

CHAPTER I

INTRODUCTION

A. Background

The impact of the internet has had a profoundly transformative effect on the myriad of ways in which companies engage in communication with their clients. It's no surprise that people are moving along with the times as technology advances. As the world's population changes, the new majority expects all of their needs to be met digitally. Increases in processing power and data storage have enabled several modern innovations, including online shopping. One of these significant shifts is moving away from conventional shopping practices and toward using online shopping platforms, such as e-commerce websites.

The decade of the 1990s, which was the first decade in which the general public had broad access to the Internet, is considered to be the historical beginning of e-commerce. The proliferation of the internet is directly attributable to the numerous services that it offers to its users, which enable them to engage in activities such as playing games and conducting research on a variety of subjects. In addition, the banking and financial industry has developed several other payment methods that are compatible with the user experience of websites¹.

¹ Koksalmis. G.H, and Gozudok. A, 2021, *What Impacts E-Commerce Acceptance of Generation Z? A Modified Technology Acceptance Model*, Germany, Springer, p. 60.

These days, it takes a long time to do anything. People today have less time to perform errands at conventional businesses due to their busy schedules, such as juggling a 9–5 job or pursuing higher education at college. More and more people are switching to online shopping due to its ease and cheaper costs. Besides benefiting consumers, the rise of e-commerce also streamlines the advertising process for businesses since a company's reputation benefits from e-commerce because it raises awareness of its name.

Trade was traditionally carried out in person, with the buyer and seller meeting one another in order to finalize the transaction. Recently, however, there has been a dramatic shift toward the use of e-commerce technologies, also known as electronic commerce. Since both the buyer and the seller can conduct business through an online marketplace or trading platform, traditional in-person meetings between the two parties are no longer required. Beginning with the practice of bartering goods for services, commerce eventually developed into traditional markets, then contemporary markets, and is now transitioning into the era of digital markets, often known as e-commerce².

E-commerce makes it easier to reorganize business cycles by enhancing the efficiency with which they are run. Unlike traditional stores, e-commerce has several advantages. There is less paperwork involved,

² Azzery. Y, "Analysis of E-commerce Growth in the Industrial Age 4.0 in Indonesia", *International Journal of Engineering Continuity*, Vol. 1, No. 1 (2022), pp. 5-8.

thanks to e-commerce. Companies can expand their reach to the general public and international markets with less risk by conducting business online. Companies with an online presence have access to a global customer base, superior service providers, and reasonable co-workers.

When it comes to marketing methods that are used for advertising products online, social media plays a significant part in the world of e-commerce. An online marketing strategy known as social media marketing activity communicates with users by utilizing the cultural context of social communities such as social networks, virtual worlds, social news sites, and social opinion-sharing sites. Activities related to social media marketing may be carried out on several social media platforms. The practice of social media marketing carries with it some benefits for businesses, including an increase in sales and brand value, the dissemination of information regarding brands, and the development of relationships with customers³.

The rise of the e-commerce industry presented customers with a more convenient way to purchase and vendors with a lower-cost selling channel that differed from old business strategies. For the first time, global e-commerce sales will top \$5 trillion, accounting for more than a fifth of total retail sales. Despite slowing growth, total spending is expected to exceed \$7 trillion by 2025. The e-commerce sector is rapidly evolving, and it has steadily grown more accepting of people's daily lives. Among all e-

³ Maskuroh. N, Fahlevi. M, et al., "Social Media as a Bridge to e-Commerce Adoption in Indonesia: A Research Framework for Repurchase Intention", *International Journal of Data and Network Science*, Vol. 6, No. 1 (2022), p. 108.

commerce sites, TikTok, also known as Douyin in China, is one of the most popular. Six hundred million of China's 1.4 billion people use Douyin on a regular basis, with 400 million searching for videos. The platform was then expanded with the addition of a new TikTok e-commerce unit, which saw tremendous development in two years. TikTok's gross merchandise value (GMV) increased 320% year on year in the fiscal year ended in April, with the company selling over 10 billion goods. These figures show that it helped TikTok become one of China's most prominent social e-commerce sites⁴.

Meanwhile, according to the findings of the Global E-Commerce Market, Indonesian e-commerce improved its standing in 2019 by moving up to 20th place among other countries across the world. While this was going on, the Compound Annual Growth Rate (CAGR) of Indonesia reached 16.6%, placing it in third place among the countries of Southeast Asia. The number of people shopping online in Indonesia increased to 107 million during this past year⁵. At the same time, Indonesia is presently in second place worldwide in terms of the number of people who are using TikTok at any given moment, with a total of 99.1 million users. TikTok

Sensuse. D. I, Sipahutar. R. J, Jamra. R. k, and Suryono. R. R, 2020, "Challenges and Recommended Solutions for Change Management in Indonesian E-Commerce." In 2020 International Conference on Information Technology Systems and Innovation (ICITSI), pp. 250-255.

