

CHAPTER I INTRODUCTION

1.1 Research Background

Looking at today's era, the development of the digital world is very fast, even progress every year can not be avoided from the online world. This greatly affects all sectors, including the business and economic sectors. Currently, the swift advancement of technology and the internet in Indonesia has a big influence on how businesses operate. It begins with how to market, how to purchase and sell, how to communicate with others, and so on. As technology continues to advance in every aspect of life, electronic commerce, or e-commerce, is growing rapidly. Examples of popular e-commerce in Indonesia that have a good reputation are Shoope, TokoPedia, Lazada, and Blibli. E-commerce is the application of the internet for purchasing and selling goods. With e-commerce, there have been many changes in the buying and selling process. In buying and selling, buyers and sellers meet in person, but if this is not necessary, they can transact online, interacting and communicating with each other through e-commerce (Jain et al., 2021).

Customers can feel several benefits of online shopping. First, the buyer does not need to go shopping or leave the house; They only need to place an order for the item, and it will be delivered to their residence. Second, because they do not have to look for a place to shop, customers can save time and money on gas. Thirdly, is able to control and compare prices across a variety of online purchase options. Fourth, online purchases can be made at any time; This makes it easier for us to plan when we'll do online transactions (Jain et al., 2021).

Large-scale e-commerce and marketplaces with significant capital for the size of the industry in Indonesia have emerged as a result of Indonesia's expanding use of the internet as a market for e-commerce players. The Shopee website is one of Indonesia's most popular online shopping destinations. Shopee has grown to become one of Indonesia's fastest-growing Internet

businesses since its official launch in 2015. Shopee makes it possible for brands and small businesses to run online shops by implementing an online marketplace and shopping mall business model. Shopee is still one of the e-commerce websites with the most traffic. Below is the image of the online marketplaces in Indonesia in 2023.

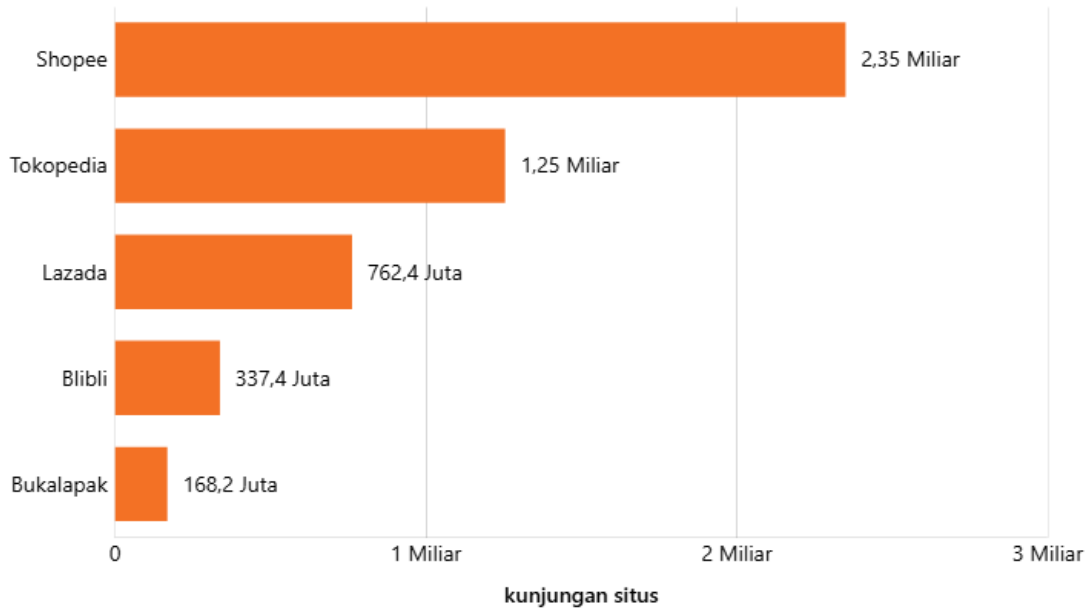


Figure 1. 1 E-commerce site with the most number of visitors in Indonesia 2023 base on databoks

