

# CHAPTER I

## INTRODUCTION

### 1.1 Research Background

In recent years, companies have expanded the scope of their interactions with customers through the use of social media, adopting various forms of communication that include quick responses to questions, using creative content to build engagement, and providing responsive and personalized customer service (Qurniawati & Nurohman, 2018). The digital era marks the peak of marketing via social media, which influences the preferences and behavior of generation Z and generation Y in choosing video games (Unique, 2016) such as Ojol the Game Premium. In this context, targeted and creative marketing efforts through social media are key in attracting attention and gaining support from this market segment (F. Li et al., 2021).

Researchers found that experiential and service marketing theories have significant relevance in the context of games and gamification, especially in relation to generation Z. These concepts not only enable the co-creation of value between companies and consumers of generation Z and generation Y, but also provide an effective framework for understanding and meeting their needs and preferences in an engaging and engaging way (Xi & Hamari, 2019).

The use of social media and interest in playing video games continues to increase significantly in the digital era (Selak et al., 2024). Ojol the Game is a digital game developed by local Indonesian developers, offering a realistic 3D simulation of online motorcycle taxi driving. This game invites players to undertake various exciting missions, such as picking up passengers and completing daily challenges, reflecting the dynamic life of a motorcycle taxi driver. As a local

product, Ojol the Game not only provides entertainment but also introduces the social and economic realities faced by motorcycle taxi drivers. Supporting this game is a form of appreciation for the innovation and creativity of local talents in the creative industry.

According to a Deloitte survey, 40% of Generation Z revealed that they socialize more often through video games, which have now become an alternative social network for this generation. Industry analysis suggests that between 2023 and 2029, this phenomenon is predicted to continue to grow rapidly, strengthening digital social interactions and expanding the role of video games in the culture and daily life of generation Z (Covalenco & Baltescu, 2023).

This shows that generation Z and generation Y stands out with unique preferences in the use of social media and video games, setting them apart from previous generations. With the increasing proportion of those using video games as an alternative socialization platform, as well as showing great interest in utilizing social media for social interaction, generation Z is becoming the main driver in strengthening integration between digital technology and their daily lives (Covalenco & Baltescu, 2023).

Social gaming market revenue is expected to continue experiencing significant growth, with a compound annual growth rate (CAGR) of 16.01%. These projections suggest that this market will reach a value of nearly US\$76.8 billion in the next few years. This rapid growth signals the enormous potential of the social gaming market and highlights the increasingly important role of social interaction via gaming platforms in the global digital ecosystem (Covalenco & Baltescu, 2023).

The most compelling aspect of social gaming is its high monetization potential, especially through in-app purchase models. Generation Z and Generation Y, which tend to be the main user of social gaming, are also known to be the group most likely to make in-app purchases. The

combination of social gaming's strong monetization potential and generation Z's propensity to participate in in-app purchases represents a huge opportunity for developers and marketers to optimize monetization strategies in the social gaming ecosystem (F. Li et al., 2021) This shows the importance of researching Generation Z and Generation Y in their gaming choice behavior.

The mobile games market continues to grow rapidly and is predicted to generate more than US\$100 billion by 2021. Mobile games represent 51% of the global digital games market share and are predicted to grow at a CAGR of 6.1% year on year and are one of the most popular monetization strategies (Chang, J 2024). Many mobile game developers use to increase revenue is the in-app purchase or freemium strategy. However, only about 2.2% of players purchased digital goods in the game (Purnami et al., 2020). Game developers in Indonesia are expected to achieve optimal results and contribute to the development of the games industry from year to year (Novayanti et al., 2023)

The high monetization potential in the social gaming industry makes generation Z and millennials the groups most likely to make in-app purchases, namely 62% and 61%. From a social marketing perspective, gamification has been proven to influence consumer motivation and behavior, and this behavioral influence can be maintained for a period of time with reasonable gamification planning. However, the influence of gamification on internal motivation has not been reported, and the internal mechanisms of how to change behavioral outcomes through gamification require further research (Mulcahy et al., 2018). In the context of intense global competition, attracting new customers and retaining existing customers to purchase their own services and products has become a relevant challenge for modern companies, especially for the marketers of these companies. Marketers are starting to favor innovative digital marketing techniques, and

gamification with reward mechanisms and avatar customization is frequently used in social media (Mulcahy et al., 2018).

