

CHAPTER II OVERVIEW OF E-COMMERCE LANDSCAPE & BLIBLI'S MARKETING STRATEGIES

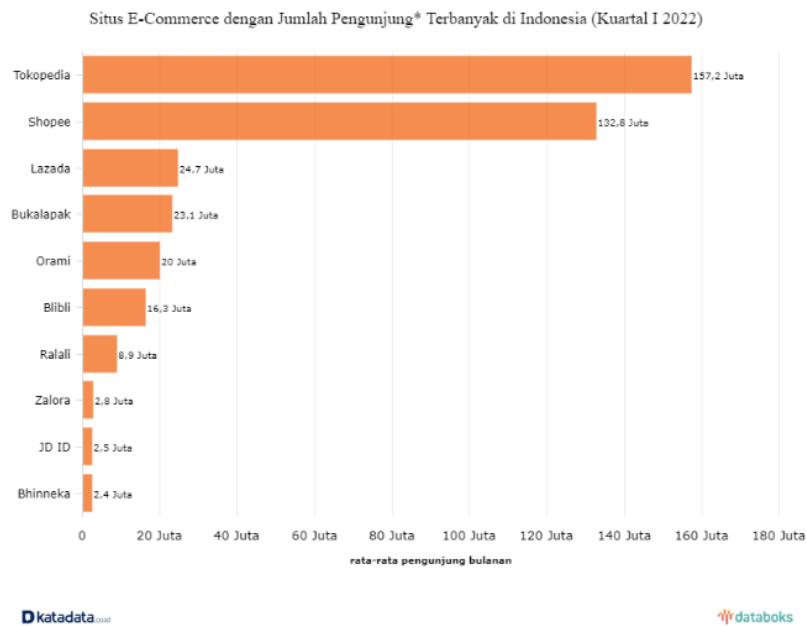
This chapter clarify the subject of the research that analyzes the competition overview of e-commerce in Indonesia, Korean pop culture phenomena in Indonesia, and Blibli's marketing strategies.

2.1 E-commerce Competition in Indonesia

The rise of online shopping trends is rising and has become a habit for most Indonesians with the advancement of technology and the internet's presence. The global market for online shopping in Indonesia has a significant amount of potential given the yearly increase in internet access, which impacts the value of e-commerce transactions. The rapid expansion of e-commerce may be ascribed to several factors, including the Covid-19 pandemic, which was among the most significant. In uncertain times, virus fears and stay-at-home regulations have altered consumer behavior, making online shopping a viable option for shopping. During the COVID-19 outbreak, observers acknowledge that e-commerce is the primary driver of Indonesia's internet economy's favorable trajectory. In accordance with the prediction of PFS, a global e-commerce consulting firm, Indonesia will become one of the fastest-growing e-commerce markets in Asia Pacific in the near future. We Are Social report published by the Financial Services Authority (OJK) indicate that 88.1 per cent of internet users in Indonesia have utilized e-commerce services to purchase a variety of items (CNN Indonesia, November 12, 2021).

E-commerce has altered not just the way consumers shop, but also the number of vendors from whom they may purchase goods and services. The expansion of e-commerce has the potential to improve retail market competitiveness, expand customer options, and promote and enable innovation in product distribution. Staying on top of e-commerce trends is not a choice for e-commerce companies; it's a must. For e-commerce business owners to remain competitive and uncover new possibilities, keeping up with industry trends is vital.

