

1. INTRODUCTION

1.1. Research Background

According to datareportal.com, a trusted report provider that partners with organisations such as GlobalWebIndex, Statista, and HootSuite for data, there were 202.6 million Indonesian internet users in January 2021 contributing to various online activities, including e-commerce. In January 2021, 93% of internet users searched online for a product or service to buy. Out of 93%, those who decided to make an online purchase via any device reached up to 87.1% (Kemp, 2021). Purchasing online can be achieved through several different ways, such as through online commerce platforms. McKinsey defines online commerce or e-commerce as “the online buying and selling by consumers of physical goods.” (Das et al., 2018).

In terms of e-commerce growth, Indonesia is a flourishing market with the highest adoption rate of e-commerce globally in 2019. CNN Indonesia (2020) stated that up to 90% of Indonesian internet users dominated by 16-64 years had purchased products and services online. E-commerce transaction value in Indonesia also increased to IDR 266,3 trillion in 2020 from IDR 42,2 trillion in 2017 (Jayani, 2021). The growth of e-commerce in Indonesia is also supported by the COVID-19 pandemic, from 75 million online shoppers pre-COVID-19 to 85 million, as most will continue to spend money online (Eloksari, 2020). Due to the above facts, e-commerce rivalry in Indonesia intensifies (Widowati, 2019).

The rivalry among e-commerce companies in Indonesia comes in various forms. It can be competing to collaborate with various existing partners, such as digital payment services to logistics services to provide consumers with more payment and delivery options (Annur, 2020). Other forms involve giving new features such as a smart search for a faster and more accurate search result and live streaming for a real-time product demonstration, to offering various promotions or discounts as incentives for customers (Tan, 2019). Such features are needed for an e-commerce company to grow its market share and encourage more transactions. Moreover, the shift towards online purchasing showed a noticeable change in consumer behavior, where it has been proven that internet shoppers tend to be more impulsive than non-internet shoppers (Liu et al., 2013).

Consequently, the fact that internet shoppers tend to be more impulsive than non-internet shoppers indicates that impulse buying behavior is present in the e-commerce environment. Impulse buying itself is when “a consumer experiences a sudden, often powerful

and persistent urge to buy something immediately” (Rook, 1987). Two significant reasons support the increase in the number of online impulse buying. First is the evolution of personal computers and the internet, which allowed individuals to shop regardless of time and place. Second is the shift towards smartphones, enabling a more flexible online shopping experience (Campbell-Kelly & Garcia-Swartz, 2013). Lo et al. (2016) mentioned that impulsive buying behavior is significant, as it contributes to a large portion of the e-retailer revenue, and revenue is directly related to online shopping behavior.

Online impulse buying behavior benefits businesses in many ways. Verma and Singh (2019) stated that a well-utilized online impulse buying through understanding what customers seek during a shopping trip, might lead to better customer satisfaction, giving businesses the chance to increase their loyal customer base. It is essential as many businesses have tried to understand online impulse buying behavior to attract and retain customers (Wu et al., 2016). Moreover, Iyer et al. (2020) mentioned that impulse purchases could increase retail sales and profits. Therefore, exploring consumers’ online impulse buying behavior holds paramount importance and interest as a potential strategy for e-commerce platforms and e-retailers amidst the growing relevance of online shopping (Floh & Madlberger, 2013). In Indonesia, there are several large e-commerce players, one of which is Shopee (*The Map of E-Commerce in Indonesia*, 2021).

Shopee is Southeast Asia’s leading e-commerce online shopping platform from Singapore. CNN Indonesia (2021) reported Shopee as now home to four million active sellers, 98.1% of which are small and medium enterprises (SMEs). As an e-commerce marketplace offering various product categories, Shopee also realizes a change in consumers’ behavior patterns. The company observes e-commerce trends, especially before big holidays or important dates in Indonesia (Husaini, 2020). Its 2020 Big Ramadhan Sale Campaign is an example showing changes in consumer behavior where Shopee recorded a fourfold increase in the number of transactions (Rahayu, 2020). An impulse purchase is one of the evident behaviors, where a report by mobile advertising company InMobi, whose customers include Unilever, L’Oreal, and Mondelez International, states that there is a 1.5 times increase in impulse buying during Ramadan (Shofa, 2020).

As a matter of fact, Shopee entices people to buy impulsively to compete better against its competitors. Shopee provokes consumers to demonstrate impulse buying behaviors through its strategic marketing communications. One of its strategies is sales promotions, featuring price discounts, free gifts, and bundled products (Wahyuni & Setyawati, 2020). Shopee also offers

exciting promotions such as free shipping, crazy deals, and a money-back guarantee. The ease of shopping Shopee offers is directed to make those with no initial intention of shopping to make immediate purchase (Widayani, 2020). Moreover, Shopee allows sellers abroad, such as Chinese sellers, to become merchants. This allows Indonesian Shopee users to purchase products at a much lower price than local merchants (Catriana, 2021). Low product prices in an online shopping environment make it more likely for individuals to purchase impulsively (Sirhindi, 2010).

Furthermore, impulse buying behaviors of Shopee users in Indonesia can also be seen through the content they share on Twitter social media platform. For instance, Puspita (2020) tweeted "*impulsif bgt hari ini udh checkout bbrp item di shopee, bolak balik mbanking aja kerjanya nya :)*" addressing the user's impulsive shopping in Shopee through repeatedly transferring money to pay for her purchases. Another tweet is by Lativolia (2021), saying "*Pusing bgt selalu impusif checkout shopee.*", expressing how she's having "headaches" due to always doing impulsive checkouts in Shopee. Therefore, impulse buying behavior within Shopee is evident and is an important constituent within the platform as it drives sales.

