

CHAPTER I

INTRODUCTION

1.1 Object Overview

1.1.1 Genshin Impact



Figure 1. 1 Genshin Impact Logo

Source: www.genshin.hoyoverse.com (2024)

Genshin Impact is an action RPG (Role-Playing-Game) game that can be enjoyed online for free. MiHoYo which recently changed into Hoyoverse, a game studio in China developed and published Genshin Impact. Published in 2020, Genshin Impact became the biggest foreign game launch in the marketing history of Chinese games. Genshin Impact is available on PC, PS4, and mobile devices such as Android and iOS. Ease of access is one of Genshin Impact's strengths to compete with other mobile RPG games.

The popularity of Genshin Impact made HoYoverse make several official social media accounts such as Discord, Facebook, Instagram, Twitter now known as X, Reddit, YouTube, Tiktok, and WhatsApp (Nathania & Aprilianty, 2023). The official social media aims to advertise the events on the game while also becoming media for player meet. Each of the social media has a large number of followers and can easily be accessed globally.

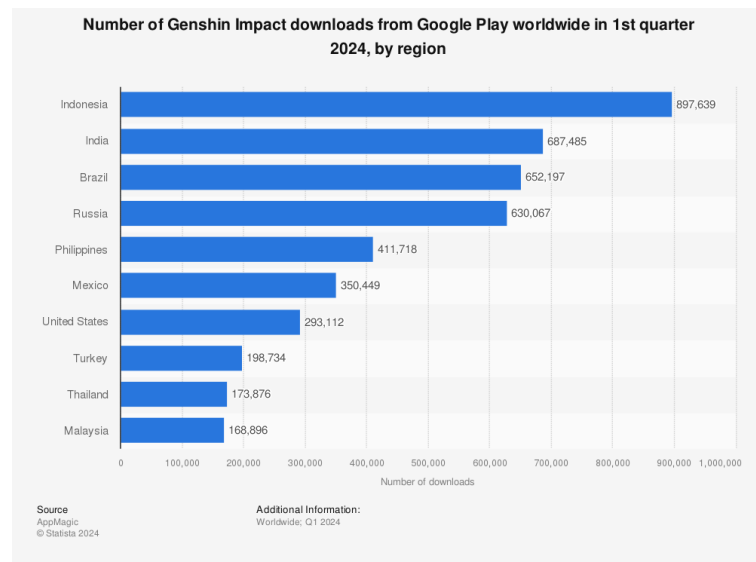


Figure 1. 2 Number of Genshin Impact Downloads in Google Play

Source: Statista (2024)

Based on Figure 1.2 states that during the first quarter of 2024, Genshin Impact was downloaded by 897.630 Android users, followed by India and Brazil. This shows that one of the biggest players of Genshin Impact comes from Indonesia. Genshin Impact has a substantial user base in Indonesia, driven by its engaging gameplay and the active engagement by local communities. Genshin Impact's popularity has led to new cultural and economic impact, with many Indonesian players actively participating in online forums via social media, creating local content, and purchasing in-game items and official or non-official merchandise.

Besides offering many features for free, free-to-play, Hoyoverse also offers a way for players to expand the characters in their team, or so-called as a system wish (Angelia et al., 2021a). This is where these virtual items come into play. Genshin Impact offers various prices for their virtual items from thousands to million Rupiahs. A virtual item refers to a product that provides advantages,

typically utilized by characters in online games, including in-game things (such as outfits, weapons, and armor), in-game cash, and game accounts.

1.2 Research Background

The advancement in technology has slowly replaced the understanding of traditional games as simple games played using a board or cards as video games. These days when people speak of games, they are usually speaking of computers or video games. These games can now be run on almost any computer platform therefore making game development a possibly profitable business (Ramashan Rido & Widyani Yani, 2013).