Figure 2.1 E-Commerce Sites with Highest Number of Visitors in Indonesia



Source: databoks.katadata.co.id

The fertile growth of the online shopping industry in Indonesia is accompanied by fierce competition among e-commerce sites to gain consumers' attention. Tokopedia and Shopee remain dominant in the Indonesian e-commerce business. Considering the average number of monthly visits, the competition between the two websites is intensifying. According to statistics from iPrice in Databoks, in the first quarter of 2022, the average number of monthly visitors to the Tokopedia website reached 157,2 million (Dihni, 17 July, 2022). This number increased by 5.1 per cent over the previous quarter's total of 149.6 million visitors. While Shopee is in second position with an average monthly visitor count of 132,77 million in the first quarter of 2022, an increase of 0.6 per cent from the previous quarter, which had an average monthly visitor count of 131.9 million. Then, Lazada climbed to third position, surpassing Bukalapak in the first quarter of this year. Blibli, which was previously in fifth place, dropped to sixth place after Orami, who ascended to fifth place. Recognizing the potential for market expansion that will continue to develop in the coming years and the competition from each marketplace in capturing the consumer market necessitates a strategy that engages the public's attention. Among the endeavors is the execution of marketing communication activities.

2.2 The Influence of Korean Popular Culture in Indonesia

In general, social phenomena explain how and why a social event associated with human existence and things might occur. Numerous economic, cultural, psychological, and biological aspects might be related to social phenomena and social issues. There are other culturally related phenomena, one of which is the prevalent phenomenon of the Korean Wave in Indonesia. Over the past two decades, South Korean culture has been a popular topic of discussion among many people.

The Korean Wave or Hallyu refers to the international appeal of Korean entertainment and culture. The scope of Hallyu includes music, television dramas, movie, culinary, literature, cosmetics, and language. On the website of the Ministry of Foreign Affairs of the Republic of Korea, it is reported that the Hallyu phenomena initially developed in the mid-1990s, following the establishment of diplomatic ties between Korea and China in 1992. Consequently, Korean pop music known as K-Pop and Korean television dramas known as K-drama quickly gained popularity among the Chinese populace.

K-Pop continues to draw a big number of admirers from all over the world in the modern day. K-Pop has garnered a considerable number of Southeast Asian admirers since its introduction to the worldwide market in the middle of the 2000s, and it continues to spread to Europe, the United States, and South America. South Korean entertainment and culture are at their zenith of popularity in Asia and the rest of the globe. This large wave has a significant impact on the way of life of young people, notably in Indonesia.

The patterns of public attention are in a perpetual state of flux in this age of rapidly advancing technology and information dissemination. The existence of globalization allows international cultures, like South Korean culture, to infiltrate Indonesia. This Hallyu phenomena is the broad dissemination of South Korean culture via movies, K-Drama, K-Pop, variety shows and K-Fashion. South Korean fashion, beauty, skincare, food, music, and behavior are all avidly embraced by many Indonesians. The popularity of the Korean Wave has had a significant economic and sociocultural influence on consumer behavior. The dramatic ascent

of idol groups predated the emergence of K-Pop. Korean idol groups can spread K-Pop fever globally. The fame of K-Pop artists is attributed to their outstanding voice quality, stage performances, and dance choreography. In addition, K-Drama also drives the success of the Korean creative sector.

The excitement of the Indonesians for the world of K-Pop is reflected in its popularity, which continues to rise each year. The influence of K-Pop on the choices of the Indonesian population, particularly young people, is significant. Indonesia is a significant contributor to the South Korean economy and has the potential to become the global market for K-Pop. This excitement that occasionally becomes fanaticism generates substantial exhilaration and massive attitude changes.

The emergence of hallyu has led to the widespread adoption of South Korean products, fashions, and behaviors. Fans' loyalty to their idols contributes as much as possible, including investing money and making sacrifices to follow all of the idol's acts. Numerous Indonesians are influenced to imitate the behavior of South Korean artists whose work is frequently viewed or exposed to them. Utilizing this hallyu phenomena is therefore a chance for the firm to draw attention and influence the target market.

This utilized by the Bilibili in its use of the Korean Wave trend to attract market reach through recruiting South Korean celebrities as brand ambassador. According to Kotler and Armstrong (2012), consumer behavior is affected by cultural influences, social aspects, individual factors, and psychological factors. Social factors are one of the elements that influence consumer behavior. This is aligned with the selection of the brand ambassador, where the aspirational reference groups included in social factors. It implies that the group that a person aspires to imitate will influence consumer behavior.

