

CHAPTER 1 - INTRODUCTION

1.1 Background

The world has started to use the power of technology. The use of gadgets in the latest generation is not only used for communication. More than that, various media in the form of software have supported the speed and accuracy of the gadget. The given digitalization intake has given us to always be updated on the latest things. Especially during a pandemic, the use of technology or gadgets is a major need for work, buying personal needs, and entertainment. This is what has become a digital lifestyle, which places digital practices in the world of the social environment.

Figure 1-1: Essential Digital Headlines



Source: Kemp, 2022

With the trend of technology provides businesses, and other institutions to increase their productivity. Likewise in Indonesia. There are so many internet technology users in Indonesia. Based on (Kemp, 2022) there are as many as 204.7 million internet users in Indonesia as of January 2022. Therefore, this trend is increasing the growth of e-commerce in Indonesia.

Customers are now switching from purchasing products offline shopping to online shopping (e-commerce). According to (Coppola, 2022) the trend of online shopping is increasing rapidly. To add, based on (Venkatesh et al., 2022), customers prefer to shop online because of cultural factors (time availability and time management), demographic factors (income, gender, age, and social

consumption), economic factors (objective consumption), technology factors (device speed, multimedia capability, download speed, computer experience, internet, and internet shopping experience).

Figure 1-2: Global Growth of E-commerce Sites by Year



Source: (Kiniulis, 2022)

According to (Kiniulis, 2022) that starting from 2019 to 2022 at present, the e-commerce site is growing very rapidly, as can be seen above in Figure 1-2. There were 9.2 million in 2019; 9.7 million in 2020; 19.8 million in 2021; and there were 26.2 million in 2022. E-commerce is growing in the world, including in Indonesia. Indonesia is also growing rapidly in the use of e-commerce. Based on (ecommerceDB.com, 2021) Indonesia is the ninth largest eCommerce market with revenues of US\$43.4 billion in 2021.

Figure 1-3: Weekly Online Shopping Activities

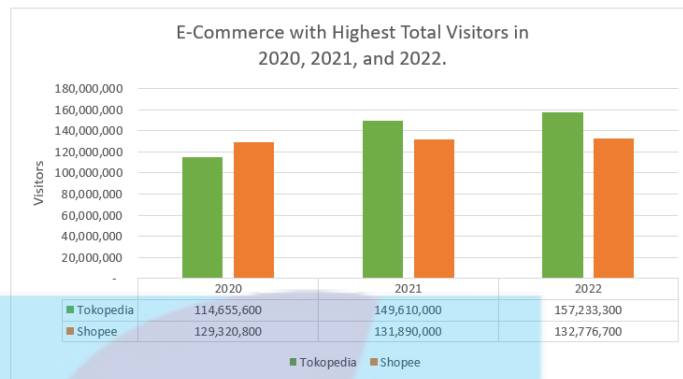


Source: (Kemp, 2022)

Going through the digital world with mobile devices become an important part of Indonesia, especially in e-commerce. More people prefer to buy products or services online. Based on the graphic research that is shown in figure 1-3, it is stated that 60.6% purchased a product or service online weekly. This shows that

online shopping in Indonesia is growing rapidly. Even people prefer to have groceries shop online, with 36% of people who ordered groceries via online service. It can be seen that the Indonesian people take advantage of the development of this world by using e-commerce.

Figure 1-4: E-Commerce with Highest Total Visitors in 2020, 2021, and 2022.



Source: Databoks

Competition in online shopping or e-commerce sites in Indonesia cannot be ignored. Various platforms also do various ways to become the first choice of customers. Currently, e-commerce is very popular with customers. On e-commerce platforms, both the overall number of visits and bounce rates are rising at the moment. According to data from Databoks, there are 2 top e-commerce visitors in Indonesia, Tokopedia and Shopee. In 2020 Shopee outperformed e-commerce Indonesia as the first with the highest number of visitors, which is 129,320,800, while Tokopedia was in second place with 114,655,600 visitors. After that, in 2021 Tokopedia turned the table as ranked first with 141,610,000 total visitors, while Shopee dropped to second place with 131,890,000. In 2022, Tokopedia again dominates as the first e-commerce platform in Indonesia with a total number of visits of 157,233,300. Moreover, based on the data from Boxme.com Tokopedia got 32.04% traffic share this year. On the other hand, Shopee had 132,776,700 total visits with a 29.78% traffic share. The competition between Tokopedia and Shopee is very fierce, competing in first and second place every year.

One of Shopee's strategies to maintain its brand is by using advertising. Advertising messages are conveyed functionally and emotionally to be able to have a positive impact on the intention of using e-commerce and increase their desire to sell their products or services. Placing advertisements on social media, television, billboards, and other advertising platforms also helps sellers to recall certain e-commerce brands and the possibility of becoming loyal sellers who always have an intention to use on one e-commerce platform.

Addition to providing interesting features on their application or website, Shopee conducts various attractive promotions for customers on social media such as Instagram, TikTok, YouTube, and Twitter. One that is currently on the rise is using superstar brand ambassadors and inviting special guest stars to their program events. This is attracting many customers to choose Shopee as their e-commerce platform. Shopee is competing to be the first by intensifying all means of promotions to attract more sellers to choose them as their intention to use the e-commerce platform. Because advertising can no doubt influence purchasing decisions.

