

# Viral Marketing Determinants of Top Online Shop Brands in Indonesia

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**Abstract.** The existence of the internet starts to shifting the purchase as a conventional to online. One of marketing strategies used by online store is viral marketing. The purpose of this study is to find determinant that forms viral marketing based on perceived customers in top brand online store such as lazada.com, olx.com, tokopedia.com, zalora.com, blibli.com, and bhinneka.com. The Research methodology used is the quantitative method with descriptive analysis using factor analysis by a population as 3.271.147 people and the number of sample uses Slovin formulas with confidency level at 95 % obtained as 400 respondents. Based on the result of research, there are twelve factors formed a new factor called viral marketing online store. Based on its priority, those dimensions of viral marketing online store can be sorted as follows: customer recommendation, newsletter, linking strategies, communities, free offer, sweepstakes, list of prospective buyers, chatrooms, reference list, product texts, affiliate programs, dan search engine.

*Keywords:* viral marketing, online, factor analysis

## Introduction

Online business arises because of the increasing use of the Internet in the community, thus the existence of the Internet began to shift from conventional to online purchase (Mujiyana & Elissa, 2013: 143; Worndl, et al, 2008: 33; Miller & Lammas, 2010: 5). Online shopping is purchases made via the Internet as a marketing medium with the use of the site (website) as a catalog. One of the advantages of online purchases that shoppers can select products in the catalog, buyers can also request a specific design, to be able to make payments online. However, online spending has a weakness where consumers can make direct physical contact with the seller and the purchased goods can not be tried or touched (Verina et al, 2014: 10; Enz, 2003: 4; O'Connor & Frew, 2004: 179).

Various top brands of online shop make the internet users as their target consumers. Frontier (2015: 132) classify the leading online store brands in Indonesia as follows: PT Ecart Service Indonesia (lazada.com),

PT OLX Indonesia (olx.com), PT Tokopedia (tokopedia.com), PT Fashion eServices Indonesia (zalora.com), PT Global Digital Commerce (blibli.com), and PT Unity Mentari Dimensions (bhinneka.com). The existence of various online stores are increasing, which becomes an option for internet users to purchase online. Online stores are required to develop various strategies to survive in this industry due to increasing competition. They have to think about how to attract consumers so that consumers can make an online purchase decisions of the range of products offered in its online store each (Hax, 2005:19; O'Connor & Frew, 2004:179; Miller & Lammas, 2010:9).

One of the marketing strategies used by the company online store is viral marketing. The objective is to market their products to be accessible by consumers throughout Indonesia via internet access (Andini et al, 2014:6).

Based on preliminary research of the fifty respondents who purchase online in the six online stores mentioned above, there are twelve factors that form viral marketing at

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the leading online store brands in Indonesia, which are: customer recommendation, newsletter, linking strategies, community, free offer, sweepstakes, list of prospective buyers, discussion (chatrooms), reference list, product texts, affiliate programs, and search engine.

The obstacles faced by consumers related to viral marketing are: unattractive site design and images negative recommendations, lack of information regarding products, common problems when consumers place orders online, problems in submitting financial information and other personal data in conducting financial transactions, etc.

Based on the description above, the problem formulation in this study is to determine the factors that form the viral marketing at the leading online store brands in Indonesia, and what priority factors are that form viral marketing at the leading online store brands in Indonesia.

The purpose of this study is to determine and assess what factors that form viral marketing in the leading online store brands in Indonesia, and what priority factors are that form viral marketing at the leading online store brands in Indonesia.

## **Viral Marketing**

Internet stands for interconnection networking, which can be interpreted as global network of computer networks (Randal & Latulipe, 2005:37). The internet affects business in common (Wen, 2009:752; Meyronin, 2002:216; Koutsoutos & Westerholt, 2005: 27; Worndl et al, 2008: 33; Bastaman, 2010: 93). The internet is no longer a new technology to society, as the fact states that 22% of Indonesian society in 2012 are categorized as internet users and the 4th highest internet users in Asia (Rinaldi & Yuardani, 2015:105). A website is an effective means of promoting products and services. This is due to the interactive nature of the site, attractive, global reach, and the information is current. Various forms of electronic media communication today such as electronic mail, graphics, phone, dan YouTube are able to describe the feelings of consumers, communicate with others, and to advertise various business message (Khan & Vong, 2014: 629).

