

CHAPTER 1

INTRODUCTION

1.1. Research Background

The development of technology today almost makes all activities carried out by the internet network. This condition is continuously displayed by internet users in Indonesia every year, based on data, internet usage in 2018 amounted to 95.2 million, and this increased by 13.3% from 2017 as many as 84 million users, hence the increasing use of the internet by the Indonesian people, the pattern of changes in society in buying and selling activities has also begun to shift to electronic trading activities (e-commerce), so that the level of e-commerce sales continues to increase every year, this can be seen from the data in 2017 which had 139 million users, then in 2018 it increased 10.8% to 154.1 million users, then projected to reach 168.3 million users in the following year (Statista, 2019). This happens because consumers feel that online shopping is a very profitable alternative for them by shopping without having come to the store directly so that it helps save time (Prihantoro, 2018). From Katadata (2021) survey was conducted online in central city in java island with 1142 respondent, their found 82 % from generation Z was shopping online.

Currently this electronic commerce is proven by the emergence of online shops via social media such as Instagram, Youtube, twitter as well as marketplaces such as Shopee, Zalora, Tokopedia etc. At this time, the condition of sales through increased, it can be seen from data that currently the online marketplace is controlled by Tokopedia, Shopee, Bukalapak (IPrice, 2019), looking at the ranking data shows that the electronic market is controlled by the Marketplace. Online Marketplace as an online intermediary designed to establish relationships between sellers and buyers and execute transactions between them. This includes trilateral relationships such as: buyers, sellers and marketplace provider management, helping to secure

transactions for each of their customers through this form of management (Sfenrianto et al ,2018).

With the increasing number of marketplaces in the world of e-commerce, this makes application or website owners bring up innovations in marketing strategies such as providing marketing and environmental stimulus to consumers, it can be seen from the sales in the consumer marketplace to make purchases on goods that are not currently they need, this phenomenon is called impulse buying. Online shopping reflects rational and non-rational behavior (including impulse buying), and most of the cases that occur are non-rational shopping, so this impulsive behavior is one of the ways in the Marketplace (Lo et al., 2016). Impulsive buying is an unplanned buying behavior characterized by quick decision making and a desire to own, from Djafarova and Bowes (2021) shows that 41% of Generation Z consumers are impulse buyers, followed by Millennials at 34%, and Generation X at 32% in erope, Ruswanti (2016) stated that apparently 85% of Indonesian consumers tend to buy things on an impulse.

With the increasing use of social media, Online Marketplaces improve their marketing to attract consumers to shop through their platform using information through social media with an online word of mouth (E-WOM) approach. According to Mokhtaran (2017) In marketing, word of mouth approach refers to suggestions and recommendations from other users such as viewing comments on items in the market. Through this process, effective information is built for new consumer selection or limited shopping consumers. With the advent of the internet, an online approach by word of mouth through social media, in this case product information can be provided via photo or video links in the form of public opinion on the product (Astuti et al ,2020).

Through E-WOM marketing, the online marketplace does not only use attraction so that people buy their products, currently there are many online marketplaces such as

Bukalapak, Lazada, Shopee who carry out Sales promotion activities with one of them giving Price Discounts on the products they sell, in this case the discounted price. Price discounts are widely applied in several events organized by online marketplaces such as flash sales is to offer discounts on goods sold for a limited time so that people immediately buy the product without thinking because of the limited availability of goods (Vannisa et al,2020). In this case, it is included in sales program activities where activities or tools that stimulate consumers to buy various products or services in a short time, and discounts are included in the dissatisfaction program activities by lowering prices to increase sales of a company's products (Destari et al ,2020).

The presence of online shopping has led to a new lifestyle among the public, namely the online shopping trend. People can easily fulfill their needs and wants. Different needs and desires in each human being motivates him to do something. Everyone certainly has a strong desire to be able to meet their needs. Therefore, the community is motivated to carry out an activity or activity that is useful to meet these needs. It shows that people will take action or take action because of a motivation.

The presence of this online market place greatly facilitates consumers who have a hedonic style; namely doing shopping activities to get pleasure so that they do not pay attention to the benefits of the product purchased. Consumer shopping because it is motivated by hedonic desires or economic reasons, such as pleasure, fantasy and social or emotional satisfaction. Since the goal of experience is to satisfy hedonic needs, the product purchased seems to be selected without planning and will present an impulsive buying process (Tirtayasa et al ,2020).