In addition, previous research by Huang et al. (2024) and Liu et al., (2023) found direct influence of social media effectiveness on user engagement levels, willingness to pay a premium (WTPP), and the adoption of gamification strategies in that context. Therefore, the focus of the research will be primarily focused on analyzing the possible positive impact of gamification and the level of WTPP in response to marketing efforts via social media. The number of video game players around the world continues to increase significantly from year to year. In 2020, there were 2.69 billion players, but this figure will increase sharply to 3.07 billion in 2023.

This substantial increase reflects the rapid growth in the video game industry, which continues to attract interest and participation from various groups throughout the world. World (Munir, 2023). In Indonesia, the number of game players will reach 180 million people in 2022, which is equivalent to around 64.5% of the total population. This phenomenon indicates a consistent increase from year to year in the number of game users in this country (Hasanah et al., 2022).

The gender variable has a crucial role in social media effectiveness because it can influence the way consumers interact with content and brands (Akbarov, 2020) Gender is significantly related to social media effectiveness, influencing Word-of-Mouth dissemination, repurchase intention, and commitment through perceived playfulness, which is also relevant in the context of gamification (C. H. Li & Chang, 2016). Research shows that gender moderates the influence of social media activity on consumer behavior, such as brand awareness and loyalty. Women tend to be more active in spreading Word-of-Mouth, while men are more focused on the intention to purchase or use premium services. Additionally, gamification elements, such as excitement, affect

engagement and commitment in both genders, making it an effective strategy to enhance user loyalty.

This research was designed to involve Ojol the Game Premium users, aiming to explore the impact of entertainment on social media on user behavior. Previous studies have shown that entertainment on social media has become a prominent concept for online content producers, enabling them to interact and collaborate globally, creating engaging and relevant content for their audiences (Cunningham & Craig, 2019). Interaction here refers to the process in which companies and users provide each other with opportunities to share information, ideas and opinions via social media platforms. This creates an environment where two-way communication actively occurs, allowing companies to listen to feedback from users and respond to it in a relevant and useful way (Dessart, 2015). Trendiness refers to the strategy of improving the quality of information on social media, which aims to encourage consumers to achieve certain goals and create shared value with the brand community. By highlighting current and relevant trends, companies can build deeper engagement with users, facilitate productive discussions, and motivate them to actively participate in co-creating value with brands in the dynamic context of social media (Yadav & Rahman, 2018).

Gamification in social media effectiveness is very important because it can increase user engagement and motivation through game elements such as points, rewards, challenges and leaderboards (Bauer et al., 2020). This not only makes content more engaging and interactive, but also builds customer loyalty and satisfaction, and increases brand awareness through positive word-of-mouth spread. Additionally, gamification allows companies to collect user behavior data to develop more personalized and effective marketing strategies, providing a significant competitive advantage in the digital era.

The Indonesian gaming industry has experienced rapid growth in recent years (Purbasari et al., 2020). Indonesia's gaming market is expected to reach \$1.2 billion by 2022, growing at a CAGR of 12.6% from 2018 to 2022 (Kustami & Sulistiyono, 2023). This growth is driven by the increasing popularity of mobile gaming, the rise of esports, and an expanding middle class with disposable income. Mobile gaming is the largest and fastest growing segment, contributing around 84% of total gaming revenue in Indonesia in 2022

Ojol The Game developed by CodeXplore, is an innovative example of a game product made in Indonesia that utilizes social media effectiveness to increase brand awareness and attract public attention. With the integration of gamification elements in social media promotions, these games not only encourage user engagement but also strengthen brand loyalty through engaging content and challenges. The potential of this game as an educational and training tool can also be expanded with the support of social media effectiveness, which facilitates the delivery of educational material and increases learning motivation through the interactive experiences offered.

Research on "Ojol The Game" opens up opportunities to understand aspects such as willingness to pay a premium, gender differences, and generational preferences in the context of the gaming industry. These studies can reveal how additional features or exclusive content influence users' decisions to pay more, as well as provide insight into perceptions and gaming experiences between men and women, as well as between younger and older generations. Ojol the Game offers both regular and premium versions, each with distinct benefits.

