CHAPTER I

INTRODUCTION

1.1 Research Background

Indonesia The total population stands at approximately 285 million, with a slight increase of 0.8% or 2.3 million people compared to the previous year. The country has about 356 million cellular mobile connections, indicating that many individuals possess multiple SIM cards or devices. Internet usage is widespread, with 212 million people—or around 74.6% of the population—using the internet, reflecting significant digital penetration. Social media utilization is also notable, with 143 million active user identities, representing an 8.7% growth from the previous year. Urbanization remains substantial, with approximately 59.5% of the population residing in urban areas. For a clearer understanding, refer to the figure below.
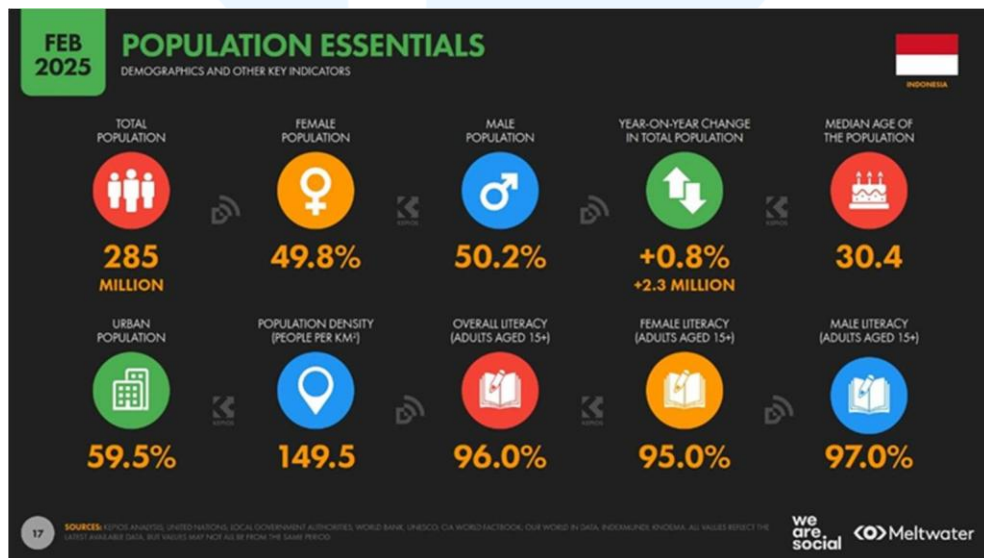

Figure 1. 1 Demographics and Other Key Indicator
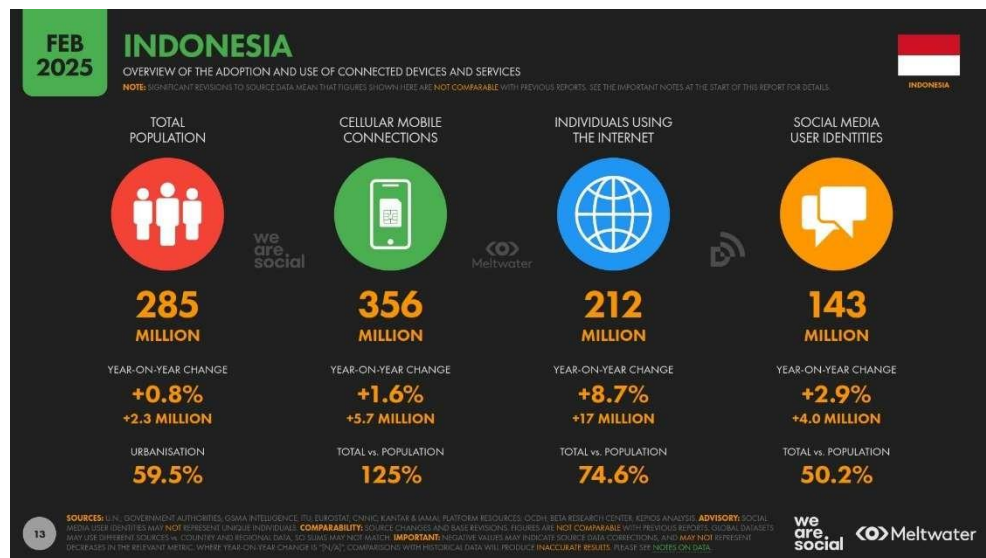
Source: We Are Social, 2025

