

## CHAPTER II

### SHOPEE'S PROFILE, E-COMMERCE ERA AND SHOPEE'S MARKETING, ADVERTISING AND PROMOTIONS

This chapter will clarify the research topic, which is e-commerce competition, as well as a company overview and Shopee's promotional efforts.

#### 2.1. Shopee's Profile

Shopee Pte Ltd is a Singapore-based worldwide technology company that focuses in e-commerce. Sea Group (previously known as Garena) owns Shopee, which began operations in Singapore in 2015 and has subsequently expanded overseas. It is widely recognized as Southeast Asia's largest e-commerce platform, with 343 million monthly visitors as of 2021, and the company also serves buyers and sellers in several countries around Europe and Latin America who want to buy and sell products online. Shopee believes in the transformative progress of technology and strives to make the world a better place by connecting buyers and sellers together in one community. Shopee is recognized for having colors of orange, which is a pleasant color that appeals to shoppers and boosts their attention. Furthermore, Shopee has a logo that is simple to remember and truly depicts shopping, namely a shopping bag.



**Figure 2.1 Shopee's Logo**  
(Source: *Shopee's Official Website*)

Shopee also has a well-known tagline, "Gratis Ongkir," that many people are familiar with. Shopee created the slogan, which is now extensively used by e-commerce, to give consumers with

great comfort and happiness when purchasing on Shopee without having to worry about shipping expenses. In 2018, Shopee announced the k-pop megastar from South Korea, Blackpink as the Regional Brand Ambassador ahead of the Shopee 12.12 Birthday Sale. In 2019, Shopee also collaborated with South Korean boy groups and girl groups GOT7 and Red Velvet. Shopee wants to expand its audience's reach. In addition, one of Shopee's effective methods is the recruitment of brand ambassadors, which has positioned Shopee as one of Indonesia's greatest e-commerce sites so far. By engaging famous K-pop artist to become brand ambassadors, Shopee hopes that this will not only improve traffic, users and increase sales, but also to give good inspiration to its consumers.

## **2.2. E-Commerce Era**

The fast advancement of technology, particularly in the internet industry, has had an influence on the entire world, particularly in Indonesia. One of them is in the field of economics. The number of internet users in Indonesia is fairly considerable, as is the number of online purchasing and selling sites (also known as e-commerce) that arise in Indonesia. In terms of the economy, internet shopping is one of the aspects that contributes to Indonesia's economic growth. The availability of e-commerce can have an impact on economic growth, with comparable consequences for GDP (Gross Domestic Product), one of the key measures used to estimate annual economic growth. The behavior of consumers who demand speed and convenience in buying is undoubtedly supporting the expansion of e-commerce. People prefer online shopping because it can be done quickly and effortlessly from their smartphones or other devices, eliminating the need to physically visit stores (<https://yoursay.voice.com/news/2020/02/10/162614/elektron-e-commerce> terhadap-percepat-ekonomi- indonesia retrieved on

17/01/2022)

During the COVID-19 epidemic, the average Indonesian spends roughly 4.7 hours per day online. When compared to pre-epidemic, Indonesians spent roughly 3.6 hours per day on average, this amount has climbed by 30%. According to a survey by economics SEA, e-commerce continues to be the largest user of the internet in Southeast Asia. During the pandemic, the usage of e-commerce increased, resulting in a social commerce trend, which involves buying and selling using social media and having conversations through apps. According to the Global Web Index, Indonesia has the highest rate of e-commerce usage in the world. According to a report from We Are Social, it is stated that 96% of internet users have browsed online buying and selling services.

With the growth of e-commerce globally, there is now also competitiveness amongst e-commerce or marketplaces in Indonesia. According to the data from iPrice, there is e-commerce rivalry in Indonesia. Blibli is in fifth place, with an average monthly site visitor of 16.3 million and a rating of 6th in the appstore and 8th in the Playstore. With 27.9 million visitors, Lazada is in fourth place, with the appstore ranking third and the playstore ranking second. Bukalapak came in third place, with 30.1 million visitors and a ranking of 6th in the Appstore and 5 Playstores. Shopee is also in second place, with an average of 134.3 million monthly visitors and a ranking of 1 on the appstore and playstore. Tokopedia is the e-commerce winner in the third quarter of 2021, with 158.1 million monthly site visits and a position of 2nd for the appstore and 3rd for the playstore.

### **2.3. Shopee's Marketing Promotion Activities**

In order to survive and thrive in the intense e-commerce competition in Indonesia, Shopee employs a variety of marketing

and promotion strategies. These are some of the strategies:

### **2.3.1. Advertisement and Promotion**

Shopee advertises using a variety of mediums, including conventional and digital media. Shopee makes commercials as engaging as possible in order for the messages and information contained in the advertisements to be appropriately presented to consumers. When Shopee advertises and runs a campaign, the setting for the advertising and campaign that portrays Shopee's brand is always orange, allowing consumers to easily recall each advertisement. The Shopee 12.12 birthday sale promo, which featured Indonesian actress and actor named Arya Saloka and Amanda Manopo from "Ikatan Cinta" teleseries, had the highest watchers, hitting 15million. 12.12 is one of Shopee's monthly promotions, which takes place on the same day and month each month. This sale offers a discounted price as well as free shipping across Indonesia.