The regular version is more accessible, typically free, providing core gameplay like completing missions and picking up passengers but may include ads. In contrast, the premium version offers exclusive content such as unique missions, rare items, and advanced customization options, along with an ad-free experience and faster progression through the game, often appealing

to dedicated players willing to pay for enhanced features. Understanding these differences helps reveal why users might opt for the premium version, offering insights into how additional features influence purchasing decisions and how perceptions and experiences vary between different demographics, such as gender and age. Additionally, this research has the potential to drive innovation in the local gaming industry by using feedback and user behavior data to develop more engaging and relevant game features, creating experiences that are more inclusive and tailored to market needs (Vosfoyer, 2024).

The importance of this research makes gamification gradually gain attention and achieve success in the field of marketing services (Hamid & Kuppusamy, 2017). In social media effectiveness, gamification has been proven to be an effective tool for building sustainable value through human interaction (Tobon et al., 2020). The latest in this research is by adding WTPP and there are important elements that influence social media effectiveness. The combination of Gamiphysics and WTPP is important to understand its relationship to Social media effectiveness.

Based on the explanations of the problem data and contradictions of the results above, the authors are interested in conducting further research with the title The Effect Of Social media effectiveness On Gamification And Willingness To Pay A Premium (A Study Of Ojol the Game Premium).

## **1.2 Research Questions**

Based on the background above, the author formulates the research questions as follows:

1. How does social media effectiveness affect gamification in the Ojol the Game Premium?
2. How does social media effectiveness reach the willingness to pay premium in the Ojol the Game Premium?

3. How does social media effectiveness affect gamification and willingness to pay premium in the Ojol the Game Premium?
4. What is the influence of social media effectiveness on gamification and willingness to pay premium in the Ojol the Game Premium which is moderating by general differences?
5. What is the influence of social media effectiveness on gamification and willingness to pay premium in the Ojol the Game Premium which is moderating by gender?

### **1.3 Objectives of The Research**

Based on the formulation of the research questions above, several objectives of this research are to be achieved:

1. To analyze the effect of social media effectiveness on gamification of the Ojol the Game Premium
2. To analyze the effect of social media effectiveness reach the willingness to pay premium in the Ojol the Game Premium
3. To analyze the effect of social media effectiveness on gamification and willingness to pay premium of the Ojol the Game Premium study
4. To analyze the effect of social media effectiveness on gamification and willingness to pay premium in the Ojol the Game Premium which is moderating by general differences and gender
5. To analyze the effect of social media effectiveness on gamification and willingness to pay premium in the Ojol the Game Premium which is moderating by gender.



## **1.4 Contributions of The Research**

There are two types of the contribution of this research as following:

### **1. Theoretical Benefits**

With this research, it is hoped that the reader will gain knowledge about the development of social media effectiveness, and then how to attract gamers through the gamification and willingness pay to a premium to fulfill gamers expectations through the fulfillment of social media effectiveness that create novelty and involvement for the gamers. Then, with this research, it is also expected to provide guidelines for future researchers.

### **2. Practical Benefits**

With this research, it is hoped that it will provide explanation, description, and reference for Ojol the Game Premium as an object of research related to things that have influence on gamers and how to evaluate in the future.

## **1.5 Scope of The Research**

This research has a scope all gamers use application Ojol the Game Premium especially generational Z and Y who have played twice or more will be used as a sample of several variables to be studied. Namely Social media effectiveness as independent variables (X), as well as Gamification as the dependent variable (Y1) and Willingness to Pay a Premium (Y2) and Generational Differences (M1) and Gender (M2) as the moderating variable.

## 1.6 Outline of Research

CHAPTER I INTRODUCTION: This section contains the background of the research, research questions, the objectives of the research, the benefits of the research, the scope of the research, and also the systematics of writing.

CHAPTER II LITERATURE REVIEW: This section describes the literature review for each variable, several previous studies that are related to the current research, as well as a conceptual framework and hypotheses.

CHAPTER III RESEARCH METHODS: This section contains the research design, an explanation of the operational definitions of each variable, the population and sample used, data collection techniques, and finally, data analysis techniques used in this study.

CHAPTER IV RESEARCH RESULTS AND DISCUSSION: This section provides an explanation of the research, including a discussion of the research object, the results of instrument testing, analysis of the findings, and hypothesis testing, ensuring the research's applicability.

CHAPTER V CONCLUSION: This section presents the conclusions of the research, followed by its implications, the limitations encountered during the study, and the suggestions provided by the author.