Figure 2.2 Indonesia Listed as The Country with Largest Number of K-Pop Fans in Cyberspace 2021



Source: Twitter

According to a Twitter report, Indonesia has the largest K-Pop fans in cyberspace in 2021, followed by the Philippines, South Korea, and the United States in the next position (CNN Indonesia, January 26, 2022). Indonesia's accomplishment is its second consecutive year as the country with the most K-Pop-related tweets worldwide. With the country as the largest contributor to the fanbase, Blibli takes advantage of the power of South Korean celebrities in distributing messages and developing content that might draw the attention of their fans.

Since July 2022, NCT 127, the South Korean boyband declared as Blibli's brand ambassador. In addition to having a similar vision to Blibli, NCT 127 has a significant impact on Indonesian fans. Furthermore, NCT ranks second behind BTS as the most discussed K-pop artist on Twitter globally and in Indonesia. Whereas this is the second time NCT has held this position, demonstrating that their audience is one of the largest K-Pop fanbases in Indonesia.

2.3 Blibli's Profile

Blibli (Blibli.com) is an Indonesian e-commerce company which is a subsidiary of *PT. Global Digital Niaga*. It is a subsidiary of Djarum, the largest cigarette manufacturer in Indonesia. Blibli.com was launched for the first time on July 25, 2011, and collaborates with world-class technology providers, logistics partners, banking partners, and numerous merchant partners. The term Blibli is an

acronym of the Indonesian phrase "*beli-beli*" meaning "buy-buy". This name was chosen since it is simple to recall and insert into a search engine.

Blibli run their business with integrated online and offline or omnichannel business-to-business (B2B), business-to-consumer (B2C), and business-to-business-to-consumer (B2B2C) models. The company also provides online-to-offline (O2O), a strategy that combines online and physical stores, through its 6 Blibli InStore and Click & Collect programs, which enable consumers to purchase both online and offline. Blibli's vision is to become the number one e-commerce store in Indonesia with the largest number of loyal customers. Blibli is committed to providing convenience and shopping satisfaction to customers with tagline "Big Choices, Big Deals" through 24/7 Customer Care services, the certainty of 15-day product returns, and complete and secure payment options.

Figure 2.3 Blibli's Logo



Source: Blibli's Official Website

Since its establishment, Blibli has utilized a curation mechanism to offer high-quality goods and services from reputable vendors, hence adhering to the controlled marketplace model. Currently, Blibli offers a vast assortment of high-quality items supplied by more than 100,000 business partners, ranging from those for basic needs to those for lifestyle needs. Blibli offers the most comprehensive payment and delivery choices, as well as a free shipping service and original product guarantee. Blibli's delivery velocity is supported by a fleet of BES and 15 logistics partners, as well as 20 warehouses and 32 hubs in the big cities of Indonesia. Blibli engages with brand owners, authorized distributors, and respected business owners, including Micro, Small, and Medium-Sized Enterprises (MSMEs), as sales partnership on Blibli's site.

Blibli has made a number of key acquisitions over its history in order to support business strategy, extend its service offering, and build its company in a sustainable way. Blibli acquired tiket.com in 2017 to aid their expansion in the travel business and PT Supra Boga Lestari Tbk in 2021 to bolster its omnichannel strategy. PT Supra Boga Lestari Tbk manages a variety of supermarkets, including Ranch Market and Farmers Market.