Just recently, however, Shopee no longer sits as the number one most visited e-commerce platform. In Q1 of 2021, Shopee was dethroned by Tokopedia, an Indonesian e-commerce giant, moving Shopee into second place for the first time since Q4 of 2019 (Imandiar, 2021). In addition, the existence of GoTo – a recent merger between Gojek and Tokopedia – further threatens Shopee's competitiveness (Hermawan, 2021). Not only old players, Shopee is also threatened by newcomers in the industry, one of which is BCA UMKM Fest, an e-commerce platform created by PT Bank Central Asia for small and medium enterprises (Bagas, 2021). Undoubtedly, the many small and medium enterprises selling their products and/or services on Shopee will be affected. These facts make Shopee all the more suitable to be used as this research's object, for user's online impulse buying behavior will be beneficial for both Shopee's continuity and the sellers on the platform.

To understand online impulse buying behavior of users in Shopee, it is necessary to identify the factors that influence an individual's online impulse buying behavior. The factors are hedonic shopping value, utilitarian shopping value, website stimulus, marketing stimulus, and the positive emotions of pleasure and arousal. There are two frameworks frequently used in past impulse buying behavior studies. First is the consumption impulse formation enactment (CIFE) model by Dholakia (2000) as modified by Dawson and Kim (2009). Second is the Stimulus-Organism-Response (S-O-R) model by Mehrabian and Russell (1974a). This theoretical approach

has been found to be the most favored and popular among researchers for studying online impulse buying behavior in the last decade (Chan et al., 2017). Furthermore, the S-O-R framework is also adopted by several impulse buying researches in Indonesia (Syatra & Wangdra, 2018; Hayu et al., 2020).

Previous research results showed that consumers are inclined to make impulse purchases when exposed to internal and external factors (Chan et al., 2017). For internal factors, many research only considers hedonic shopping values (Nurlinda & Christina, 2020; Yanthi & Japarianto, 2014). However, the researchers will include utilitarian shopping values as well, as according to Iyer et al. (2020), both hedonic and utilitarian shopping motives matter in impulse buying. On the other hand, two major platform atmospheric cues act as the external trigger: website and marketing stimulus (Chan et al., 2017). A stimulus such as website and marketing stimulus is known to affect pleasure and arousal, consistent with previous studies by Shen and Khalifa (2012) and Liu et al. (2020). Vieira (2013) stated that both hedonic and utilitarian motivation for shopping are responsible for variation in pleasure and arousal. In addition, Youn and Faber (2000) said that consumer moods are very influential towards impulsive buying.

Irawan (2007) stated that Indonesian consumers have unique characters, short-term thinking and unplanned, which are characteristics of impulse buying behavior. Hence, it is suitable for the researchers to analyze online impulse buying behavior in Indonesian consumers. In correspondence with the facts above, the researchers are eager to understand the relationship between hedonic shopping value and utilitarian shopping value as internal factors, website stimulus and marketing stimulus as external factors, towards consumers' online impulse buying behavior mediated by positive emotions of pleasure and arousal, in the case of Shopee Indonesia.

1.2. Research Questions

Having seen the problem presented in the research background, the researchers have brought up three research questions as follows:

- 1) Does hedonic shopping value, utilitarian shopping value, website stimulus, and marketing stimulus affect consumers' pleasure in the case of Shopee?
- 2) Does hedonic shopping value, utilitarian shopping value, website stimulus, and marketing stimulus affect consumers' arousal in the case of Shopee?

- 3) Does pleasure and arousal mediate the influence of hedonic shopping value, utilitarian shopping value, website stimulus, and marketing stimulus towards consumers' online impulse buying behavior in the case of Shopee?

1.3. Research Objectives

There are three objectives that the researchers want to reach through this research. The three objectives are:

- 1) To identify the effect of hedonic shopping value, utilitarian shopping value, website stimulus, and marketing stimulus on consumers' pleasure in the case of Shopee.
- 2) To identify the effect of hedonic shopping value, utilitarian shopping value, website stimulus, and marketing stimulus on consumers' arousal in the case of Shopee.
- 3) To identify whether pleasure and arousal mediate hedonic shopping value, utilitarian shopping value, website stimulus, and marketing stimulus towards consumers' online impulse buying behavior in the case of Shopee.

1.4. Research Benefits

The research conducted by the researchers will have to reach the objectives mentioned above. When the objectives are reached, the research will give benefits to the following parties:

1) Students and Academicians

Students and academicians who have interests or would like to conduct a similar study can use this research as additional reference for their research, especially within the Indonesian e-commerce market. Knowledge regarding the role of pleasure and arousal as a mediating variable between internal and external triggers and online impulse buying will also be obtained.

2) Businesses and Companies

Businesses and companies can better understand factors influencing online impulse buying behaviors. Identifying those factors can help to better understand hedonic and utilitarian shopping values as impulsive consumer characteristics and evaluate current marketing and website stimulus used. They can further devise what external triggers to enhance and focus on platforms that they use to bring about more online impulse buying behavior, which can help boost competitiveness.

3) Marketers

From this research, marketers can better understand the significance of impulsive consumer characteristics in their role as internal triggers and how it can lead to more online impulse buying behavior. Consequently, both amateur and professional marketers could devise and implement more effective marketing strategies for businesses that are accessible through e-commerce platforms.