

CHAPTER I

INTRODUCTION

1.1 Background of the Study

During the last few years, the new generation of online tools and approaches have been developed, for instance, Blogs, Wikis, Online Communities, and virtual world. In the era of globalization, technological advancement has been playing an important role in human's life. In addition, simplifying human life is the primary goal of technology. In contrast, technology can negatively impact unwise users in terms of usage. Technology makes everyday life easier and the activities can be conducted in a practical and efficient way. Moreover, the majority of societies are familiar with the internet's existence ranging from adults to the younger generation including the millennials who are also connected to the most powerful technology toward the internet. The relationship between the internet and the millennial generation is significant in human life (Adams, 2013). Millennial Generation is a strong determinant of online purchasing behavior and it contributes to the highest percentage of online purchasing (Petra, 2016).

In fact, the internet has become an inseparable part of people's lives. Indonesia has the sixth-largest internet users in the world. The latest data from Google consumer behavior Indonesia, with a total population of 265.4 million, has 50% internet users (Supratman, 2018). In fact, half of the internet users are millennials. The large use of the internet in Indonesia has shown that the internet has become a phenomenon with the wider community's changing lifestyle. This means that many

community activities are often carried out online including shopping activities through the varied online platforms.

The internet has created a way of doing business which allows sellers to offer and sell the products anytime and anywhere to customers without limitation. Since mobile technology has infiltrated almost every aspect of our daily lives, mobile shopping (m-shopping) has become an alternative approach in accordance with browsing, streaming, and purchasing products and services online from multiple retailers (Groß, 2015). More specifically, online shopping is one of the reasons which determines the people who use the Internet. Additionally, online shopping is an activity whereby consumers directly purchase products and services from a seller without a mediator service over the internet (Nurjanah, 2019).

Indonesian people tend to have transactions through online shopping with in benefits and arranged procedures. The transaction process through internet or E-commerce is indeed capturing customers' attention since the potential growth significantly affects the economy of Indonesia. Shopee is one of the most popular online shopping platforms in Indonesia. Additionally, Shopee is categorized as a current platform in the marketplace used in Indonesia. This application is indeed one of the many websites that take advantage of the E-commerce business opportunity by enlivening the store segment through smartphone applications. Through applications on their smartphones, the users of Shopee application are indubitably able to conduct the transaction process. Moreover, Tokopedia, Bukalapak, Lazada, Blibli, Orami, JD.id, Bhineka, Sociolla, Zalora are the competitors of Shopee in accordance with online shopping.

In addition, E-commerce platforms are categorized into online-based innovation products that sellers can use to develop their own online business. More interestingly, the rapid growth of transactions through E-commerce in China has expanded in the industry field. In response to the rapid movement of E-commerce in China, Indonesia as a country whose consumer behaviors and demographics are not quite similar to China. The development of E-commerce in Indonesia is promising and marked by the increasing use of E-commerce in Indonesia. This rapid development is strengthened by the number of marketplaces that currently dominate the Indonesian market, for instance: Shopee, Tokopedia, Lazada, Blibli, JD.Id and Sale Stock Indonesia. Shopee is one of the E-commerce companies taking advantage of this opportunity with the mobile marketplace segment via a mobile application. Furthermore, this application provides an online marketplace platform that links sellers and buyers to facilitate online buying and selling transactions through technology. In other words, products can be sorted from the most expensive to the cheapest to easily find the price buyers wanted. Before buying products at Shopee, buyers can see product reviews that have been awarded from previous buyers. Shopee indeed facilitates buyers to identify the desired products.

Three most frequently used e-commerce users are Shopee, Tokopedia, and Lazada. This Snapcart research was conducted using an online survey method through an application in 2018, involving 6,123 respondents. Business Development Director of Snapcart Asia Pacific based on the latest Snapcart research, 37 percent of respondents answered that they use Shopee most often to shop online in Indonesia (Sugianto, 2002). The next rank is Tokopedia (25 percent)

and Lazada (20 percent). Shopee surpasses with an awareness score of 81, Tokopedia is in the second rank with a score of 80, followed by Lazada with a score of 78 (Nurjanah, 2019).