Nama Data	Nilai
Shopee	2.349.900.000
Tokopedia	1.254.700.000
Lazada	762.400.000
Blibli	337.400.000
Bukalapak	168.200.000

Figure 1. 2 E-commerce site with the most number of visitors in Indonesia 2023 base on databoks

Based on databoks, we can see that shopee is the most visited e-commerce in 2023 with a total of 2,349,900,000 visitors in 2023. People have been encouraged to shop online from e-commerce sites due to a variety of factors, including low prices, product quality, trustworthiness, various transaction facilities, and numerous other factors based on various individual needs.

E-commerce is a type of business transaction that takes place through media or other intermediaries like social networks that sell goods or services or online buying and selling sites. For modern consumers, the existence of e-commerce sites like Shopee establishes a new routine: online shopping. The ease with which customers can view each product type makes shopping more enjoyable. After the product is delivered directly to the customer's residence, they only need to provide a credit card or choose to pay at home to complete the purchase process. The ease with which various e-commerce shopping options can be used has increased public interest in online shopping.

There are several reasons why many people make purchases on Shopee :

- a. Aggressive promotions: Shopee implements aggressive promotional strategies, such as large subsidies and various marketing tools.
- b. Wide selection of products: Shopee provides a wide range of products, from daily necessities, electronics, to fashion.
- c. Many payment methods: Shopee provides a variety of payment method options.
- d. Free shipping service: Shopee offers free shipping service.
- e. Shopee Express Service: Shopee has its own expedition service that makes delivery faster.

- f. Flash Sale and Monthly Shopping Festival: Shopee holds a Flash Sale and Monthly Shopping Festival.
- g. Transparent community: Shopee encourages users to rate and share, creating a community where transactions are smooth and transparent.

Purchasing decisions are important variables in measuring potential actions that consumers want to take. Understanding consumers' purchasing decisions can help companies understand the market and adapt the products or services they offer, allowing them to generate more sales and profits (Agmeka et al., 2019).

Purchasing is how do consumers decide to buy. Moreover, A purchasing decision consists of a series of decisions made by a customer before completing a purchase, starting when the customer is willing to fulfill a need (Hanaysha, 2018). The consumer decision-making process involves sever steps that lead to a purchasing decision, These steps include identifying a need, researching the product, considering options, deciding to buy, and assessing the purchase once it has been made (Daroch et al., 2021).

One of the significant perspectives connected with purchasing decisions for this situation is advertising. An advertisement is a form of marketing communication that uses print or electronic media to influence a consumer to take a certain action or continue using promotional material(Zhao et al., 2022). Advertisements work by creating an emotional connection or response in the intended audience, eventually affecting the consumer's purchasing decisions, often without realizing it. (Sama, 2019).

Advertisers use a several strategies to influence consumer purchasing decisions by sending interesting marketing messaging, such as appealing to an accurate target audience, directing the message to the consumer on an emotional level, and using sensory stimulation to enhance the user experience and allow the consumer to obtain more information. People's psychological, emotional, and behavioral characteristics all play a role in purchasing decisions.

As a result, Advertisers are experimenting with new strategies to use persuasive commercial messaging to influence consumer decisions to buy (Zhao et al., 2022).

Sales promotion considered as significant component from mix marketing which expects to explain, push and remind the target market about products or services proposed to impact customer insight or decision to buy. All in all, programs promotional involved by association for imparting item advantage or administration to gathering of likely customers (Suryani & Syafarudin, 2021).

Promotional activities not only function as a means of communication between businesses and customers, but also as a tool to persuade customers to purchase or utilize goods in accordance with their requirements and preferences. (Suryani & Syafarudin, 2021). One of the important components of the market is sales promotion, which includes motivational tools and is often used in the short term to encourage customers or trade to buy certain goods or services more quickly or in excess. This results in the customer making an impulsive purchase of that product or service (Khan 2019).

