

CHAPTER II

AFFILIATE MARKETING TREND IN INDONESIA

This chapter describes the trends of affiliation marketing in Indonesia. This chapter helps to understand the impact of personal selling and E-WOM of affiliation marketer towards Shopee purchase Intention in Indonesia.

2.1 The Adaptation of Affiliate Marketing Strategy by Shopee Indonesia

Toko Online	Pengunjung Web Bulanan	Ranking Aplikasi	Ranking Playstore	Twitter	Instagram	Facebook	Jumlah Payment
1 Tokopedia	157,233,300	#2	#3	1,000,000	5,194,690	4,518,940	7,409
2 Shopee	132,776,700	#1	#1	778,100	8,518,710	25,087,139	6,232
3 Lazada	24,686,700	#3	#2	464,200	5,112,270	31,833,880	1,447
4 Bukalapak	23,096,700	#7	#7	239,300	1,857,790	2,511,780	2,915
5 Orami	19,953,300	n/a	n/a	5,690	16,200	350,680	247
6 Blibli	16,326,700	#6	#5	573,600	3,152,230	6,076,930	2,768
7 Ralali	8,883,300	#22	n/a	3,830	53,190	90,740	196
8 Zalora	2,776,700	#4	#6	7,460	756,890	8,012,210	271
9 JD ID	2,546,700	#8	#8	57,300	646,160	1,021,070	1,577
10 Bhinneka	2,360,000	#16	#12	66,100	42,220	1,028,810	606
11 Socioha	1,456,700	#5	#4	8,180	1,033,660	18,480	887

Picture 2.1.1 E-Commerce Competition Map in Indonesia 2022
Source: (Iprice Insights, 2022)

Picture 2.1.1 is the result of Iprice's research which shows that Shopee is ranked second as e-commerce with the highest monthly website visitors in Indonesia per quarter1 in 2022. The research results note that Shopee has 132 million website visitors every month. It also shows that the Shopee e-commerce application on IOS and Android is consistently ranked first. The data shows that Shopee is one of the most trusted e-commerce marketplaces by the Indonesian people (Iprice Insights, 2022). Having many users encourages Shopee to develop features that can facilitate and satisfy its users.

In addition to developing features, Shopee employs various promotional methods, both traditional and digital. Shopee introducing the

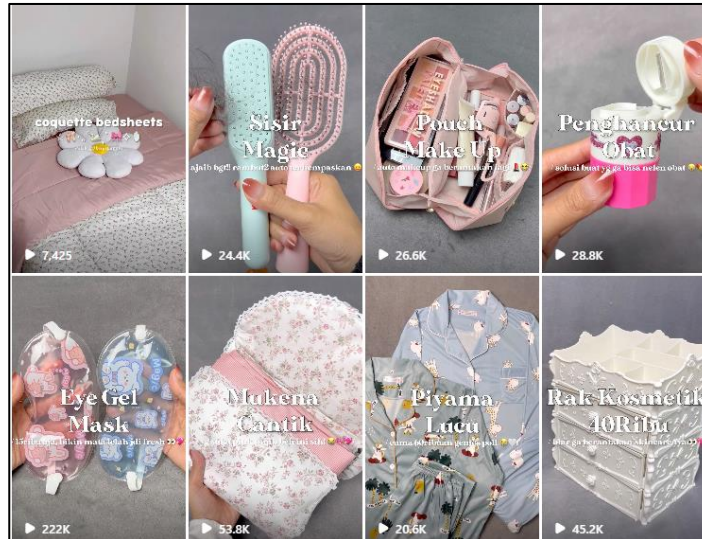
Shopee Affiliate Program, which encourages users to sign up as affiliates. This program is part of Shopee's digital marketing strategy, utilizing Affiliate Marketing. Affiliate marketing involves advertising a marketer's goods or services on different sites in exchange for a commission. In this strategy, affiliate marketers serve as intermediaries between merchants and consumers (Ryan & Jones, 2009).

The Shopee Affiliate Program allows participants to earn extra income by promoting Shopee products on platforms like social media and blogs. The requirements to join the Shopee Affiliate program are straightforward: registrants need an active Shopee account and a public personal social media account with original content. Once registered and confirmed by Shopee, the affiliate account is automatically activated, allowing affiliates to start sharing product links. Affiliates can earn commissions ranging from 2.5% to 10% of the product price for every purchase made through their shared links (Shopee Affiliate, n.d.).

Affiliate marketing has significantly boosted Shopee's growth and presence in Indonesia by reaching a broader audience and increasing sales through incentivized promotional efforts. This strategy has amplified Shopee's online visibility, making it more recognizable and accessible to potential customers across various online platforms. Affiliate marketing ensures a better return on investment by tying expenditure directly to sales. Affiliates, with their established audience relationships, add trust and credibility to Shopee's products, leading to higher conversion rates. Additionally, they provide valuable feedback and insights into customer

preferences, helping Shopee refine its marketing strategies and improve product offerings.

2.2 The Implementation of Affiliate Marketing Strategy on Instagram



Picture 2.2.1 Bopitasari Instagram Content

Source: Instagram

Implementing an affiliate marketing strategy on Instagram involves utilizing the platform's vast user base and visual-centric nature to promote products and drive sales. The first step is to identify influencers whose followers align with the target market, as these influencers have built trust and engagement with their audience and can effectively promote products.

Based on the high engagement rate (4.7%) observed on @bopitasari's affiliate account serves as a prime example of the implementation of affiliate marketing strategy in terms of personal selling and Electronic Word of Mouth (E-WOM) within communities of audiences interested in Shopee products. This high level of engagement highlights the effectiveness of @bopitasari in connecting with her audience and influencing their Intentions. If @bopitasari's

Instagram account establishes credibility as a content creator adept at generating personal selling and E-WOM perceptions, it holds the potential to stimulate and shape the behavior of its audience, who are prospective customers. Her content, which combines personal endorsements with authentic reviews and recommendations, can significantly influence how her followers perceive and interact with Shopee products.

Using her fame, @bopitasari's Instagram account could sway the audience into trusting the product information it provides regarding Shopee offerings. This trust is crucial as it can lead followers to consider the recommended Shopee products seriously, ultimately leading to purchases. Her ability to present products in a relatable and appealing manner makes her recommendations more persuasive and effective. This process underscores the influential role that @bopitasari's account can play in guiding consumer decisions and driving sales for Shopee products.

High-quality, engaging content is crucial on Instagram, so influencers and affiliates create posts, stories, reels, and IGTV videos that showcase the product in use, provide reviews, or highlight its benefits. Each affiliate is provided with a unique, trackable link to the product, which can be placed in the influencer's bio, swipe-up links in stories, or linked directly from a post using Instagram's shopping features. Engagement is key, so influencers interact with their followers by responding to comments, hosting Q&A sessions, and creating polls

related to the product, building trust and authenticity. Continuous monitoring and analysis of the campaign's performance are essential, tracking metrics such as click-through rates, engagement rates, conversion rates, and overall sales generated through affiliate links.

Implementing an affiliate marketing strategy on Instagram allows brands to tap into the platform's extensive reach and the influence of content creators, driving sales, enhancing brand visibility, and engaging with potential customers in a highly interactive and visually appealing manner.