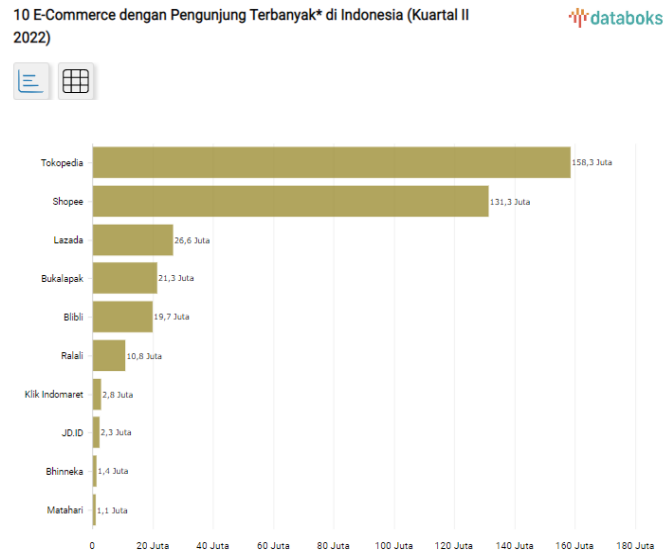


Figure 1.2 Online Platform Visitor Data in Indonesia for The Second Quarter of 2022

(Source: Databoks.com)

Based on Figure 1.2, it can be seen that Tokopedia leads the E-commerce market in Indonesia with an average number of visitors of 158.3 million per month in the second quarter of 2022, second place is Shopee with 131.3 million visitors, followed by Lazada with 26.6 million visitors. In 2021-2022, Tokopedia will provide good promotions by holding WIB promos and featuring Korean artists at WIB events on the Tokopedia Play feature and live broadcasts on television so that many consumers, especially teenage consumers, are interested and often visit Tokopedia to enjoy the promos. With the support of online platforms that continue to develop, consumers can quickly get product information, one of which is through Electronic word-of-mouth communication, With the help of the internet companies can communicate with their consumers so that companies can carry out Electronic word-of-mouth. The right word of mouth to offer your products to customers easily.



Figure 1.3 10 Best Selling Products on Tokopedia
(Source: digimind.id)

Based on Figure 1.3, it can be seen that household appliances were the best-selling products on Tokopedia in 2020. Household appliances contributed 99.6 million as the most ordered products on Tokopedia. Several factors can influence buyers to make purchases online, namely the perceived benefits and risks. From the perception of risk, it can be seen that people's behavior in online shopping is influenced by Electronic Word Of Mouth.

According to Yayan Ahmad Brilyana, Head of the Bandung City Communication and Information Service (Diskominfo), the population of Bandung City that uses the internet is 2.1 million people. Bandung residents use the internet to search for information through social media. With the internet, it will make it easier for Bandung residents to access social media or other platforms, Electronic word of mouth can occur quickly so this allows Bandung residents to have great potential for marketing household equipment products for the Tokopedia marketplace. Therefore, research is needed to find out how much Electronic Word of Mouth influences purchasing decisions for household equipment products at the Tokopedia Marketplace in Bandung. (<https://tantrum.suara.com/read/2022/08/06/005700/penduduk-bandung-pengguna-internet-disebut-21-juta-jiwa>)

Individuals who have high purchasing decisions regarding a product or service are something that the company hopes that the product or service they provide will succeed in attracting consumer interest. According to Yusuf (2021), purchasing decisions are a process where individuals choose and decide to buy a product or service that they choose. Consumers will look for information about the product they are going to buy before making a purchasing decision. One of the information obtained is eWOM in the form of comments provided by other consumers on the internet.

eWOM (Electronic World of Mouth) is a positive or negative statement regarding a product or service that is spread by consumers to other consumers through digital platforms (Sulthana & Vasantha,2019). By having certain product and service information, consumers can get a clearer perspective in choosing the products and services they order. Online reviews or so-called feedback from previous consumers can attract potential customers to make purchases of certain products and services. The influence of eWOM in electronic media is positive or negative information. Electronic word-of-mouth communication is more effective than word-of-mouth communication. With the existence of Electronic Word of Mouth, consumers get a high reach and greater accessibility where consumers use the internet to share their experiences with a product or service that they have experienced with other consumers.