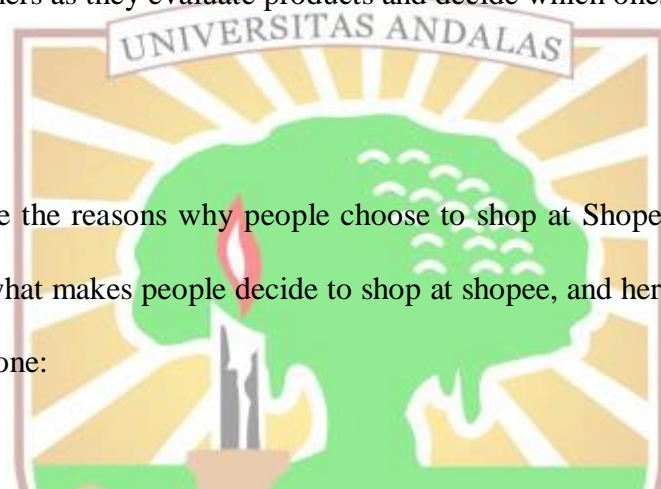
According to Hanaysha, (2018), Sales promotion is often seen as a crucial element of a marketing campaign to encourage and motivate a more rapid and efficient reaction (including the purchase's quantity and speed) to the selling of a particular product or service. Sales promotions are a powerful incentive tool to attract consumers and increase sales volume.

According to Chen (2020), Online customer reviews may be considered a new marketing communication that can impact and contribute to the choice to buy, they are a type of electronic word-of-mouth. Since online customer evaluations and ratings are one of the few criteria that determine the rise of online purchasing selections, they have an impact on consumer purchasing decisions.

Trust between buyers and sellers is necessary when conducting online shopping transactions through e-commerce. This is because transactions are not conducted in person, so

buyers can only view products based on the photos that sellers provide. eWOM and endorsers are two of the many elements that affect customer trust when selecting a product. (Maryanto et al., 2022).

Online consumer reviews have a significant impact on purchasing decisions. According to T. Chen et al., (2022)93% of buyers claim that internet reviews will affect their purchasing decisions,showing that the majority of customers consistently read internet reviews and use the comments to guide their purchase decisions. Product reviews are becoming more and more important to consumers as they evaluate products and decide which ones to buy.



To determine the reasons why people choose to shop at Shopee, I have conducted a mini survey about what makes people decide to shop at shopee, and here are the results of the survey that I have done:

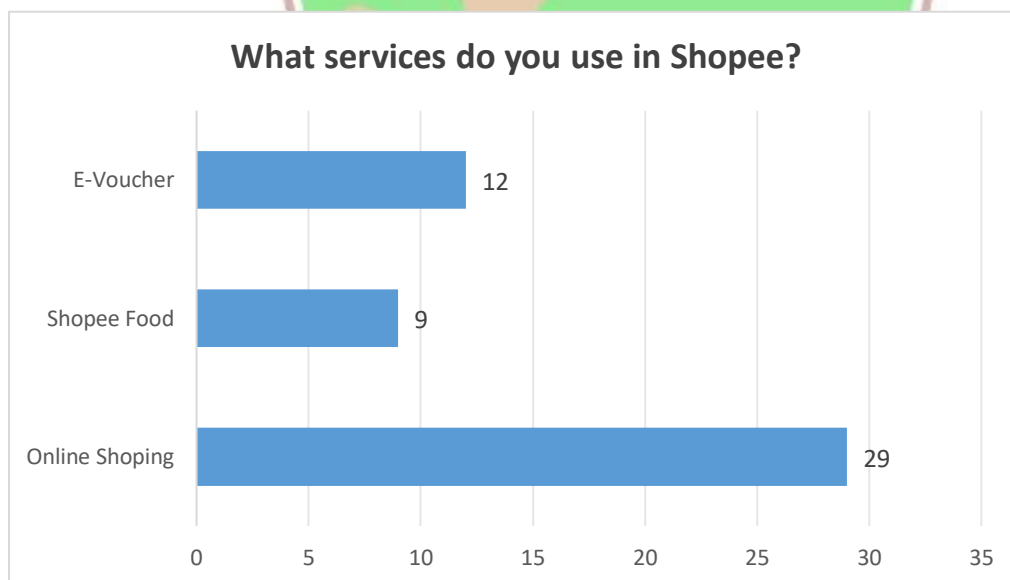


Figure 1. 3 Survey about services used by shopee users



Figure 1. 4 Survey about Purchase decision at shopee

Based on the survey the most reason why people want to shop at shopee because of their sales promotion.

