

CHAPTER I

INTRODUCTION

1.1 Research Background

Globalization causes developments in all elements of life. Globalization encourages rapid development and progress, especially in the fields of technology and communication. Advances in technology and information are supported by reduced space barriers and travel time as well as many inventions using information technology that make life easier. The widespread use of the internet is one of the impacts of information technology developments. Internet users in Indonesia have been increasing from year to year. According to the We Are Social Hootsuite report, the number of internet users in Indonesia in January 2022 reached 204.7 million.

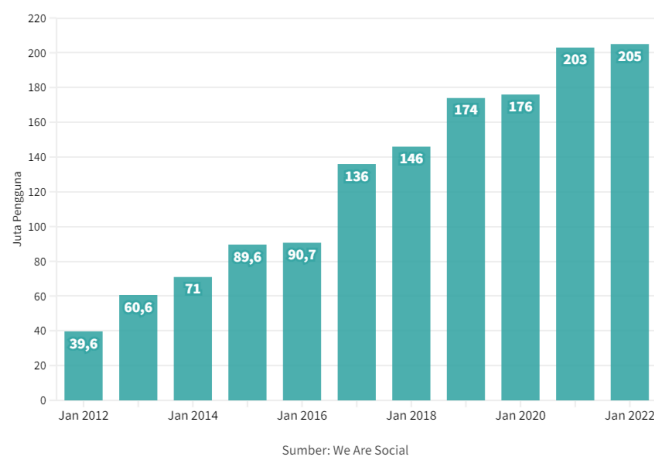
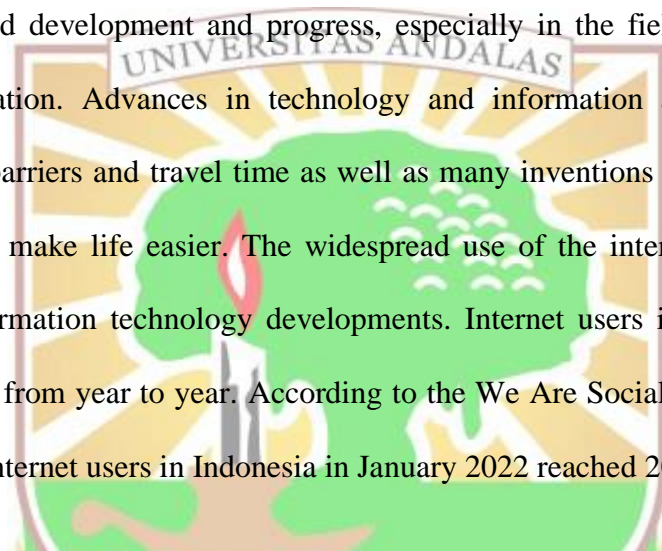


Figure 1. 1 Number of Internet Users in Indonesia, 2022

This shows that there are 73.7% of the Indonesian population using the internet. The trend of the number of internet users in Indonesia has continued to increase over the past five years. Comparison with 2018, the number of internet users in Indonesia has increased by 54.25% (Katadata.co.id, 2022).

Through the development of the use of the internet, a new paradigm has emerged for entrepreneurs to take advantage of the internet by doing business online. Businesses conducted online are known as e-commerce. The e-commerce company helps provide a place for other entrepreneurs to display their products. This led to the creation of an online marketplace. In the online marketplace, business people can display their products for sale and purchase without having to bother thinking about the system. Online shopping provides many conveniences and advantages such as the transaction process can be faster and more diverse and can reduce a lot of operational costs because sellers are not required to have a physical store. Business actors only need to provide complete information about the products to be sold, such as product information, prices, shipping, and others.

The e-commerce business continues to increase, causing many other e-commerce to appear which also offer various benefits and conveniences and this creates increasingly fierce competition between e-commerce companies in Indonesia (Atqiyya Baroroh, 2022). The rapid development of online web-based technology has significantly improved the tools and concepts of social media which has led to the development of new techniques that can influence the e-commerce process. The rapid

development of e-commerce has led to a massive evolution which has finally emerged a new phenomenon known as social commerce (s-commerce) (Abdelsalam et al., 2020). In the process, s-commerce utilizes social media to share knowledge about products with consumers and assist consumers in making purchasing decisions.

We are social reports that as many as 191 million people are active users of social media in Indonesia in January 2022. This number has increased by 12.35% from the previous year, which was only 170 million people (DataIndonesia.Id, 2022).



Figure 1. 2 The Number of Active Social Media Users in Indonesia, 2022

The increase in social media users has made social media not only used as a place to communicate and as entertainment. However, it is also used as a medium for selling and as a place for promotion to develop a business. Through social media, there is a lot of content that can be uploaded, such as content for general information, product offers and entertainment. In addition, marketing through social media is

available for free or paid, that's why social media has an important role in the evolution of online shopping and with social media you can help in expanding the reach of businesses throughout the world and provides many opportunities for consumers to visit online stores (Solikah & Kusumaningtyas, 2022).