2.4 Blibli Marketing Activities

Blibli engages in the following marketing communication activities with an integrated marketing communication (IMC) element strategies in order to compete in the e-commerce industry:

a. Advertising

Blibli utilizes advertising that are broadcast on various media such as television, social media, and out-of-home as one of its primary marketing strategies. Blibli advertising has its own unique idea with several variants to captivate the target audience in order to promote and advertise things to target audience. Various methods, such as offering original message content and distinctive marketing, are utilized to grab the attention of audience. One of them is the "Fast Delivery" campaign in 2021, which was the first time Blibli featured international brand ambassador Park Seo Jun. In addition, the advertisement with the most views on YouTube is the BCL & Boy William version of "*#PastiPuasPastidiBlibli*". In its most recent collaboration with NCT 127, Blibli also released a 15-second promo featuring the group's lead star with an Indonesian theme. Every advertising highlight Blibli's primary benefits, such as free shipping, fast order processing, 100 per cent original guarantee, and on-time delivery. In addition, Blibli occasionally shows special advertising for big promotions such as Hysteria, which offers up to 90 per cent discounts, cashback, and auctions beginning at Rp. 1000. Blibli's ads include not just brand ambassadors, but also various advertising stars who are national celebrities, such as Ardhito Pramono, Marion Jola, Fadil Jaidi, and Ringgo Agus.

b. Brand Ambassador

Brand Ambassador is a prevalent marketing approach utilized by e-commerce to influence a large number of people, since the usage of a brand ambassador may create the appearance of credibility and a positive reputation in the eyes of the public. In January 2021, national musicians Marion Jola and Ardhito Pramono became the endorsers featured in Blibli ads. In addition, Blibli chose South Korean actor Park Seo Jun as an international brand ambassador in February 2021. Park Seo Jun became the main star celebrity to attend Blibli's 10th anniversary celebration. Boy William, BCL's national artist and presenter, was revealed as the next brand ambassador in late 2021 through a 30-second jingle advertisement performed by both brand ambassadors. Blibli continues by presenting one of the most prominent South Korean artists, namely NCT 127. As a brand ambassador, NCT 127 appears in different advertising, events, and participates in Blibli's 11th anniversary celebration.

c. Sponsorship and Partnership

Blibli provides information on sponsorship opportunities on the company's website. This action demonstrates Blibli's concern for the growth of resources linked to Blibli's activities. In addition to sponsorship, Blibli forms partnerships with multiple parties by offering tickets exclusively through its platform. As an example, becoming the official e-Commerce Partner of MUFFEST+ (Muslim Fashion Festival) 2022 as a support for Indonesia's aspirations to become the center of global Muslim fashion. Additionally, Blibli become the exclusive official partner of the Indonesian National Basketball Association (NBA). Since 2014, Blibli has actively supported one of the NBA's initiatives in Indonesia, namely Jr. NBA, through the continuation of its official relationship with NBAStore.co.id. Blibli has announced the extension of its collaboration deal to continue its official partnership with NBAStore.co.id. Jr. program. Fransisca Krisantia Nugraha, Commercial Executive Vice President of Blibli, noted that the NBA and Blibli began collaborating in 2015 with the introduction of the official online NBA Store in Indonesia to provide an omnichannel solution. In the automobile industry, Blibli joined with Maybank Finance and

Garasi.id to conduct the "Blibli x Maybank Finance x Garasi.id AutoFair" virtual car show program from June to July 2021. In the midst of the obstacles posed by the Covid-19 epidemic, this AutoFair initiative is a kind of synergy designed to promote the expansion of the automobile sector. Blibli also become official e-commerce partner of several big music concerts hosted in Indonesia, including the Head in the Clouds Music & Art Festival, the Justin Bieber World Tour, and the NCT 127: The Link concert.

d. Social Media

Presently, social media plays a significant part in creating marketing communications with targeted audiences and devoted consumers. Blibli provides the most recent updates via social media such as Instagram, Twitter, YouTube, and Facebook. Blibli has 2.3 million followers on Instagram, 8 million Facebook followers, and 625,000 Twitter followers from various social circles. Blibli is also active on the YouTube platform with around 649,000 subscribers, creating videos to promote the message. Blibli frequently updates its content on all of these social media platforms. Blibli delivers daily information, hence it can be asserted that social media is the medium that gives the most frequent updates compared to other channels. Each social media platform has own character and content formats, allowing for a range of content variations.