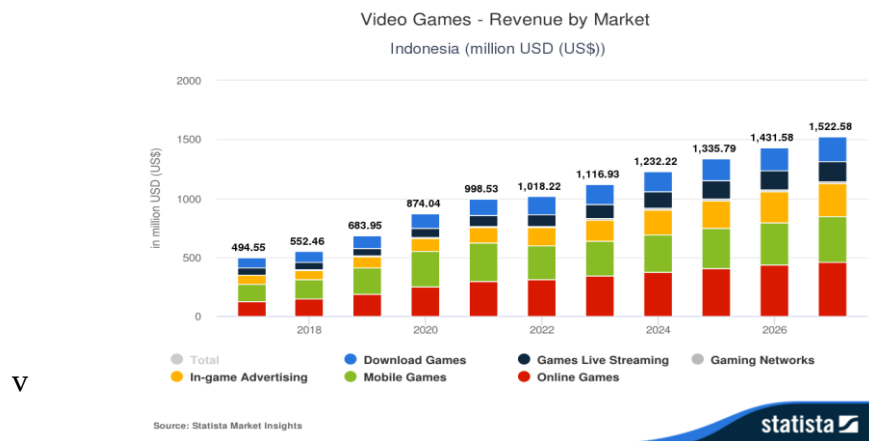


Figure 1. 3 Indonesia Game Revenue

Source: Statista Market Insight

Based on figure 1.3 revenue in the gaming industry in Indonesia is expected to reach USD 1.5 billion by 2026, with the majority of revenue coming from in-app purchases of virtual items. According to Asosiasi Penyelenggara Jasa Internet Indonesia (2024) shows the increase of internet users in Indonesia by 73.3%. 14.23% of Respondent of the APJII survey state that internet content that is often accessed is online games. This is supported by the frequency of online game players in Indonesia. 46% of people play online games every day. 21% of people play for 3 to 6 days a week. 14% of people play online games sometime in a month (Asosiasi Penyelenggara Jasa Internet Indonesia, 2024).

Game industries have evolved rapidly these past years with increasing revenue due to the free-to-play business model and virtual item purchasing. In a trend of the Free-to-Play game model where the game itself is free, there comes a “gacha” based game that attracts many consumers. When it comes to Gacha mechanics there are many kinds of elements used in games including characters, cards, and many more (Lakić et al., 2023). The core idea is straightforward: there are some in-game currencies that players spend to activate Gacha and once activated there is a chance that a player might end up earning an item or character. Some items or characters are probably rarer than others and this might cause a player to fail many times before getting the item he wants (Lakić et al., 2023).

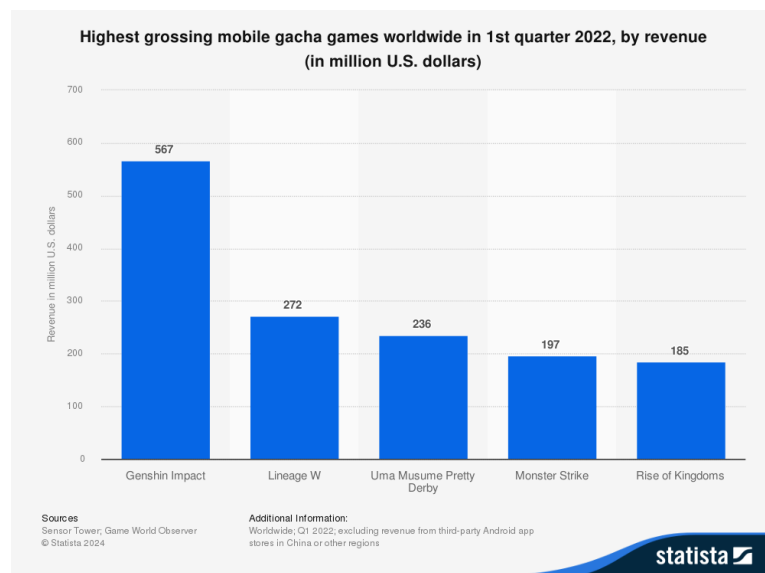


Figure 1. 4 Highest Grossing Mobile Gacha Game Worldwide

Source: Statista

Figure 1.4 shows the highest grossing of gacha-based mobile games in the first quarter of 2022. The global gross of the mobile gacha game reached approximately 567 million US dollars in the 1st quarter of the year 2022, with Genshin Impact ranked 1st in this category. Second ranked Lineage W with its players spending 272 million US dollars on game items. Players are also able to pay in-game currency at the current moment to draw