Figure 1. 2 Overview of The Adaption And Use of Connected Devices and Services

Source : We Are Social, 2025

Continue from same report, figure above explain the total population stands at approximately 285 million, with a slight increase of 0.8% or 2.3 million people compared to the previous year. The country has about 356 million cellular mobile connections, indicating that many individuals possess multiple SIM cards or devices. Internet usage is widespread, with 212 million people—or around 74.6% of the population—using the internet, reflecting significant digital penetration. Social media utilization is also notable, with 143 million active user identities, representing an 8.7% growth from the previous year. Urbanization remains substantial, with approximately 59.5% of the population residing in urban areas. The data sources cited include U.N. reports, government authorities, and various intelligence agencies, with appropriate caveats about differences in source methodologies and data comparability.

Figure 1. 3 The Adoption and Use of Consumer Goods Ecommerce B2C Only

Source : We Are Social, 2025

Figure 1.3 above focuses on the state of consumer goods e-commerce in Indonesia as of 2024. An estimated 65.7 million people purchased consumer goods online, representing an increase of 12% or 7 million individuals from the previous year. Total online consumer spending is projected at 50.2billion, up by11.35.1 billion, indicating robust growth in online commerce. Despite this growth, the average annual expenditure per shopper saw a slight decrease to $765. Mobile devices play a dominant role, accounting for 67.5% of e-commerce spend, highlighting the importance of mobile channels in consumer shopping behavior. The e-commerce segment accounts for nearly 10% (9.9%) of total consumer goods retail in Indonesia, with a marginal increase in its share. The categories covered include beauty, personal care, beverages, electronics, fashion, food, furniture, household essentials, and others. Data from Statista and other sources are cited, with notes mentioning significant revisions and changes in data definitions that may affect comparability with earlier reports.

Building on this strong digital foundation, Indonesia's e-commerce sector has flourished to become Southeast Asia's largest market, achieving a Gross Merchandise Value (GMV) of 62 billion in 2024 with projections to reach 100

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billion by 2027 (Google, Temasek & Bain, 2024). Market leaders like Shopee, Tokopedia, and Lazada have transformed consumer behavior through seamless mobile shopping experiences, digital payments, and rapid delivery networks. The pandemic accelerated this shift, with 87% of Indonesians now shopping online monthly (McKinsey, 2023), demonstrating the sector's remarkable resilience and appeal.

The e-commerce boom has been further amplified by Indonesia's vibrant social media landscape, where 191.6 million users (69.3% of the population) spend an average of 3 hours and 42 minutes daily on platforms like TikTok, Instagram, and Facebook (DataReportal, 2024). TikTok has been particularly transformative, amassing 125 million active users (ByteDance, 2024) and pioneering new forms of social commerce. This highly engaged digital ecosystem has made Indonesia a global leader in social commerce adoption, which now accounts for 44% of all e-commerce transactions (Accenture, 2024).

At the forefront of this digital evolution is the explosive growth of live streaming commerce, which has revolutionized retail by combining entertainment with instant purchasing. Platforms like Shopee Live and TikTok Live have created a $4.9 billion market growing at 58% annually (Momentum Works, 2024), with sellers reporting 10x higher conversion rates compared to traditional e-commerce (McKinsey, 2023). This innovative format thrives on real-time interaction, influencer collaborations, and exclusive deals, offering consumers an engaging shopping experience while giving businesses powerful new tools for customer engagement.