e. Sales Promotion

As one of the e-commerce companies that competes in Indonesia, sales promotions such as offering discounts or special deals on items are a core kind of marketing. Blibli provides a variety of offers, including enormous discount promotions of up to 90 per cent brand promo, special cashback, free delivery, and auction promos starting from Rp. 1000. Blibli always conducts enormous advertising campaigns including monthly promo on special occasions and twin date such as 11.11 and 10.10.

f. Public Relations

Blibli also engages in various sorts of public relations, including Corporate social responsibility (CSR) and other public relations efforts.

Blibli engages in this activity to demonstrate its concern for the community through encouraging MSMEs, communities and villages with tourist potential, environment concern, and cultural education. Blibli has engaged in several CSR efforts, such as cooperating with BCA to launch the Goes Digital Fostered Village in 2021. Blibli's Cinta Bumi campaign has successfully collected over 12,000 beauty product packages and approximately 5,000 beauty product packaging boxes by 2022. Blibli also donated Blibli.com to three non-governmental organizations (NGOs) that handle children with special needs in 2019 as part of the #KebaikanRamadhan initiative. Moreover, in 2016, Blibli and the DKI Jakarta Provincial Government opened two Child Friendly Integrated Public Spaces (RPTRA) in Jakarta.

2.5 Blibli's Brand Ambassador Credibility

Brand ambassadors are one of the major marketing strategies utilized by Blibli. As previously stated, the focus of this study is NCT 127's role as a brand ambassador for Blibli. Since the debut of NCT 127 on July 6, 2022, as the brand ambassador, Blibli has utilized a range of marketing and promotional initiatives to promote the group. To return to the concept of a brand ambassador, the selection of a brand ambassador to serve as a company's spokesperson must take various elements into consideration, including credibility. Credible sources can decisively influence customer attitudes toward visited brands (Friedman & Friedman, 1979).

Marketers engage brand ambassadors to give credence to advertising and increase customer recognition of brand names. There are several benefits to using a brand ambassador as a company's spokesperson. Through a brand ambassador, marketers excite their consumers by exhibiting a highly commendable and well-known image, and they can generate demand since this method improves brand value, which has a positive influence on consumer purchasing behavior. However, if a direct connection between a celebrity and a brand is created, any positive or negative information about the celebrity may be incorporated into the brand. Credible sources have positive influence on the attention and attitudes of consumers towards celebrity-related products (Goldsmith, et al., 2000). A credible figure is

necessary prior to selecting a brand ambassador, as all subsequent images will be intimately associated with the brand.

The track record of NCT 127, a boy band that debuted on July 7, 2016, is remarkable. NCT 127 is the second sub-unit of the South Korean boy group NCT, which was founded by SM Entertainment. The current lineup consists of nine active members: Taeil, Johnny, Taeyong, Yuta, Doyoung, Jaehyun, Jungwoo, Mark, and Haechan. The group's name is taken from the acronym Neo Culture Technology and the longitude coordinates of the city of Seoul, "127". NCT 127 is well-known for its creative hip-hop and R&B songs, as well as their energetic dance performances.