One of the social media that provides a place for business people to promote and sell their products, namely the TikTok application. In recent years, the TikTok application has attracted the attention of the public. The peak of TikTok's development occurred during a pandemic, the various and interesting video content contained in this application accompanied people when they were bored during a pandemic. TikTok is software that can record short videos that has been around since 2016, users can record videos and choose background music according to what they want (Ma & Yu, 2021). Based on the We Are Social report, TikTok's monthly active users reached 1.4 billion, with ages 18 and over globally in the first quarter of 2022, where this number experienced an increase of 15.34 percent compared to the previous quarter of 1.2 billion users. Indonesia ranks second with the most active TikTok users in the world, with a recorded number of 99.1 million people. The average TikTok user in Indonesia spends 23.1 hours on TikTok per month. From this data it can be seen that the potential of TikTok on social media is skyrocketing (Ratu et al., 2022).

Along with the development of technology, TikTok added online shopping and sales functions which are currently often referred to as the TikTok Shop. Customers can easily shop while accessing the TikTok application without the need

to switch to another application to continue transactions, thus making the shopping experience easier (Novita et al., 2021). Apart from having a TikTok shop on the TikTok application, they are also making developments, namely the existence of TikTok live. Previously, live streaming carried out by this vendor was not only on TikTok but had also been carried out on other social media such as Facebook and Instagram, however recently live streaming carried out on the Tiktok application has attracted more attention and has more viewers. Especially after the existence of the TikTok shop, vendors competed to do live streaming to promote their products. Through TikTok live, fellow TikTok users can interact directly. Traders take advantage of this to promote and sell products. In a survey conducted by Populix entitled "The Social Commerce Landscape in Indonesia" it shows that 86% of Indonesian people have made buying and selling transactions via social media with the TikTok Shop occupying the top spot as the most frequently used platform (Populix, 2022).

MSMEs are a strategic sector and play an important role in the national economy, including in West Sumatra. The strategic position of MSMEs in West Sumatra is driven by their dominant existence, both in terms of numbers, as well as considerable labor absorption. West Sumatra currently has 580 thousand micro and small business units. 98.8 percent of them come from non-agricultural businesses and are able to absorb 1.29 million workers (87.57 percent of labor from the non-agricultural sector). This large number certainly holds great potential as well.

Therefore, the West Sumatera Provincial Government continuously makes efforts to increase the capacity of entrepreneurs, as well as the capacity of MSME businesses owned by the community (Sumbangprov.go.id, 2022).

To deal with various problems and challenges in the business world. One of them is through digitalization. Digitalization opens up a large market and is one of the strategies that MSMEs can implement to market their products. Plus, since the pandemic, many community activities can be done online from home. Moreover, now almost 74% of the Indonesian population uses the Internet. So, digitalization must be one of the strategies for MSMEs to market products, through marketplaces or e-commerce and s-commerce platforms.

MSMEs in West Sumatra must adopt unique strategies in order to stay relevant in a market that is already cutthroat due to the rapid growth of internet shopping. It is not enough for companies to attract consumers just by relying on a wide selection of products. Due to the favorable outcomes obtained during the interactive procedure on the website, recent unplanned purchases have been made (Widagdo & Roz, 2021). This unplanned purchase is called impulse buying. This phenomenon of impulse buying has occurred a lot in the past few years and has immediately become something that deserves to be discussed (Handayani & Arda, 2019). This is of course a big advantage for the company because it can increase sales. Based on pre-research conducted by researchers found that impulse buying occurs in daily products. Respondents did more impulse buying for daily products

than for luxury products. The product categories they buy are fashion, electronics, toys, hobbies and DIY, cosmetics, skincare, bodycare and health, and food. Of the several product categories, the products that are purchased the most are cosmetics, skincare, bodycare, and health, and second place is fashion.

In pre research that conducted by researcher several factors were also found that attracted consumers' attention to impulse buying, namely promotions through shoppin live streaming, discounts, free shipping, flashsale, and free gifts. Impulse buying provides many positive benefits for business owners. Therefore, it is important for business owners to know what factors affect impulse buying. One of the factors that can affect impulse buying is live streaming. A number of factors based on the stimulus-organism-response theory, which are the reasons of impulse buying in live streaming, support the assertion that live streaming has a positive and significant impact on the incidence of impulsive buying (Huang & Suo, 2021; Li et al., 2022; Lin et al., 2022). Recently, live streaming has become a trending way among online sellers to promote products. Through live streaming seller can introduce and provide clearer information about their products. Live streaming can influence customers to trust online transactions more and decide to buy more as a result of interactions that sellers have with potential buyers during live streaming (Hazrini et al., 2021). Through this live streaming, customers can feel almost the same experience when shopping offline, because with this, customers can ask the seller through the chat feature about the item they want to buy, and the seller will explain in detail later.