a random set of characters or items. Gacha mechanics are similar to loot chests and are used as a monetization mechanism in free-to-play games.

According to The Game Award (2021) Genshin Impact has won an award for the best mobile game in 2021 over other games such as Marvel Future Revolution, Pokemon Unite, League of Legends: Wild Rift, and Fantasian. The Game Award is one of the biggest worldwide game awards which evaluate game performance in several categories based on players' sentiment towards the game. Genshin Impact also won for player's voice category in 2022 (The Game Award, 2022). According to this, the author chose Genshin Impact as the research object.

Genshin Impact, published in 2020 by miHoYo now known as HoYovers has attracted the global market since its launching. As a gacha-based game, Genshin Impact offers a monetization model with virtual item purchases and premium content for players. The success of Genshin Impact is not only because of the attractive gameplay but also because of the digital marketing strategy that utilizes electronic word of mouth (eWOM) to build a good relationship with customers and push players' purchase intention (Angelia et al., 2021a).

Genshin Impact provides many free features, the game itself allows players to upgrade their squad through a custom system. Primogems, game money, are necessary for players to create customs. Playing games often is one way to get primogems, but players can also use real money to purchase in-game items or top up their accounts. Additionally, miHoYo also allows players to purchase virtual items, including skins for their characters.

According to Wylie (2024) the gacha system forms the backbone of Genshin Impact's revenue, allowing players to purchase "Primogems" (in-game currency) with real money to obtain characters or weapons. This system creates great appeal due to random elements and rare collectibles. The purchase of primogems, also known as the game currency and virtual item, has become the biggest revenue provider for the game.

Considering the popularity of Genshin Impact, these things are not separate from the internet and social media (Nathania & Aprilianty, 2023). For a company, social media is a perfect marketing tool to promote their product to various levels of society (Priporas et al., 2017). Stephen (2016) states that since many people are exposing themselves on social media, marketers respond to the shift in their potential customer behavior by increasing their use of digital marketing channels, such as social media.

Research by Chen et al. (2021) state that 93% of customers read online reviews before making a purchase choice, demonstrating the tremendous influence of eWOM in influencing consumer behavior. 85% of people trust internet reviews more than personal recommendations from relatives and friends (Chen et al., 2021). This highlights how powerful peer reviews and recommendations can be, which is especially important in domains like gaming, where player experiences and reviews are widely shared online. In the gaming industry, user-generated material, like as reviews and forum discussions, has a direct impact on purchasing decisions. A study indicated that evaluations with high trustworthiness, helpfulness, and professionalism are more likely to lead to a purchase (Chen et al., 2021). Research by Hadi & Indrawati (2024) shows that eWOM has impact on consumer purchase intention and brand trust. These qualities are common in discussions regarding in-game purchases in Genshin Impact, as players routinely seek opinions on the worth of gacha draws and products before committing money. Research by Utami et al. (2020) also stated that eWOM has positive impact on purchase intention. There is research Balqis & Giri (2022) that also stated eWOM has a positive impact on consumer purchase behavior which is purchase intention.

Genshin Impact has maximized the use of social media to maintain its consumer (Rusli & Berlianto, 2022). The Genshin Impact official Twitter account (@GenshinImpact) is the first point that fans can come to keep up with game updates, patches, and upcoming events (Khairunnisa, 2024). The developer, HoYoverse constantly updates with new events and

bug fixes along with other announcements to give immediate updates to players. This capability makes Twitter an excellent way to share game updates with the community quickly.