Since the release of their self-titled EP in July 2016, NCT 127 has released three studio albums, three re-release albums, and four EPs for their South Korean promotions. In 2017, after the release of the mini album Cherry Bomb, Apple Music awarded NCT 127 "New Artist of the Week". Due to the expansion of NCT 127's global prominence, SM Entertainment signed marketing and distribution partnerships with Capitol Music Group and Caroline in April 2019. In 2020, the group released Neo Zone, their second Korean studio album, which debuted in the top five on the US Billboard 200 and became their first album to sell over one million copies. In 2021, NCT 127 broke a record by releasing their third Korean studio album, which sold 3.58 million copies and became SM Entertainment's best-selling album of all time. In addition, the album debuted at number three on the Billboard 200, making it the highest-charting and longest-charting K-pop album in the United States in 2021. With the release of "2 Baddies" in 2022, which sold more than 1.5 million copies in its first week, the group became the second K-pop artist to have three debut albums in the Top 5 on the Billboard 200. NCT 127 also won "Best Newcomer" at the Mnet Asian Music Awards, Golden Disk Awards, and Seoul Music Awards. Not only does NCT 127 have a large fanbase, but each of their albums consistently performs well and has received numerous honors as well.

By presenting NCT 127 as a brand ambassador, Blibli not only features NCT 127 in their conventional and digital commercials. Blibli provides an exclusive service by being the official partner of NCT 127: The Link's concert in Jakarta on

November 5, 2022. Blibli has exclusive access to the NCT 127 concert ticket transaction since ticket sales are only done through Blibli. Additionally, distinctiveness in the context of a K-Pop group must be examined in relation to Attractiveness, which is one of the Credibility's elements. Obviously, as entertainers, K-Pop boy bands ought to be physically attractive. K-pop groups have long embraced make-up and fashion styles that contrast sharply with those of Western boy bands in order to convey their music. Some of the most prominent components of K-pop boy bands adhere to conventional beauty standards for men, as seen by their bright hair colors, heavy eye makeup, and flashy stage costumes. South Korea is known for its high beauty standards, as evidenced by the prevalence of looks and the privilege of beauty in South Korean society.

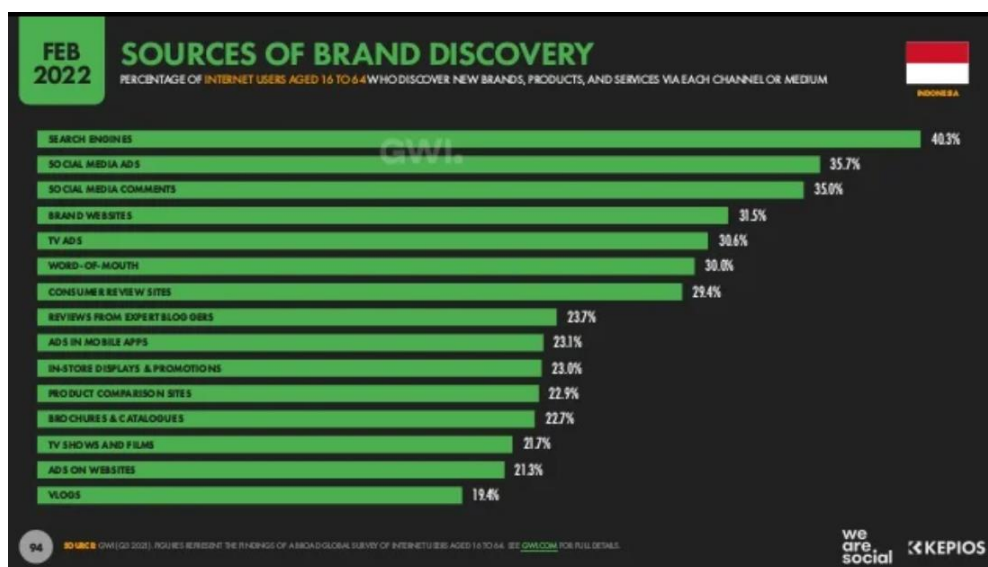
Every K-Pop group also consist of multiple members with various roles, including leader, main vocalist, main vocalist, main dancer, main dancer, main rapper, main rapper, and visual. Members may hold many official positions within the group. Official positions are determined by each member's competence, training duration, looks, age, and sometimes popularity. What's intriguing is that the person who best fits Korean beauty standards and is the most attractive gets the major visual group. The visual position may not have the most authority inside the group, but it is the most charming one a member can hold. In contrast to the leader, who carries the most responsibility for the welfare of the other members, his duty is deceptively straightforward. An idol can become the band's official visual if they have natural beauty, appealing faces, and powerful charisma. In order to improve their group's popularity, their coolness must radiate to others and capture public notice. Typically, the visual member is the most popular or one of the most popular members of the group. Moreover, K-pop idols are constantly surrounded by stylists and cosmetics artists. Head stylists are typically followed by hairstylists, fashion stylists, and make-up artists. Consequently, their appearance has been meticulously designed to be visually attractive.