Although Indonesia is the largest e-commerce market in Southeast Asia, online purchase intention shows signs of stagnation or lagging behind other countries. Data from Statista (2024) reveals that the average online shopping value per capita in Indonesia is lower than in Thailand and Malaysia, reflecting consumer hesitation in online shopping. The e-Conomy SEA 2023 report by Google, Temasek, and Bain (pp. 32–35) also notes that repeat purchase intention in Indonesia is lower than in ASEAN countries such as the Philippines and Vietnam,

primarily due to a strong preference for offline purchases in non-Jabodetabek areas. Trust is a significant barrier; a Jakpat survey (2022) found that 62% of Indonesian consumers are hesitant to shop online due to concerns that products may not meet expectations. Additionally, McKinsey & Company (2023) reported that only around 30% of Indonesian consumers feel comfortable purchasing high-value products (such as electronics) online, a figure significantly lower than the Philippines (45%) and Vietnam (40%). The low adoption of digital payments is also evident in the dominance of Cash-on-Delivery (COD), which accounts for 40% of transactions (BCG, 2023), while in Singapore this method is used in less than 10% of transactions. Infrastructure disparities further exacerbate this gap; data from the Ministry of Tourism and Creative Economy and the Central Statistics Agency (2023) show that online shopping interest outside Java is 30% lower due to logistics constraints and limited internet access. A World Bank study (2023) reinforces this finding by highlighting that digital literacy and trust in online transactions in Indonesia (68% of the population) are still below those in Malaysia (80%). Thus, although Indonesia's e-commerce market continues to grow positively, online purchase intention faces multidimensional challenges that make it lag behind neighboring countries.

According to the Consumer Behavior on Live Shopping survey by Katadata Insight Center November 2024, promotional offers and product demonstrations emerge as the most compelling factors attracting consumers to live shopping platforms. Beyond these elements, consumers frequently cite the accessibility features - including ease of navigating live shopping functions, product search capabilities, shopping procedures, and transaction processes - as key determinants in their live shopping engagement.

Figure 1. 4 Factors that Make Users Interested in Shopping through Live Shopping

Source : Katadata, 2024

As shown above, the study reveals an intriguing consumer preference regarding hosts: shoppers demonstrate stronger attraction to hosts who exhibit friendliness and trustworthiness compared to those who are famous influencers or celebrities. This finding suggests that authentic interpersonal connection may outweigh pure celebrity appeal in live commerce settings.
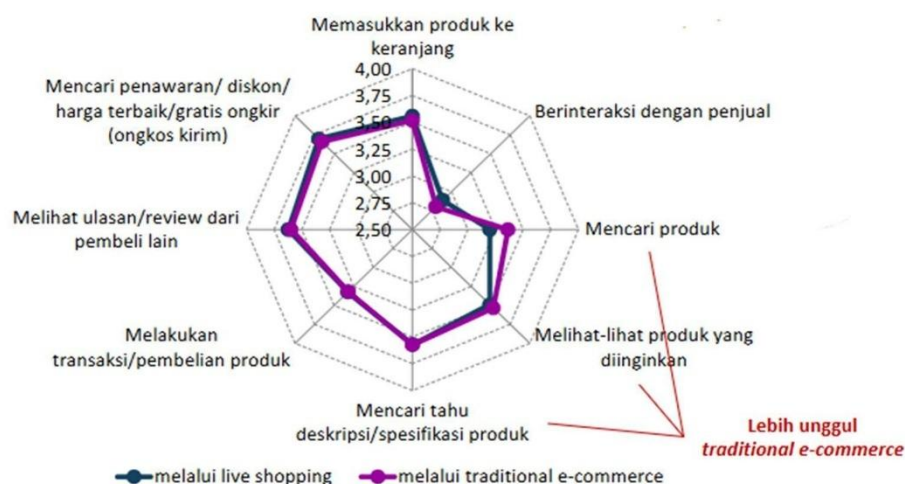

Figure 1. 5 Others Shopping Activities via live streaming versus Traditional Ecommerce

Source : Katadata, 2024

The same report indicates that consumer interaction frequency during live streaming sessions remains relatively low compared to other e-commerce activities in traditional platforms. These more common behaviors include adding products to cart, searching for discounts/best deals/free shipping options, reading product reviews from other buyers, completing purchases, and general product browsing.