From early December through December 12, 2021, the Shopee birthday sale 12.12 ad were broadcasted on national television and social media. There were several versions and storylines for the advertisement. Advertisements featuring Rizky Billar and Lesti Kejora, Nassar, and Mas Al and Andin from the teleseries "Ikatan Cinta" are among the versions (Arya Saloka and Amanda Manopo). The advertising is divided into two parts: soft selling, with brand ambassadors asking consumers to purchase and highlighting the benefits of the promotion, and hard selling, with the brand ambassador singing one of Shopee's jingles, one of the Ramadan songs, which has been repackaged with new lyrics which are "Shopee dua belas dua belas, belinya di Shopee birthday sale, Shopee dua belas dua belas, belinya di Shopee birthday sale! Beli semua di Shopee!"

### 2.3.2. Campaigns and massive discounts

Every month, Shopee maintains a promotional strategy that includes discounts up to 90%, free delivery, Shopee rewards, flash sales, and cashback. This promotion takes place every month on the same day and month (1.1, 2.2, 3.3, etc.)



**Figure 2.2 Shopee's 4.4 Sale Promotion**



**Figure 2.3 Shopee's 12.12 Sale Promotion**

*(Source: Shopee's Official Website)*

Belch (in Prihastama 2016) stated that price discounts provide several advantages including: it can trigger consumers to buy in large quantities, anticipate competitor promotions, and support trade in larger quantities. According to Nitisemito (in Prihatama 2016), the purpose of the discount promotion is to encourage buyers to buy in large quantities, resulting in increased sales volume. Giving lower pricing will have an influence on customers, particularly on consumer purchasing patterns, which will, in turn, have an impact on the company's sales volume. Based on this research, it can be said that Shopee's strategy of providing massive monthly discounts is one of the right strategies to increase revenue and expand a good brand image in the eyes of the public.

### **2.3.3. Having attractive brand ambassadors**

There are several brand ambassadors used by Shopee to advertise and increase brand awareness. Shopee's brand ambassador varies from well-known Indonesian celebrities, international celebrities and even famous K-pop artist. Shopee announced Blackpink, a South Korean mega girl group with 4 members under YG entertainment, as their regional brand ambassador in November 2018 to line up with the Shopee 12.12 Birthday Sale that year. Of course, Shopee has certain goals and objectives in mind when choosing Blackpink as the brand ambassador. BLACKPINK is the perfect expression of Shopee's values and passion. BLACKPINK is a skilled and energetic female group that has made successes in the national and worldwide music industry. Shopee thinks that the Shopee-Blackpink collaboration will bring the public and Blackpink fans closer to the artist who inspires them. Blackpink also celebrates Shopee's birthday celebration on December 12 where Shopee offered enormous discounts, cashback, and flash sales for shoppers, as well as hosting offline events and performances at JICC, Bogor.

In 2019, a Javanese song singer from Solo, known as the "Lord of broken heart", (late) Didi Kempot was chosen to be Shopee Indonesia's brand ambassador. Singer who is widely known with the jargon "Ambyar!" This surprised the public with his appearance which was thought to be similar to Bruno Mars. Apart from (late) Didi Kempot, in the same year Shopee also chose Cristiano Ronaldo, Rizky Febian, Prilly Latuconsina, Slank, and Syahrini as their regional brand ambassadors. Shopee strives to see and follow current trends and markets throughout the year. Everything associated to the ginseng country, whether referred to as Korean wave or Hallyu, is in high demand among diverse groups and ages, particularly among millennials. Stray Kids, a South Korean boy band, was selected by Shopee in 2020. JYP

Entertainment's group is still very young, having debuted in 2018. Stray Kids, with its eight members, has made an indelible impression on Indonesian fans. Shopee named Stray Kids as its newest brand ambassador in 2020 at the "Shopee Flash Sale 11.11" promotion. Stray Kids was chosen because it is a portrayal that reflects Shopee's ideals and personality, which is young, imaginative, and full of energy.

Arya Saloka and Amanda Manopo have been named as Shopee Indonesia's new brand ambassadors for 2021. The names of the two were revealed on Sunday (4/4/2021) on the TV show Shopee 4.4 Mega Shopping Day. On the TV show Shopee 4.4. Mega Shopping Day, the actors who played Al and Andin in the telenovela *Ikatan Cinta* also appeared together. They played games together and performed a duet on the *Love Bond* soundtrack. Shopee is hosting 9.9 Super Shopping Day to kick off the year-end celebrations. Shopee also appointed Joe Taslim as the newest Shopee Indonesia Brand Ambassador at the same time. Joe Taslim is known as an accomplished figure who inspires many people. His hard work and dedication to bring Indonesia's name through the world of cinema have been recognized. Shopee thinks that with having brand ambassadors from Indonesia, it would become more well-known in the larger community.