⁴ Chen. Y, "Research on Douyin as an e-Commerce Platform Impacts the Buying Decisions of Users", *Highlights in Business, Economics and Management*, Vol. 2, No. 2 (2022), pp. 395-400.

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users in Indonesia spend an average of 23.1 hours per month on the platform, according to data collected from those users⁶.

Selling items on TikTok is extremely easy, and there is little oversight of sellers of counterfeit items on TikTok. Because of the ease with which Tik Tok stars can amass fortunes, a number of con artists have decided to broaden their market to the popular video-sharing app. It's not unusual for Tik Tok users to fall for scams posing as legitimate stores selling popular goods. It has served as a "black market" for those looking to make money by selling counterfeit goods. So, while the ability to sell products on TikTok is one of the benefits they provide to their users and a way for them to attract more potential users, they need to be fully prepared for issues such as counterfeiting. TikTok has so many sellers, the short video-making company needs more time to validate each product those sellers put out there. They also need to provide more assistance to customers who have been duped. Furthermore, TikTok may claim that they bear no responsibility if customers are duped. Because TikTok is only a short video platform, it could only be the merchant's fault. TikTok's product surveillance is inadequate. Because this is a major issue, Tik Tok has been working on it for quite some time⁷.

Wang, Luyao, 2020, "Why Are Counterfeit Goods Prevalent on Tik Tok and How to Counter It?" 2020 2nd International Conference on Global Economy and Business Management (GEBM 2020),

⁶ Ratu, E.P, Tulung. J. E, and Rumokoy. L. J, "The Impact of Digital Marketing, Sales Promotion, And Electronic Word of Mouth on Customer Purchase Intention at Tiktok Shop", *Jurnal EMBA: Jurnal Riset Ekonomi, Manajemen, Bisnis dan Akuntansi*, Vol. 10, No. 4 (2022), pp. 149-158.

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pp. 106-113.

Advancing science and technology is the key to increasing productivity and efficiency in producing goods or services. Consumers ultimately pay the price for efforts to increase production and efficiency, whether directly or indirectly. In light of this, legal protection for consumers is crucial. Due to the absence of real-world accountability for online transactions, online deceit or fraud has often been used and practiced successfully⁸. According to Zheng Qin's book "Introduction to E-Commerce," personal information about buyers and sellers is required for all transactions. In addition, data collectors can know and record consumers' digital footprints, even if they do not have consumers' consent or knowledge, and then sell this data for commercial gain to other organizations⁹.

For the purpose of this study, the author will use Indonesia and China as references to analyze this topic. The reason why the author chooses to compare China with Indonesia is that both countries use Civil Law as their legal basis. However, because the two countries have different ideologies that have greatly influenced legislation formulation, both can be used as parallels in assessing legal issues, particularly those pertaining to

legal protection for actors involved in e-commerce. The issue is that many people who shop online fall prey to deceptive or false advertising, defective

Shaik, Dilshad, and MS.V. Poojasree, 2021, "Consumer Protection in e-Commerce: A Legal and Compliance Framework in the Digital Market." Proceedings of the 1st International Conference on Law and Human Rights 2020 (ICLHR 2020).

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p. 20.

⁹ Halim, E. F, "Perlindungan Hukum Data Pribadi Pembeli di Perdagangan Secara Elektronik (E-Commerce) di Indonesia [Legal Protection of Buyer's Personal Data in E-Commerce in Indonesia]", *Jurnal Hukum Visio Justisia*, Vol. 2, No. 1 (2022), pp. 1-22.

goods, phony deliveries, unsafe goods, problems with payments, security, and privacy concerns, unilateral contracts, etc.

In light of this, the undergraduate thesis is conducted to find out and assess recent legislative advancements in e-commerce and analyze the similarities and differences between e-commerce laws in Indonesia and China. This article will describe the proliferation of E-commerce, particularly in the TikTok Shop platform, along with the legal protection of the e-consumers who conduct buying and selling transactions through e-commerce.

B. Problem Formulation

1. How is the development of TikTok E-commerce in China and Indonesia?
2. How is the legal protection for TikTok shop buyers in China and Indonesia?

C. Research Objectives

1. To find out about the development of TikTok E-commerce in China and Indonesia
2. To find out and analyze the legal protection for TikTok shop buyers in China and Indonesia

D. Benefit of Research

1. Theoretical Benefit

To contribute to the development of legal science, particularly in matters relating to Business Law. As well as adding academic literature, especially on the law of online buying and selling transactions (E-commerce). A more profound grasp of the theoretical advantages of this research can lead to a better comprehension of legal rules for online buying and selling transactions on the TikTok platform.

2. Practical Benefit

The practical benefit of this research is that it can benefit the author as a researcher and other parties, particularly in giving recommendations to the enterprise that owns the TikTok application and the users of the platform to uphold and preserve their legal rights as consumers.