The first Genshin Impact community in Indonesia is @paimonfess at X with a total of 115 thousand followers. This community has been active since 2020 and consists of many Genshin Impact players sharing their personal experiences. Gamers use this platform to follow developments in-game news, discuss the strategies of fellow Genshin Impact players, and discuss the latest items in the game.

Genshin Impact players actively write reviews or comment about their experience exploring the game, how players solve the games, their opinion about the Genshin Impact world, character design, storyline, even their experience after purchasing an item, and reviews regarding the worthiness of buying some virtual item in online community or social media. The review itself can be considered as Electronic Word of Mouth (eWOM). This phenomenon encourages other players to buy or not buy a certain virtual item on Genshin Impact.

Some research has found that eWOM positively influenced purchase intention. Research by Abrar et al. (2019) shows how eWOM affects the purchase intention of the game industry in Pakistan. Other research by Subarkah et al. (2023) shows how social influences affect purchase intention in mobile legends game. Another research about virtual item purchase intention was conducted by Angelysander Altair et al. (2024) which shows that eWOM has a positive influence on purchase intention. There is also some research focusing on Genshin Impact game. Research by Khairunnisa (2024) shows that eWOM influences e-impulse buying towards virtual items in Genshin Impact. Another research by Rusli & Berlianto (2022) shows that satisfaction and loyalty influence in-app purchase intention of virtual items in Genshin Impact. Therefore, despite many research has proven that eWOM positively influences purchase intention in games there is no research discussing the influence of eWOM towards purchase intention

in Genshin Impact. Previous research studies examined eWOM in social media as a whole such as TikTok, Instagram, and Line while this research focuses on the specifics of one of the largest Genshin Impact online communities on Twitter, namely @paimonfess.

Based on Mahmoud et al., (2020) Electronic word-of-mouth (eWOM) is comparable to conventional word-of-mouth, but takes place via the Internet. Because of the increase of internet users worldwide, eWOM has become a really big channel for information exchange about products and services (Leong et al., 2022). Furthermore, when a player is satisfied with a product, they tend to give information or positive reviews about a product online. This made eWOM a considerable channel or reference before purchasing a product.

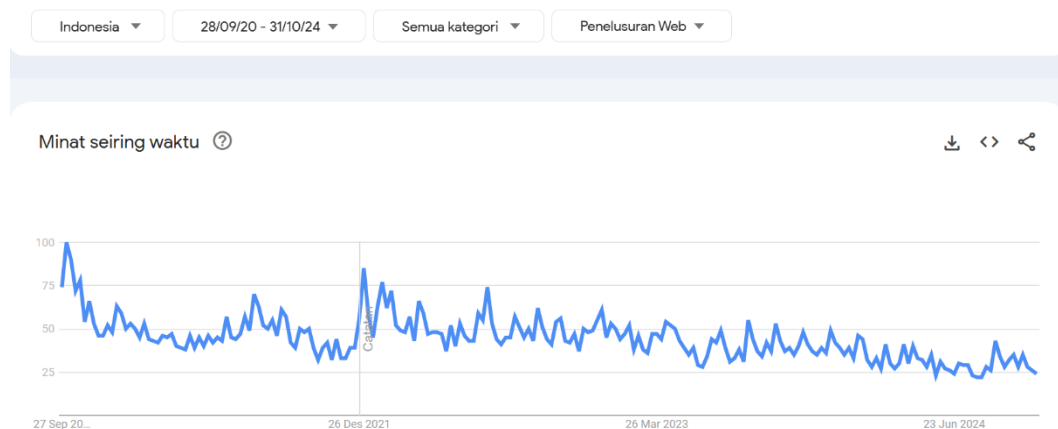


Figure 1. 5 Genshin Impact Google Trends Search

Source: Google Trends

Figure 1.5 shows the search frequency of Genshin Impact keywords on Google Trends since its launch. The image above shows the search trend for the keyword "Genshin Impact" in Indonesia via Google Trends from September 2020 to October 2024. This graph illustrates the fluctuation in the level of interest of Indonesian internet users in the game Genshin Impact since its launch. At the start of the launch (September 2020), there was a