With e commerce competition getting stronger, marketplaces are starting to aggressively increase the nature of impulse buying to their consumers, and this research will discuss how The effect e-WOM, Price Discount, and hedonic shopping motive to impulse buying through online marketplace?

1.2. Problem Statement

Based on the description on the background, the problem can be formulated as follow::

1. How does the effect of e-WOM on impulse buying through Online Marketplace?
2. How does the effect of Price Discount on impulse buying through Online Marketplace?
3. How does the effect of Hedonic Shopping Motive on impulse buying through Online Marketplace?

1.3. Research Objectives

The research questions addressed in this study are:

1. To examine the effect of e-WOM on impulse buying through Online Marketplace
2. To examine the effect of Price Discount on impulse buying through Online Marketplace
3. To examine the effect of Hedonic Shopping Motivation on impulse buying through Online Marketplace

1.4. Contribution of Research

From this research, the researcher hopes to contribute to interested parties, namely:

1. Academics

Trought the research process and the results, this research can be a reference source and contribute to the development of studies on strategic marketing and can be used as the reference in future research. Especially for impulse buying in online customer behaviour considering the lack amount of empirical research that has been conducted. The researchers can understand the application of the theory on

the field and gain more the knowledge and insight regarding the Marketing Management Strategy and Customer Behaviour especially for marketplaces that investigate how The effect of e-WOM, Price Discount, and hedonic shopping motive to e-impulse buying in Online Market Place in terms of digital marketing.

2. Online Marketplace Stakeholders and Marketing Division

This research will participate as a reference for marketplaces to increase their consumers' shopping desires through e-WOM, Price Discount, and hedonic Shopping motive attitudes by utilizing people's impulse buying attitudes in the development of digital marketing.

1.5. Scope of Research

The research is focusing on user of online marketplace generation z. In addition, the concentration in theoretical aspect of this research are consist of four variables that consist of e-WOM, Price Discount, hedonic shopping motive , and impulse buying

1.6. Research Outline

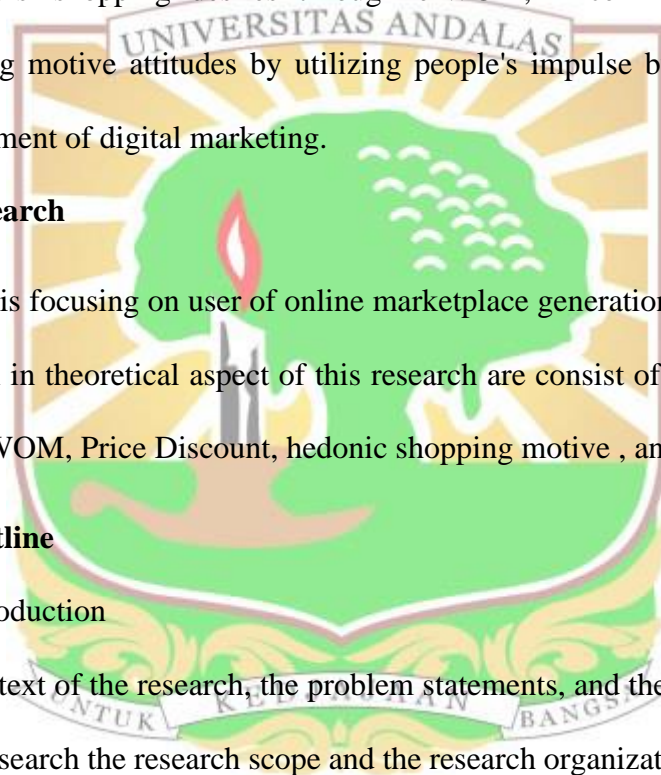
Chapter 1 : Introduction

The context of the research, the problem statements, and the aims, the importance of the research the research scope and the research organization will be outlined in the first chapter of this report.

Chapter II : Literature Review

The second chapter will elaborating the theoretical background that related to this study. This theoretical background conducted from the previous study that are used to support the variable of this research.

Chapter III : Research Method



In this chapter, the author put forward about the object of study, population data and data sources, techniques data collection, operational definitions of variables, data presentation techniques, and data analysis techniques