It can be seen on TikTok live shopping that sellers every live always prepare new things to attract customers to watch their live, provide the best service by answering all questions asked by customers related to products and explaining in understandable language. Sellers create a comfortable and fun atmosphere so that live streaming shopping is not boring.

Another factor that can encourage impulse buying is sales promotion. Previous research conducted by (Prasetio & Muchnita, 2022) shows that sales promotion affects the occurrence of online impulse buying in a positive and significant way. In TikTok live shopping there are lots of sales promotions such as price offs, instant coupons, free gifts and sweepstake. The more sales promotions that are carried out, the more it will affect the impulse buying. Another research conducted by Maita & Artadita (2022) also explain that sales promotion can affect positive and significantly impulse buying. It is because sales promotion can affect lifestyle and lifestyle can encourage impulse buying to happen. On TikTok live, especially on certain special days, sellers always provide a lot of sales promotions such as discount coupons, free shipping vouchers, buy one get one free promo, bundle products at lower prices, and sometimes sellers also conduct games and those who win get free prizes when making purchases. Since this research focuses on helping the development of MSMEs in West Sumatra in increasing marketing innovation in order to expand the market and increase product sales, the respondents of this research are people in West Sumatra.

Based on the explanation above, it shows the influence of several variables that can affect impulse buying. This motivated the author to conduct research entitled "The Effect of Live Streaming Shopping and Sales Promotion on Consumers Impulse Buying of The Products in TikTok Live Shopping".

1.2 Research Question

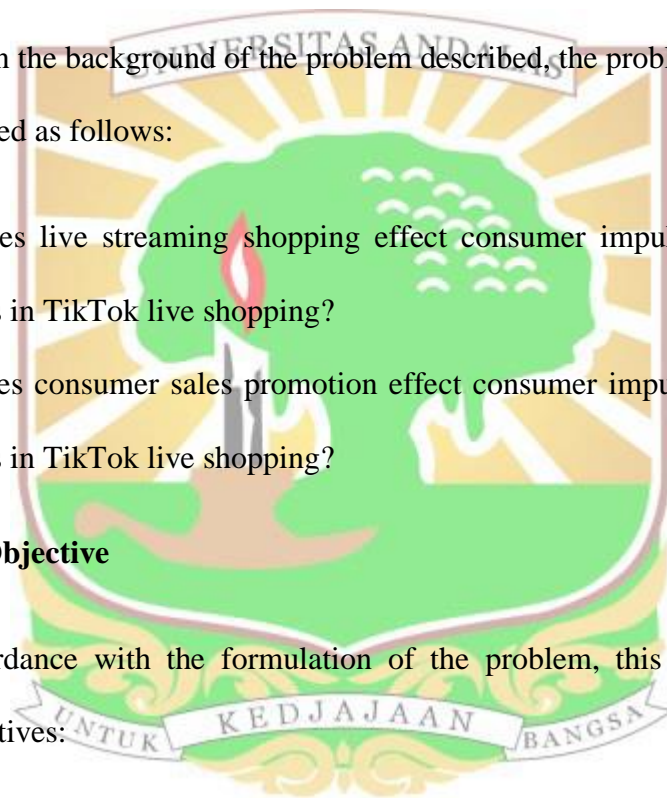
Based on the background of the problem described, the problem in this study can be formulated as follows:

1. How does live streaming shopping effect consumer impulse buying of the products in TikTok live shopping?
2. How does consumer sales promotion effect consumer impulse buying of the products in TikTok live shopping?

1.3 Research Objective

In accordance with the formulation of the problem, this research has the following objectives:

1. To analyze the effect of live streaming shopping on consumer impulse buying of the products in TikTok live shopping.
2. To analyze the effect of sales promotion on consumer impulse buying of the products in TikTok live shopping.



1.4 Contribution of The Research

1. Theoretical Contribution

The theoretical contribution of this research is carried out to develop and expand the intellectual dynamics related to management science, especially in the field of marketing. Provide insight and deepen knowledge of the problems studied. It is hoped that it can become a reference and comparison for further research for those who want to explore and further examine issues related to the focus of this research problem.