significant spike in interest, indicating the high enthusiasm of the Indonesian people for the game. This surge in interest coincided with the initial launch phase, where Genshin Impact gained global attention for its unique gameplay and stunning graphics. As time passes, several spikes in interest may be related to significant updates or special in-game events, such as the release of new characters or collaboration events. From this trend, a pattern of gradual decline after the peak phases can be seen, indicating that interest may be starting to decline or stabilize among more loyal players.

Figure 1.5 shows the attractiveness of people towards the game. Before making a purchase, people tend to look for the information first (Chen et al., 2021). According to Leong et al. (2022) Consumers are looking for as much information as possible about the products or services they are considering purchasing. Therefore, the number of people searching for Genshin Impact on the internet indicates that consumers are interested in Genshin Impact products and show their purchase intention.

The phenomenon of persistent interest in Genshin Impact, despite a decline after the initial hype, is the result of the interaction between the periodic content released by the developer and the contributions of active online communities on social media platforms such as Twitter. This community not only functions as users, but also as the main supporter in promoting the game through continuous interaction, user-generated content, and creating hype when new updates are released (Zhao & Shi, 2022). Social media, especially Twitter, has changed the way people interact with games, where they not only play but also build social networks and emotional attachments to the games (Khairunnisa, 2024). This phenomenon reflects how the power of online communities and social media can maintain the popularity of a product over a long period, especially in the gaming industry

Research by Angelia et al. (2021) shows that The Genshin Impact community in Indonesia has shown consistent interest since the game was released in 2020, especially via the Twitter platform with the @paimonfess

community account playing a central role. Furthermore, Research on the consumer behavior of Indonesian players shows that the Genshin Impact community in Indonesia tends to be active and enthusiastic, as can be seen from in-game consumption patterns such as purchasing gacha, which is often discussed among fans. Accounts like @paimonfess have become an important platform to discuss this topic, providing a space for fans to share experiences and tips (Angelia et al., 2021).

The @paimonfess account on Twitter has emerged as one of Indonesia's leading centers of the Genshin Impact community since this game was released (Khairunnisa, 2024). This account acts as a forum where players can post confessions and share experiences, questions, or opinions regarding the game. According to Khairunnisa (2024) this allows for more personal and inclusive interactions between players, considering that these accounts become an extension of the local community. In addition, @paimonfess is a place for players to form a virtual identity as Genshin Impact fans, strengthen loyalty to the game, and build relationships with other players.

Research by Angelia et al. (2021) shows that communities formed around accounts like @paimonfess can influence players' decisions about purchasing in-game items, such as gacha, which is a key feature in Genshin Impact. Thus, @paimonfess is not only a center of information and interaction for the Genshin Impact community in Indonesia but also plays a role in shaping communication patterns and consumer behavior among players.

Based on this background, it is important to explore how eWOM influences purchase intention on Genshin Impact's virtual item. This research tries to analyze the relation between player intensity of their exposure to eWOM, and the impact on their purchase intention. By understanding these factors, game companies and digital marketers can design a more effective strategy to increase virtual item sales and strengthen player loyalty. According to the research background author decided to take

“THE INFLUENCE OF EWOM AT @PAIMONFESS ON PURCHASE INTENTION OF VIRTUAL ITEM ON GENSHIN IMPACT IN INDONESIA”