Continuing above, based on data from the survey, the level of brand awareness on live shopping platforms is quite high, indicated by consumers' interest and habits in searching and viewing products through the search and review features. Consumers tend to actively seek out product descriptions and specifications before deciding to buy, indicating that they have a certain level of brand recognition and knowledge. The search feature and direct interaction with the host or presenter also strengthen brand recognition, as direct experience and ease of access make the brand more familiar to consumers. To detail data can see figure below.

Figure 1. 6 Search Engine Highlight Data

Source : Katadata, 2024

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Meanwhile, positive brand associations are formed from consumers' perceptions of the stories, narratives, and quality of local products explained directly by the hosts on the live shopping platform. The data shows that consumers consider the story behind the product as well as trust in the host to be very important in building a positive image of the brand. The perception that local products are attractive and convenient to buy on this platform is supported by factors such as promo offers, ease of shopping procedures, and trust in friendly and professional hosts. This suggests that successful brand associations are based on emotional experiences and trust built through compelling and transparent brand storytelling, thus strengthening loyalty and positive perceptions of local products. To strength the argument can see two figure below.
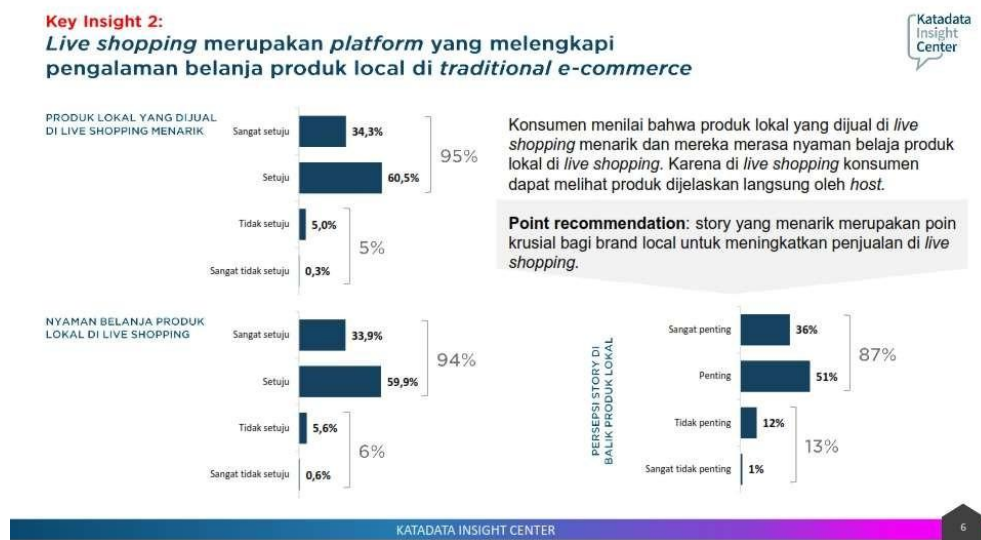

Figure 1. 7 Live Streaming is a complement

Source : Katadata, 2024

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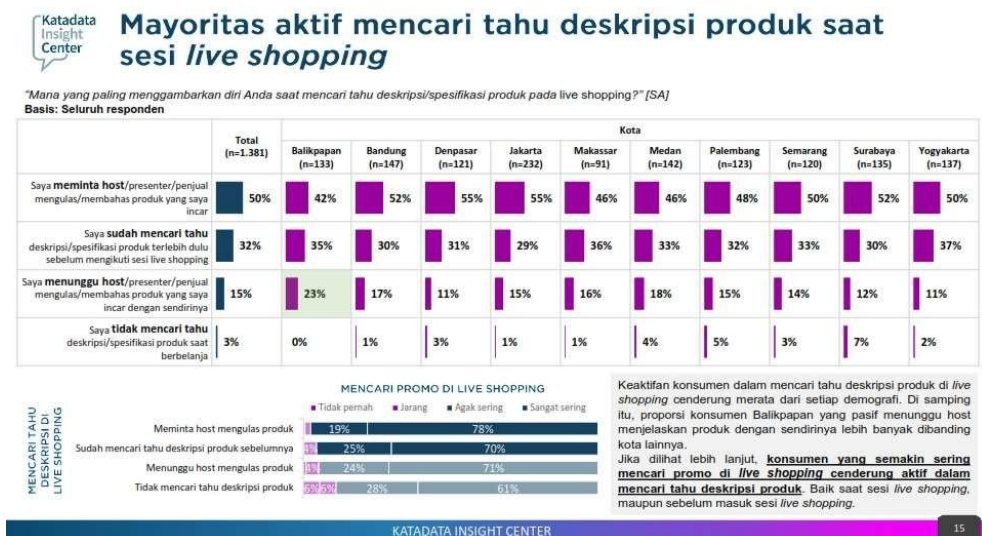
Figure 1. 8 User Digging More Info when Live Streaming