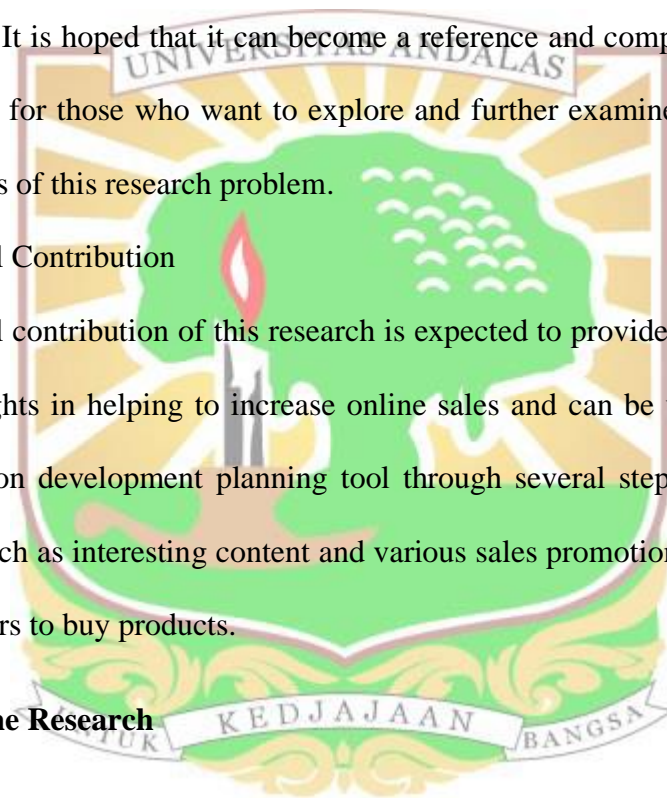
2. Practical Contribution

Practical contribution of this research is expected to provide input in the form of thoughts in helping to increase online sales and can be used as a product promotion development planning tool through several steps that need to be taken such as interesting content and various sales promotions that best attract customers to buy products.

1.5 Scope of The Research

1. Theoretical Scope

The theoretical scope of this study focuses on four variables consisting of two independent variables, namely live streaming shopping and sales promotion and one dependent variable, namely consumer impulsive buying.



2. Conceptual Scope

The conceptual scope of this research will focus on people who have made online transactions in TikTok live streaming shopping.

1.6 Research Outline

To describe the writing of this research, the following is a systematic writing which contains information about what is discussed in each chapter.

CHAPTER I INTRODUCTION

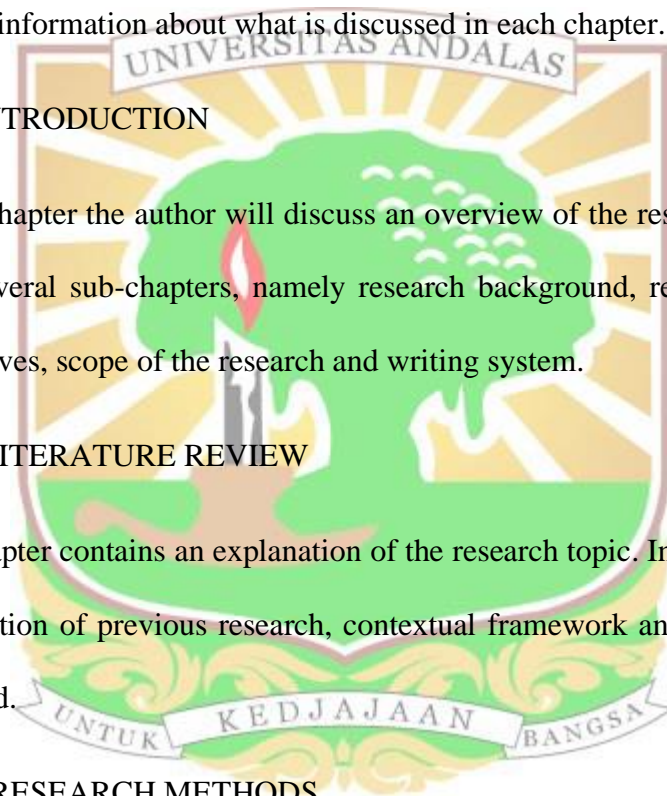
In this chapter the author will discuss an overview of the research and will be divided into several sub-chapters, namely research background, research questions, research objectives, scope of the research and writing system.

CHAPTER II LITERATURE REVIEW

This chapter contains an explanation of the research topic. In addition, there is also an explanation of previous research, contextual framework and hypotheses that will be proposed.

CHAPTER III RESEARCH METHODS

This chapter contains research methods, namely research variables, operational definitions, population and sample, types and sources of data, data collection methods, and data analysis methods used in research.



IV RESEARCH RESULTS

This chapter contains an explanation of the core of thesis writing, an overview of the object of research, and data analysis.

CHAPTER V CLOSING

This chapter contains the conclusions and results of the data that has been analyzed, the implications of the research, the limitations of the research and suggestions.