The increasing number of Tokopedia visitors means that electronic word of mouth is increasingly being used by consumers on Tokopedia, such as regarding product reviews that consumers write in the review section on Tokopedia, one of which is household appliance products. With this review, consumers will get an idea of how they respond to products purchased on Tokopedia. Consumer responses can be positive and negative and cannot be avoided because each consumer's assessment has a different point of view. These reviews will be seen by other consumers to increase their confidence in making purchasing decisions for household appliance products. For this reason, it is necessary to know how consumers receive this response.

The following is an overview of electronic word of mouth, both positive and negative responses that occur in the household appliance product reviews section on Tokopedia:



Figure 1.4 Positive Product Reviews Section on Tokopedia

Based on Figure 1.4, consumers show photos accompanied by reviews stating that the household appliance products they purchased are what they ordered and are of good quality in the product reviews section on Tokopedia.

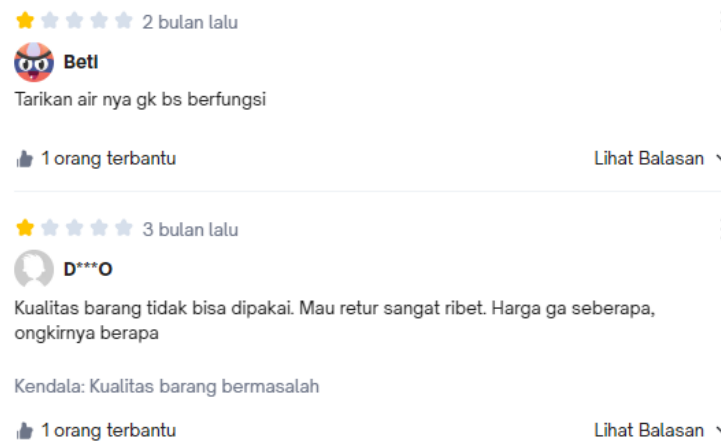


Figure 1.5 Negative Product Reviews Section on Tokopedia

Based on Figure 1.5, consumers gave negative reviews of one of the household appliance products they purchased. Consumers indicated they were disappointed that the goods they purchased were not of good quality and did not function properly.

Many other consumers will see unfavorable reviews of household products on Tokopedia. There is a possibility that there will be a decrease in consumer purchasing decisions for household appliance products sold by Tokopedia because there are still many other e-commerce platforms that have better quality reviews of household appliance products with better quality than reviews on Tokopedia. The large number of negative reviews of household appliance products on Tokopedia means that consumers are likely to buy household equipment products on other e-commerce platforms. The presence of positive and negative reviews will become an obstacle for consumers who want to buy household appliance products on Tokopedia because consumers have to determine which reviews they will trust and consumers need to know which reviews are credible so that consumers are confident in making their decision to buy household appliance products on Tokopedia.

Based on previous research researched by Trini Susmonowati and Husnul Khotimah (2021) Electronic Word of Mouth affects purchasing decisions on the Lazada web. Another study by Samuel Randy Tapparan and Olga Firanda Taruk Allo (2022) said that Electronic Word of Mouth had a partial and simultaneous positive effect on purchasing decisions. Based on previous research researched by Tommi Wijaya (2022) Electronic Word of Mouth has no significant effect on purchasing decisions.

In this study, researchers will find out how much influence electronic word of mouth has on decisions to purchase household equipment on Tokopedia which is influenced by reviews given by consumers of household equipment products. Researchers are interested in conducting research in the form of regression research, namely research to determine the relationship between independent variables and dependent variables, and can be useful for companies and business actors to find out attitudes in responding to and using eWOM as a marketing strategy. Based on the background of the problem as we have described, we take the title:

"THE INFLUENCE OF ELECTRONIC WORD OF MOUTH ON THE PURCHASING DECISION OF HOUSEHOLD APPLIANCE PRODUCTS IN TOKOPEDIA MARKETPLACE IN BANDUNG"