2.6 Social Media Advertising Perceived Informativeness & Entertainment on Instagram @blibli.com

Technological developments have brought significant innovations, one of which is social media. Currently, social media has played an important role and has

sufficient power to also become a digital media competitor from conventional media. Trust is essential to the future of e-commerce. Brands must be transparent, authentic, and accessible to consumers, particularly on social media. Social media can alter the manner of communication to be more interactive and participative, resulting in a more intimate, personal, and equal relationship between companies and their audience. This will also increase consumer participation because their voices will be more easily heard. In addition to increasing a company's efficiency, social media reduces the cost of communication costs and research expenditures.

Figure 2.4 Digital Report 2022 – Indonesia



Source : Data Reportal

Numerous companies offer their goods nowadays using social media marketing. In fact, according to the 2022 Digital Report published by We Are Social, Social Media Advertising is the second greatest factor as a source of brand discovery in Indonesia. With a percentage of 35.7 per cent, Social Media Advertising is in second place under Search Engines as the top position.

Instagram is a photo and video sharing platform that enables users to take photos and videos, apply digital filters, and upload them. There are three main content channels on Instagram: Feeds, Stories, and Reels. Instagram feed refers to the videos and photos displayed on the main Instagram profile page. These photos and videos appear in the feeds of followers and those who follow one of the post's hashtags. Instagram Stories, on the other hand, are temporary and disappear after

24 hours. Stories contain numerous interactive elements, which makes them ideal for engaging users. Therefore, Reels vertical full-screen video formats up to 90 seconds in duration. Reels is equipped with a vast library of audio tracks and a wide variety of editing tools. Reels will remain accessible on Instagram until they are deleted.

According to the Global Media Consumer Research Study conducted by Ipsos in 2020, advertisements on Instagram are viewed as trendy, popular, creative, relevant, and entertaining. Based on user interactions with polls, quizzes, and Q&A, the survey concluded that Instagram is the most popular channel for connecting with brands. Instagram enables audiences to interact with companies in a variety of ways, enabling brands to give the greatest possible experiences to their audiences. According to We Are Social, advertising platform Meta revealed that Instagram has 99.15 million users in Indonesia at the beginning of 2022. This number indicates that Instagram's advertising reach in Indonesia at the beginning of the year was equivalent to 35.7 per cent of the entire population. However, Instagram's platform is restricted to users aged 13 and older, therefore it's important to note that 45.8 per cent of the "eligible" population in Indonesia utilized Instagram in 2022.