Based on explanation and survey I have done above, the researcher took the title **"Analysis of The Effect of Social Media Advertising, Sales Promotion, and Online Consumers Review on Consumer Purchase Decisions at Shopee on Shopee consumers in Padang."**

1.2 Problem Statment

Based on the description of the background, the problem formulation is proposed as follows:

1. How does social media advertising affects consumer purchase decision at Shopee Marketplace?
2. How does sales promotion affect consumer purchase decision at Shopee Marketplace?
3. How does online consumers review affects consumer purchase decision at Shopee Marketplace?

1.3 Research Objectives

Based on the problem formulation above, the research objectives are defined as follows:

1. To analyze the effect of social media advertising on consumer purchase decision at Shopee Marketplace.
2. To analyze the effect of sales promotion on consumer purchase decision at Shopee Marketplace.
3. To analyze the effect of Online Consumer Review on consumer purchase decision at Shopee Marketplace.

1.4 Research Benefits

The author hopes this research can be useful for:

1. Theoretical Benefits

The findings of this study could be useful for expanding understanding in the area of marketing management, particularly with regard to how social media advertising, sales promotion, and online customer reviews affect Shopee Marketplace customers' decisions to buy.

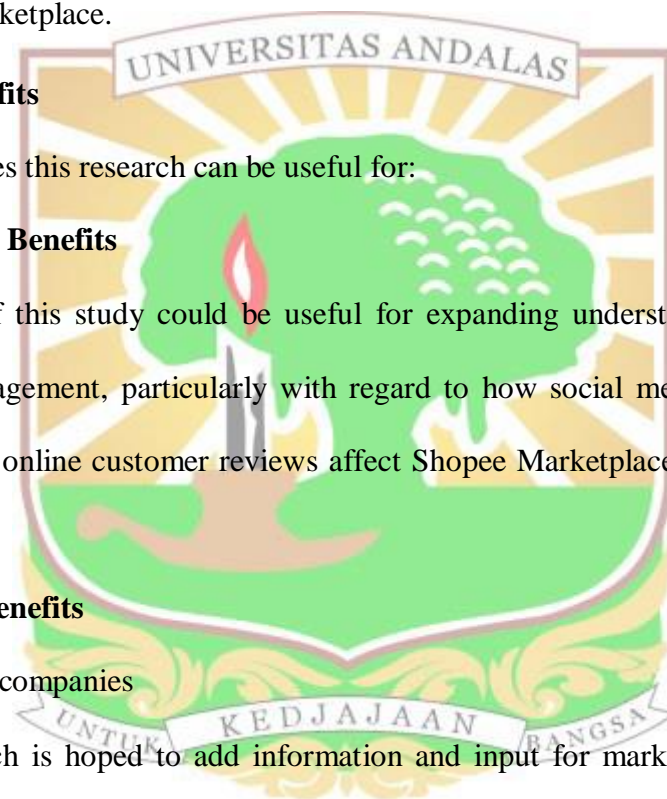
2. Practical Benefits

- a. For Shopee companies

This research is hoped to add information and input for marketers regarding social media advertising, sales promotion, and online consumer review as a driving force for purchase decision by Shopee Marketplace.

- b. For researchers

Contributing knowledge and insight as well as expertise in applying the understanding, especially those related to the effect of social media advertising, sales promotion, and online consumer review on consumer purchase decision at Shopee Marketplace.



1.5 Scope of Research

To make the research stayed focus and does not broaden away from the discussion in question, researcher limits the scope of the research on variables of social media advertising, sales promotion, online consumer review, and purchase decision.