According to Belch (in Roshan and Sudiksa 2019) Celebrity endorser is someone who conveys the message of a product or service. Celebrity endorsers aim to attract the attention of consumers with the aim of influencing consumers to make purchases of either products or services. Celebrity endorsers are a popular promotional tool in the world because using celebrities can be attractive, fun and trustworthy by the public so that the products being promoted can be known and recognized by consumers. Celebrity endorsers are the most important part of a promotional strategy for a product's marketing campaign.

#### **2.3.4. Catchy taglines and Attractive logo**

Due to the community's significant interest in online buying, lots of new new e-commerce platforms have sprung up in Indonesia, one of which is Shopee. Shopee has become one of Indonesia's most popular online shopping platforms thanks to its flash sale program and tagline "Gratis Ongkir." The short duration for the flash sale marketing program, as well as advertising messages such as the phrase "Gratis Ongkir" give buyers the idea that the deal is only available once, encouraging them to make impulse purchases. "Gratis Ongkir Ke Seluruh Indonesia" has been Shopee's tagline up to this point. This tagline implies that Shopee will give free shipping to all parts of Indonesia for users that shop on the platform, subject to a number of requirements. This free shipping offer is only valid for one month, however Shopee has frequently extended it until today. This slogan has a significant impact on customer decision-making because most people are hesitant to shop online because of the shipping charges associated with getting their purchases to their homes. Consumers struggle to pay delivery expenses, which can sometimes exceed the cost of the things they purchase. Therefore, Shopee's tagline "Gratis Ongkir Ke Seluruh Indonesia" is very imprinted on consumers' minds.

Shopee can run flash sales up to five times in one day on Harbolnas (national online shopping day) and give a lot of cashback, free shipping vouchers, and significant discounts (Source: Penjualan Shopee Meningkatkan 13 kali lipat pada Saat Harblonas 12.12. (2021, December 12). Kontan.Co.Id. Retrieved June 12, 2022, from <https://nasional.kontan.co.id/news/penjualan-shopee-meningkat-13-kali-lipat-pada-saat-harblonas-1212>). This event prompted many buyers to visit Shopee multiple times a day in order to avoid being left out of the many product choices, including beauty tools, cosmetics, body care, daily needs, and electronic equipment, all of which were cheaper than usual.



Consumers are more likely to shop for products that make them believe the offer will not be repeated and will only be available for a limited time, especially when combined with Shopee's "Free Shipping" tagline, which is increasingly persuading consumers to buy products at low prices without being burdened by shipping costs to their homes. These factors create several opportunities for unplanned buying (impulsive buying) to consumers.

### **2.3.5. Social media and website**

Instagram, YouTube, Tictok, and other social media platforms have all been utilized to advertise Shopee. Shopee has 8.4 million Instagram followers, 23.7 million Facebook fans, 5.6 million Tiktok fans, and 2 million subscribers on Youtube. Shopee's distinctive identity is reflected in all social media content, which is orange in color. Because millennials, especially those who are e-commerce customers, have more time to spend on social media, it was decided to leverage it as a platform for advertising.

Shopee has an official website that is designed to be as attractive and simple as possible to make it easier for consumers to access and make transactions, in addition to utilising social media for advertising and promotion. The Shopee website also has a lot of fascinating messages and information on Shopee's promotions and programs, which customers can access through the website. Not only does Shopee have a website, but it also has a mobile app that allows customers to access it from their smartphones.

### **2.3.6. Massive advertising expenditure**

Advertising is the most effective method of engaging clients. Because of advertising, customers are more aware about the brands available on the market and the variety of things accessible to them. Advertising affects everyone, even children, young and old. It is achieved by employing a variety of media types as well as the most relevant strategies and methods. Shopee, like many brands, especially e-commerce, spends a large amount of money on advertising. From 2017 to 2020, Shopee's marketing expenditure rose, continuously outspending other e-commerce in terms of advertising. Shopee spent 291 million rupiahs in 2017, lagging behind Tokopedia's 431 million rupiahs. Shopee, on the other hand, overtook Tokopedia in terms of expenditure in 2018, increasing from 922 million rupiahs in 2018 to 1,7 trillion rupiahs in 2020. According to these figures, Shopee has a good brand equity position.

According to the journal *PARASHAR, G. (2018). A Study of Brand Awareness and Customer Satisfaction*, brand awareness is an important indicator of a company's market performance. Every year, advertisers spend large quantities of money in an attempt to raise a brand's general recognition. Many marketers evaluate brand awareness levels on a regular basis, and if they go below a certain threshold, they boost advertising and promotional activities until awareness reaches the desired level. Setting brand awareness goals/objectives is a critical choice in marketing strategy formulation and planning.