Snapcart surveyed E-commerce shopping behaviour in Indonesia. Moreover, capturing the consumers intentions to purchase the products is essential to predict future consumer behavior in online shopping. In the transaction process carried out online in the Shopee E-commerce, buyers cannot meet face to face with the seller and do not see the goods directly. This fact makes the photo product crucial to attract customers to purchase the products. The major reason behind the importance of attractive product appearance is that it influences the buyer's decision to purchase products in the store per se. The customers tend to choose products with clean, clear, and exclusive photos. In addition to product display photos, online customer reviews are inevitably very influential. Due to the existing competition in E-commerce, there are many marketing strategies in the online shop that may be the primary consideration for consumers to process transactions. When potential customers obtain the product offered on the market, those potential customers indubitably scale the products. Thus, the potential customers search for the accurate information which includes Online Customer Review (Dzulqarnain, 2019). Among the many features in the online shop, Online Customer Review (OCR) can be called as Electronic Word of Mouth (eWOM), is defined as the features that has attracted a lot of attention from academics and the public as one of the most influential factors in determining purchasing decisions on consumers. In advance of customers purchasing the products on Shopee, customers constantly search for information

and accessible data through varied ways, for instance the blog review, the quality products, the price, and the specifications provided by the owners on the website (Auliya et al., 2017). Considering the importance of the product photos and customers' review in the decision in terms of processing it is necessary to investigate this vital aspect of online business. The researcher conducted the study in this area to find out The Millennials' Perceptions of Photo Products and Online Customer Review on Shopee.

1.2 Field of the Study

This research focused on identifying how customers (Millennials) denote their perceptions of Photo Products and Online Customer Review on Shopee in the effort of examining the value of product photos and customers' review in making decisions and delving into the crucial aspect of online business.

1.3 Scope of the Study

This research focused on finding out Millennials' Perceptions of Photo Products and Online Customer Review on Shopee.

1.4 Research Question

The researcher formulates the problem of the study of this research as follows:

“What are the Millennials' Perceptions of Photo Products and Online Customer Review on Shopee?”

1.5 Objective of the Study

With regards to the problems mentioned, this research is conducted to achieve the following objectives, which is to find out Millennials' perceptions on Photo Products and Online Customer Review on Shopee.

1.6 Significance of the Study

The results of this study are expected to ease the new sellers in E-commerce Shopee to pay more attention to potential consumers purchasing interest through the Photo Products and online reviews.

1.7 Definition of terms

1. Photo Products

Photos products are the main things which customers investigate when shopping on the Shopee platform (Di et al., 2014). Photo Products are used to provide a clear and attractive picture in a credible way to convey information to consumers regarding the product and the quality.

2. Online Customer Review (OCRs)

Online consumer reviews (OCRs), which are the electronic version of word of mouth, are becoming progressively popular among customers worldwide, who read these reviews in advance of making purchase decisions; research has shown that OCRs exert a strong influence on the purchase decisions of consumers (Fileri, 2015).

3. Perception

Perception as a process which is preceded by the sensing process, is a process receives a stimulus by individuals through sensory organs (Erni, 2014)

4. Shopee

Shopee Indonesia is a shopping site that provides fashion and lifestyle needs consisting of products from various brands, both locally and internationally. Shopee Indonesia is one of Garena's shopping centers (changed its name to SEA Group).

Shopee Indonesia was officially introduced in Indonesia in December 2015 under the auspices of PT Shopee International Indonesia. Since its launch, Shopee Indonesia has experienced very rapid growth; even up to October 2017, the application has been downloaded by more than 25 million users. More interestingly, Shopee Indonesia is a shopping site that provides fashion and lifestyle needs consisting of products from various brands, both local and international.