Source : Katadata, 2024

Move to other report, 2025 ShopTokopedia (TikTok Shop) Review Report by Kalodata presents a paradoxical finding: while five of the top ten ShopTokopedia influencers in 2024 specialized in electronics and gadgets, only two of the top ten live streaming sales performers came from this category. As shown figure below.

TOP 10 Kreator ShopTokopedia tahun 2024 (Akun Mandiri)

NO.	Nama Kreator	Kategori Utama	GMV (Miliar Rupiah)
1	kohcun	Telepon & Elektronik	219
2	baimwong	Telepon & Elektronik	190
3	afdhalyusmann	Telepon & Elektronik	149
4	louissescarlettfamily	Perawatan & Kecantikan	132
5	rizky.chikay	Peralatan Dapur	126
6	ceceketarketir	Peralatan Rumah Tangga	120
7	siswanto140688	Makanan & Minuman	101
8	wenny_wijayal	Telepon & Elektronik	97
9	bellashofie_rigan	Perawatan & Kecantikan	92
10	robibois	Telepon & Elektronik	89

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Figure 1. 9 Top 10 Creator (Influencer) ShopTokopedia (TikTok Shop)

Source : Kalodata, 2025

Furthermore, from same report electronics and gadgets were completely absent from the platform's top ten best-selling via live streaming in 2024, indicating a significant discrepancy between influencer presence and actual sales performance in electronics & gadget category as a shown below.

TOP 10 Livestream Penjualan ShopTokopedia tahun 2024

NO.	Gambar	Judul Livestream	Nama Kreator	Tanggal Livestream	Durasi (Jam)	GMV (Miliar Rupiah)	Ditonton (kali)
1		Harga gilaaaa rugi gak join!	melvinahusyanti96	2024/6/6	3	12.17	2,161,295
2		Ramadan Ekstra Seru	melvinahusyanti96	2024/3/25	4	7.88	2,695,625
3		Live terjambul jambu	melvinahusyanti96	2024/5/5	3	7.77	2,497,844
4		harga ancur pertama di 2024	rezagladys	2024/1/10	16	7.56	714.087
5		11.11 DISCOUNT TERBESAR 2024	kohcun	2024/11/10	31	7.56	1,131,621
6		seru seruan jum'at berkah	rezagladys	2024/3/1	6	7.40	703,512
7		Berjumpa lagi live harga sedekah	melvinahusyanti96	2024/2/28	3	7.19	1,947,282
8		HARGA BANTAI TAHUN LALU!	kohcun	2024/2/22	23	7.16	1,011,041
9		MEGASHELL	shellasaukia	2024/7/7	7	6.59	1,542,323
10		SUPERMEGASHOWCASE MAMI 11.11	louissescarlettfamily	2024/11/11	33	6.53	4,087,232

Figure 1. 10 TOP 10 Livestreaming ShopTokopedia tahun 2024

Despite extensive theoretical work on influencer marketing, no integrated conceptual framework explains how influencer characteristics (credibility, attractiveness, content) sequentially drive customer attitudes → brand perceptions (awareness/association) → online purchase intention for high-involvement categories like electronics in live streaming commerce. This theoretical void is acutely exposed in Indonesia's empirical context, where a paradoxical disconnect persists: electronics influencers dominate creator rankings (5 of top 10) yet drive zero top live streaming sales —a contradiction amplified by endemic trust barriers