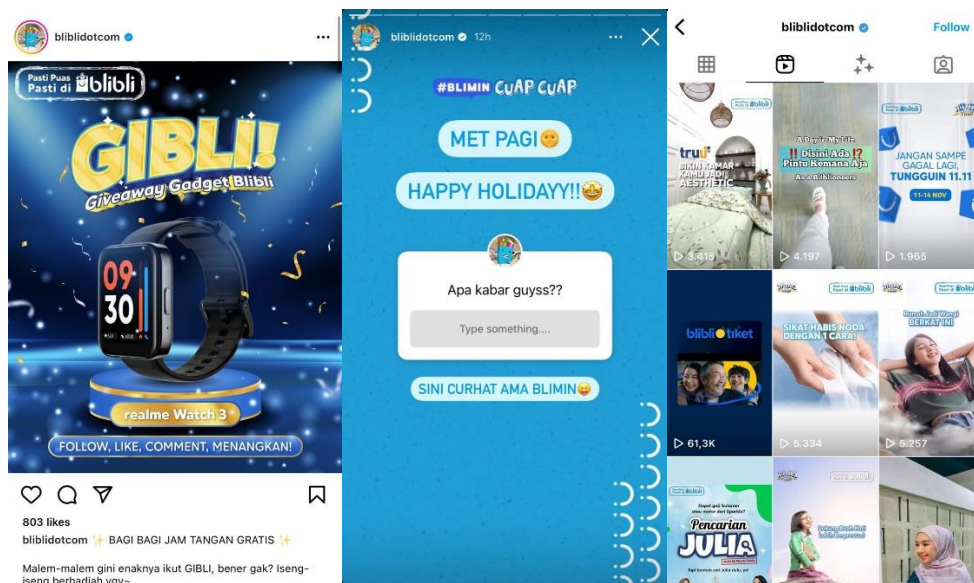
Blibli has established a strong presence on social media, particularly Instagram, with 2.2 million Instagram followers. Instagram has the most followers among the social media channels Blibli utilizes to promote its products, and the frequency with which information is distributed to the audience is relatively high. Through the official Instagram account @bliblidotcom, Blibli regularly publishes content in the form of feeds, stories, and reels to provide the latest information every day.

Marketing through social media can be done organically and paid. Organic social media advertising refers to all social media efforts that are unpaid. Consequently, users utilize free social media platforms to develop and interact with followers. Paid social media refers to all funded advertising content. Every account and even brand is allowed to use these techniques, but to reach a larger audience

with the content they publish on Instagram, marketers typically utilize paid advertisements.

Instagram promotion is a paid method of promoting so that content posts can reach a wider audience. When a post is promoted or "boosted" on Instagram, it will display in the feeds of users who don't follow it. Promoted content may also appear in the Explore or Stories sections. These posts often look similar to organic feed posts or Instagram stories but can be distinguished by the "Sponsored" label that displays beneath the Instagram account. This means that Instagram users may be exposed to Blibli ad content even if they have never visited or followed the @biblidotcom Instagram account, as the ad content may show as Sponsored Content.

Figure 2.5 Blibli's Instagram Content (Feeds, Stories, Reels)



Source: Blibli's Official Instagram Account

As an e-commerce platform, Blibli promotes its products by publishing content such as tips and then attaching Blibli product recommendations. In addition to providing information about its products, Blibli uses its social media pages to provide the most recent news about its programs. Blibli offers quizzes and prize giveaways with certain requirements on a regular basis to increase social media engagement. Also, sales promotion content such as discounts, cashback, etc.

Various type of contents are presented, and Blibli does not rely solely on aggressive commercial promotion (hard-selling); yet, Blibli provides content that is more entertaining and adopts casual language tones. This is congruent with the results of the 2020 Instagram Trends Research Study done by Ipsos, which indicated that 59 per cent of active Instagram users polled believed that it was crucial for companies to create funny or light content and 58 per cent of respondents agreed that it was important for brands to post content that is authentic, raw, and unpolished. Blibli's material is presented in a less formal and more casual manner, but it still has an attractive appearance.

The informativeness and entertainment value of a social media advertisement are essential metrics. In this context, informativeness refers to the capacity of advertising to give users with useful and resourceful information (Ducoffe, 1995). When consumers learn about the benefits of particular items, new products, and comparative product information, they view information as a positive feature of advertising (Shavitt, et al., 1998). In the meantime, the entertainment value of advertising messages has a positive effect on consumers' attitudes about advertising. It may influence consumer attitudes by satisfying audience needs including aesthetic pleasure, emotional release, and escape (McQuail, 1983). If advertising is seen as entertaining by consumers, it may increase the consumer experience (Alwitt & Prabhaker, 1992).