1.3 Problem Formulation

Based on the research background, the problem formulation that can be concluded is that Tokopedia is the number one e-commerce site with the most visitors in Indonesia so purchasing decisions for household appliance products on Tokopedia increase. This has an impact on eWOM for household appliance products on Tokopedia increasing so that there are many positive and negative responses that cannot be avoided by consumers with various statements, especially negative responses which have a rapid influence on consumer purchasing decisions. So it is necessary to know how consumers choose credible eWOM and make consumers confident in buying household appliance products on Tokopedia. eWOM can be seen from three dimensions, namely eWOM Quality, Quantity, and Credibility which can be measured. Tokopedia itself is an e-commerce site that is often used by Bandung residents. For this reason, the author intends to examine how much influence of electronic word of mouth on the purchasing decisions of Bandung-domiciled consumers on household appliance products on Tokopedia.

1.4 Research Question

Based on the background and formulation of the problem, the author formulate research questions as follows:

- a. Does eWOM quality have partial significant influence on purchasing decision of household appliance products in Tokopedia?
- b. Does eWOM quantity have partial significant influence on purchasing decision of household appliance products in Tokopedia?
- c. Does eWOM credibility have partial significant influence on purchasing decision of household appliance products in Tokopedia?
- d. Does eWOM quality, quantity, and credibility have significant simultaneous influence on purchasing decision of household appliance products in Tokopedia?
- e. How much is the influence of eWOM quality, quantity, and credibility on purchasing decision of household appliance products in Tokopedia?

1.5 Research Objective

Based on these research questions, the objectives of this research are:

- a. To know and analyze whether eWOM quality have partial significant influence on purchasing decision of household appliance products in Tokopedia.
- b. To know and analyze whether eWOM quantity have partial significant influence on purchasing decision of household appliance products in Tokopedia.
- c. To know and analyze whether eWOM credibility have partial significant influence on purchasing decision of household appliance products in Tokopedia.
- d. To know and analyze whether eWOM quality, quantity, and credibility have significant simultaneous influence on purchasing decision of household appliance products in Tokopedia.
- e. To know and analyze how much is the influence of eWOM quality, quantity, and credibility on purchasing decision of household appliance products in Tokopedia.

1.6 Research Benefit

1.6.1 Theoretical Aspect

The results of this research are expected to be able to provide benefits and increase insight into the field of digital marketing strategy and business continuity. In addition, this research is also expected to be a reference for further research.

1.6.2 Practical Aspect

This research is expected to provide information and material for consideration for companies related to the application of a marketing strategy in the form of Electronic Word of Mouth (e-WoM). This research is also expected to be used as a reference by consumers who wish to buying household appliances on the Tokopedia marketplace.

1.7 Systematics of Final Project Writing

This section of the study report contains systematics and brief explanations of the research reports from Chapter I to Chapter V.

a. CHAPTER I INTRODUCTION

This chapter is a general, comprehensive, and accurate description of the research's subject. An overview of the research object, research background, problem formulation, research objectives, research advantages, and final project writing systematics are all included in this chapter.

b. CHAPTER II LITERATURE REVIEW

This chapter includes ideas ranging from general to specialized, as well as past research, a research framework, and, if appropriate, hypotheses.

c. CHAPTER III RESEARCH METHODS

This chapter describes the methodologies, methods, and strategies used to gather and analyze data that can be used to answer the research question. Types of Research, Operationalization of Variables, Population and Sample (for quantitative) / Social Situation (for qualitative), Collection Of data, Validity and Reliability Tests, and Data Analysis Techniques are all discussed in this chapter.

d. CHAPTER IV RESEARCH RESULTS AND DISCUSSION

The research and discussion findings are presented in distinct subheadings and are carefully described in accordance with the definition of the problem and research objectives. This chapter is divided into two sections: the first gives the research findings, and the second presents a commentary or interpretation of the findings. Each section of the discussion should begin with the results of the data analysis, then be analyzed, and finally, conclusions drawn. It should be compared to earlier studies or appropriate theoretical grounds in the discussion.

e. CHAPTER V CONCLUSIONS AND SUGGESTIONS

Conclusions begin as responses to research questions, then develop into recommendations about the research's advantages.