(e.g., 40% COD dependency reflecting product-mismatch fears), infrastructure gaps (30% lower engagement outside Java), and digital literacy deficits (68% trust in online transactions vs. 80% in Malaysia). Furthermore, methodological limitations plague existing research: studies either aggregate product categories or focus narrowly on low-risk sectors (e.g., beauty/FMCG), failing to test why identical influencer strategies succeed for fashion but collapse for electronics.

Critically, no econometric validation exists for the full influencer traits, customer attitude, brand perceptions, purchase intention pathway using real sales data, leaving Indonesia's $4.9B live streaming market—and its $100B e-commerce potential—constrained by unresolved theoretical, contextual, and analytical gaps.

1.2 Research Problem

Despite Indonesia's position as Southeast Asia's largest e-commerce market, online purchase intention—particularly for high-value categories like electronics—lags significantly behind neighboring countries. This stagnation occurs paradoxically alongside the explosive growth of live streaming commerce, where influencer-driven marketing fails to translate into proportional sales for electronics. The core problem lies in understanding how influencer characteristics (credibility, attractiveness, and marketing content) shape customer attitudes and subsequent brand perceptions (awareness & association) to ultimately drive online purchase intention in live streaming contexts, given endemic trust deficits, infrastructure barriers, and transactional inefficiencies unique to this format.

1.3 Research Objectives

To investigate how influencer characteristics (credibility, attractiveness, marketing content) shape customer attitudes and subsequent brand perceptions (awareness & association), ultimately driving online purchase intention for electronics in Indonesia's live streaming commerce, while accounting for endemic trust deficits and infrastructure barriers documented in recent market data.

Indonesia's status as Southeast Asia's largest e-commerce market ($62B GMV in 2024) contrasts sharply with its lagging online purchase intention—particularly for electronics, where influencer prominence fails to convert into sales (Kalodata, 2025). This paradox necessitates examining the sequential mechanism through which influencer-driven attitudes translate (or fail to translate) into brand equity and transactional intent.

The study specifically addresses trust barriers (e.g., 62% product-mismatch fears, 40% COD dependency) and infrastructure gaps (30% lower engagement outside Java) that moderate this pathway. By dissecting each linkage in the framework, we identify why live streaming excels for beauty/FMCG but underperforms for electronics despite heavy influencer investment. Therefore, in this study the following research questions were formulated:

- Does influencer credibility live streaming commerce positively influence customer attitude toward electronics products?
- Does influencer attractiveness live streaming commerce positively influence customer attitude toward electronics products?
- Does influencer marketing content live streaming commerce positively influence customer attitude toward electronics products?
- Does customer attitude derived from live streaming commerce positively influence brand awareness for electronics products?
- Does customer attitude derived from live streaming commerce positively influence brand association for electronics products?
- Does brand awareness live streaming commerce positively influence online purchase intention for electronics products?
- Does brand association live streaming commerce positively influence online purchase intention for electronics products?

1.4 Research Benefits

This research provides actionable insights that enable brands to implement evidence-based strategies for enhancing sales performance. By identifying key drivers of consumer behavior—such as influencer credibility, engaging content formats, and brand trust—the findings offer practical guidance for optimizing marketing campaigns. Brands can leverage these insights to refine influencer selection, improve content quality, and strengthen customer relationships, ultimately driving measurable improvements in conversion rates and revenue growth. The study equips brands with a data-driven framework to make strategic decisions that directly impact bottom-line results.

This study makes significant theoretical contributions by addressing previously unidentified gaps in the existing literature. Through its novel findings and methodological approach, the research advances scholarly understanding of influencer traits, customer attitude, brand equity. The insights generated provide a foundation for future studies while offering empirical validation of emerging concepts in the field.