Shopee is still ranked second today, even though these two e-commerce uses similar marketing techniques to attract customers and have a lot in common; moreover, it is known that the more customers use e-commerce, the more a seller intends to use e-commerce to market their products or services; additionally, there are 3 common e-commerce revenue models from sellers that have proven very successful over the years: advertising payments, commissions or admin fees, and featured listing. In the advertising revenue model, an e-commerce website or application will generate revenue, by attracting the attention of many visitors who can then be exposed to advertisements. The advertising model is the most used revenue model in e-commerce. In the featured listing, the product or service will be on top after paying fees to the e-commerce site. The featured listing will lead the audience or buyers to believe that the featured product is unique because it is at the top. Charging fees on sellers' listings of their goods, it is a simple way to make income in e-commerce.

Lastly, in commissions strategy was frequently used by e-commerce shopping sites because it is the simplest way to make money. E-commerce companies charge commissions to sellers based on the product categories they are offering. When a product is sold, a set percentage is charged. (Bhalla, 2016). In conclusion, if an e-commerce lacks of sellers, there will also be a shortage in their revenue stream; therefore, the seller is an important thing for an e-commerce.

In conclusion, it is known that the more customers use e-commerce, the more there is a seller's intention to use e-commerce to market their products or services. So, this research focuses on the sellers' intention of using e-commerce as their platform of selling as the dependent variable. In addition, the intention of use is one of the effects of sellers' perceived value; therefore, in this study, sellers' perceived value, which plays an important role in the intention of use, will be analyzed; moreover, the purpose of this research is to analyze the influence of sellers' perceived value and its dimension which is the perceived benefit and perceived sacrifice towards the intention of using Shopee Indonesia as an e-commerce platform.

1.2 Research Problem

As can be seen from Figure 1-2 every year e-commerce sites are growing very rapidly. Including Indonesia which is an attractive market for the growth of online shopping in e-commerce. Indonesia is becoming an attractive market for online shopping growth. The number of digital customers and visitors is growing along with the number of e-commerce transactions; however, Shopee has not made it the number one e-commerce platform in Indonesia, Tokopedia is said to be bigger than Shopee, because it dominates in the number of visitors: 157,233,300 visitors in 2022 while Shopee has 132,776,700 visitors in 2022. The difference is 16.866%. In addition, Boxme.com's research revealed that Tokopedia is superior to Shopee in terms of traffic share with 32.04%, while Shopee has a traffic share of 29.78%.

Additional information, it is also known that there is an increase in administrative costs or commissions that must be borne by sellers in early 2023.

For example, for category A which includes Fashion, Electronics (Electricity), Daily Necessities, Mobile Accessories, Sports & Outdoors, Automotive and others have an increase in administrative costs or commissions of 4.70% where previously in 2022 it was 3.20%. Below is a table of the increase in costs:

Table 1-1: Administration or Commissions Fee

Product Categories	Non-Star Seller		Star/Star+ Seller	
	Before 2023	Per January 2023	Before 2023	Per January 2023
A	2.50%	4.00%	3.20%	4.70%
B	1.70%	3.20%	2.50%	4.00%
C	1.70%	3.20%	2.50%	4.00%
D	1.25%	2.80%	1.75%	3.30%
E	1.25%	2.80%	1.75%	3.30%

Source: seller.shopee.co.id

Therefore, this study will find out why and what makes sellers choose to open their business (intention of use) at other e-commerce platform rather than Shopee through sellers' perceived value (benefits and sacrifices).

1.3 Research Questions

Based on the problem above, here are the questions for this research will be:

Q1: Does sellers' perceived value influence the intention of using Shopee Indonesia as an e-commerce platform?

Q2: Do sellers' perceived benefits influence the intention of using Shopee Indonesia as an e-commerce platform?

Q3: Do sellers' perceived sacrifices influence the intention of using Shopee Indonesia as an e-commerce platform?

1.4 Research Objectives

1. To identify sellers' perceived value influencing the intention of using Shopee Indonesia as an e-commerce platform.
2. To identify sellers' perceived benefits influencing the intention of using Shopee Indonesia as an e-commerce platform.
3. To identify sellers' perceived sacrifices influencing the intention of using Shopee Indonesia as an e-commerce platform.

1.5 Scope and Limitations

This research is limited to:

1. The purpose of this study is to examine if sellers' perception of value significantly affects their intention to use Shopee Indonesia as an e-commerce platform.
2. This study will concentrate on and explore the variables required to address the research questions.
3. The participants in this study are individuals residing in Jakarta who have downloaded and utilized the Shopee application for their requirements.

1.6 Significance of Study

1. The significance of this research is to analyze the influence of sellers' perceived value towards the intention of using Shopee Indonesia as an e-commerce platform. The finding of this research could hopefully help in considering sellers perceived benefits and perceived sacrifice as indicators of perceived value in intention using Shopee as their platform.
2. This research provides several pieces of information and references that can be used for future research regarding the sellers' perceived value and intention of use in the e-commerce industry.