1.3 Problem Statement

Genshin Impact has maintained the consumer attractiveness towards the game since its launching. The Genshin Impact community in Indonesia has shown consistent interest since the game was released in 2020 Nathania & Aprilianty (2023). Research by Angelysander Altair et al. (2024) shows that eWOM has a positive influence on the purchase intention skin of mobile legends game in Malang City. Therefore, research by Abrar et al. (2019) shows the impact of eWOM on the purchase intention of the Pakistan gaming industry. Research about Genshin Impact was also done by Khairunnisa (2024) where eWOM positively affects e-impulse buying towards virtual items in Genshin Impact. However, although there is research regarding the influence of eWOM on purchases in mobile games, not many have specifically examined the impact of eWOM on the intention to purchase virtual items in Genshin Impact. Therefore, this research aims to fill this gap by analyzing the influence of eWOM on the intention to purchase virtual items in Genshin Impact, which is one of the most popular games with significant in-game transactions. Based on the researched background, the author identifies the research questions:

1. Does the perceived informativeness of eWOM on Twitter affect perceived usefulness?
2. Does the perceived persuasiveness of eWOM on Twitter affect perceived usefulness?
3. Does source expertise affect eWOM usefulness?
4. Does source trustworthiness affect eWOM usefulness?
5. Does the perceived persuasiveness of eWOM on Twitter affect eWOM credibility?
6. Does source expertise affect perceived eWOM credibility?
7. Does source trustworthiness affect perceived eWOM credibility?

8. Does a higher level of perceived usefulness create a higher level of eWOM adoption?
9. Does the level of perceived credibility create a higher level of eWOM adoption?
10. Does eWOM adoption mediate the influence of eWOM usefulness and eWOM credibility on purchase intention?

1.4 Research Objectives

Based on problem formulation, this research aims to address the following objectives:

1. To find out if does perceived informativeness of eWOM on Twitter affects perceived usefulness.
2. To find out if does perceived persuasiveness of eWOM on Twitter affects perceived usefulness.
3. To find out does source expertise affects eWOM usefulness.
4. To find out does source trustworthiness affects eWOM usefulness.
5. To find out if does perceived persuasiveness of eWOM on Twitter affects eWOM credibility.
6. To find out does source expertise affects perceived eWOM credibility.
7. To find out does source trustworthiness affects perceived eWOM credibility.
8. To find out if does higher level of perceived usefulness creates a higher level of eWOM adoption.
9. To find out if does higher level of perceived credibility creates a higher level of eWOM adoption.
10. To find out does eWOM adoption mediates the influence of eWOM usefulness and eWOM credibility on purchase intention.

1.5 Research Benefits

The expected outcomes of this research include the following benefits:

1.5.1 Theoretical Benefits

The expected outcome of this study is to enrich the knowledge of how eWOM has an influential role in the customer purchase intention of Genshin Impact's virtual items. Additionally, for future researchers who explore similar themes in different industries and among various customer segments.

1.5.2 Practical Benefits

This research is expected to improve marketing strategies for Genshin Impact while utilizing eWOM with a better understanding of how they influence customer purchase intention. Additionally, other game developers to get valuable insights into digital marketing to enhance competition and also benefit the customers.

1.6 The Systematics of Mini-Thesis Writing

The systematic preparation of the mini-thesis writing consists of 5 chapters, as follows:

a. CHAPTER 1 (INTRODUCTION)

This chapter is a general, and concise explanation that accurately describes the content of the research.

b. CHAPTER 2 (LITERATURE REVIEW)

This chapter presents hypotheses ranging from broad to specialized, supplemented by prior research, and concludes with a research framework.

c. CHAPTER 3 (RESEARCH METHODOLOGY)

This chapter highlights the strategies, methodologies, and procedures employed to gather and evaluate data to address research questions.

d. CHAPTER 4 (RESULT AND DISCUSSION)

The study findings and discussion are methodically articulated in accordance with the issue formulation and research objectives, and are then presented.

e. CHAPTER 5 (CONCLUSION)

Conclusions provide responses to study inquiries and then offer recommendations concerning the advantages of the research.