

CHAPTER I

INTRODUCTION

A. Research Background

In the current era of globalization, technology has developed so rapidly. These technological developments have influenced individual lifestyles in a more positive direction modern by keepng up with the times. This has an impact on various aspects of life, especially the business world. One of the with the emergence of internet technology. (Abbate 2017) defines the internet in terms of its hardware and software. Wikipedia for instance defines the Internet as “the global system of interconnected computer networks that use the internet protocol suite (TCP/IP)”. Every person may engage, communicate, and exchange information remotely thanks to the internet.

In Indonesia, the internet has been developed since 1990. Based on data from the Indonesian Internet Service Providers Association (APJII), accoding to existing data internet users always increase every years.

Table 1.1

The Number of Internet User in Indonesia

No.	Years	Visiting
1.	2018-2019	64.80%
2.	2019-2020	70.73%
3.	2020-2021	73.07%
4.	2021-2022	77.02%
5.	2022-2023	78.19%

Source: APJII 2023

Based on these data, internet users in Indonesia continue to experience a significant increase every years. According to (Vipin, et al. 2021) Electronic commerce is also known as e-commerce. It refers to the use of internet and electronic media to transact in products and services, e-commerce requires a business to use IT, such as electronic data interchange (EDI) as well as the internet. E-commerce, which stand for electronic commerce refers to the exchange of products and services over the internet. B2B, B2C, C2C and related opportunities support consumer markets in establishing electronic infrastructure to meet future difficulties (Gupta, 2014). E-commerce include a product's distribution, sales, purchase, marketing and service.

Table 1.2

Leading e-commerce sites in Indonesia

No.	E-commerce sites in Indonesia	Monthly web visit
1.	Tokopedia	158,35 million
2.	Shopee	131,3 million
3.	Lazada	26,64 million
4.	Bukalapak	21,3 million

Source : Statista 2022

The growth of e-commerce and increasingly advanced technology has altered people's lifestyles as well. One of the most notable of these technical advancements is the development of gadgets and people's propensity to engage in activities in cyberspace, such as shopping online or more, frequently known as online shopping.

Like online buying and selling service sites with a customer-to-customer (C2C) business model, Tokopedia provides a means of consumer-to-consumer sales in Indonesia. Individual users or companies can buy and sell products, both new and used products such as cell phones, bicycles, household goods, clothing, electronics, accessories and others. One of the most convenient features in Tokopedia is the quick buy feature.

Tokopedia was founded in 2009 and is recognized as one of Indonesia's top online marketplace providers (Hidayat et al., 2022). Tokopedia was chosen as the e-retailer for this study's setting because it has the best reputation and is the most popular e-retailer in Indonesia. More importantly, however, Tokopedia is one of the biggest e-commerce websites in Indonesia and has a goal of dispersing the country's digital economy (Marina et al., 2022). Tokopedia's objective, which started with offering technology as an online buying and selling solution that might inspire Indonesians to engage in online or digital commerce, is aligned with its vision. Tokopedia has achieved its goals and objectives, as demonstrated by the fact that it has.

There are some previous researches using the same variable. The first finding found that shows that social media marketing activities has significant positive effect on brand experience and consumer based brand equity, while co creation behaviour did not moderate relationship between social media marketing activities and brand experience (Koay et al 2020). According to (Beig et al., 2018) as second research also found that social media marketing has significant positive effect on brand experience. On another research social media marketing, brand experience, social media benefit, consumer based brand equity except for hedonic benefit (one indicator of social media marketing benefit) which was not significantly related to customer based brand equity, according to (Zollo et al.,2020).

This study is a direct replication of study titled “Perceived Social Media Marketing Activities and Consumer Based Brand Equity Testing a Moderated Mediation effect” which was done in Malaysia. The author examines the connection between all the variable in this research.

B. Research Problem Formulation

This study will examine the relationship between the variables of social media marketing activities, brand experience and consumer based brand equity, thus obtaining the following research questions :

1. Does social media marketing activities have a positive and significant effect on consumer based brand equity?
2. Does social media marketing activities have a positive and significant effect on brand experience?
3. Does brand experience have a positive and significant effect on consumer based brand equity?
4. Does social media marketing activities have a positive and significant on consumer based brand equity mediated by brand experience?

C. Research Objective

Aims of this study are as follows and they are based on queries about relationship between the suggested factors.

1. Understanding the effect of social media marketing activities on consumer based brand equity in Tokopedia
2. Understanding the effect of social media marketing activities on brand experience in Tokopedia.
3. Understanding the effect of brand experience on consumer based brand equity in Tokopedia.
4. Understanding the effect of social media marketing activities on consumer based brand equity mediated by brand experience in Tokopedia.

D. Research Benefit

The advantages anticipated to result from this research are listed below :

1. Theoretical Benefits

The theoretical purpose of this research is to contribute to marketing studies, regarding the relationship between social media marketing activities, brand experience and consumer based brand equity.

2. Practical Benefits

This research can be used as an evaluation material for company policies that have been implemented so far and is able to provide information about marketing through social media in order to improve brand experience improvements that lead to better company condition.