Online shop is the site of commercial transactions connected to the internet. Online shopping is the process whereby consumers

directly buy goods and services from a seller interactively and in real time via the internet and without intermediaries (Mujiyana & Elissa, 2013: 143).

Rosyad (2011: 215) stated that in the context of today's global growing trend that combines the concept of marketing and communications. The trend is known as marketing communications. The marketing communication refers to all forms of communication used the organization to tell you something and affect the buying behavior of existing customers and potential customers.

The term 'viral marketing' was coined for the first time by Steve Juvertson with creating a reveral process inside each Hotmail e-mail which can be undergone easily (Richardson & Bachman, 2014:17). The key to viral marketing is getting website visitors and recommend it to those who later thought to be interested. They will link the message to potential customers who will use the goods or services offered as well as recommend it to other consumers (Andini et al, 2014: 6; Worndl et al, 2008:33; Phelps et al, 2004: 333). Kotler & Amstrong (2008: 327) argued that viral marketing as one of the Internet version of word of mouth marketing that involves the creation of an email message or other marketing agenda that can motivate customers to pass it on to his colleagues (Kotler & Amstrong, 2008:327).

Viral marketing is something created by the companies themselves to promote their products in the hope that saw him will be impressed and willing to deliver it to colleagues and family (Ferguson, 2008: 179). Viral marketing is an initiative of consumer activity as a marketer in spreading a message to the market in the short term just like a virus (viral) epidemics (Sohn et al., 2013: 21). To make a message viral, the marketing message must reach the target potential customers and make it as an active agent to invite others to share the message (Grifoni et al., 2013:13). Viral marketing depends on networks and social interaction through the transmission line (Battilani & Bertagnoni, 2015:31). Beverland & Farrelly (2015:656) viral marketing has the potential to bind consumers and create communication around the brand among listeners.

Zien in Skrob (2005: 50) divided viral marketing into active viral marketing and frictionless viral marketing. Active viral marketing is associated with traditional

concept of word-of-mouth in capturing new customers, while frictionless viral marketing does not require the active participation of consumers to advertise and distribute information products but the company will automatically send promotional messages to the addressee. Ratnasari (2010: 160) stated that the revelation of reality must be positive. Cruz & Fill (2008: 743) revealed that the company can run simultaneously two forms of viral marketing to consumers are either randomly or specifically to potential customers (placed viral).

Viral marketing strategy is classified into two groups based on level of involvement of customers in marketing: low integration strategy and high integration strategy. In low integration strategy, customers' involvement was minimal where the spread of promotions by email only with recommendation "send to friend". In the other hand, in high integration strategy, customers' level of involvement is active in capturing new customers. Some of the instruments that can stimulate viral marketing are: customer recommendation, newsletter, linking strategies, communities, free offer, sweepstakes, list of prospective buyers, chatrooms, reference list, product texts, affiliate programs, dan search engine (Skrob, 2005: 50; Lescovec et al, 2007: 12). Customer recommendation is the key of internet marketing (Lescovec, et al 2007: 12). Customers are increasingly connected to each other through an electronic device that is a potential for the improvement of communication products online retailers through electronic media such as e-WOM among customers (Tran, et al 2012:818). Even companies can use customer eksistingnya as a tool to improve new customer acquisition by offering financial rewards to new customers who successfully recommended by their existing customers (Ahrens, 2013:1034). Giving a special button on the website is one way to facilitate the transfer of information to other options with the addition of a link on the part of the approval mark with integrated email marketing communication channels. In order to attract more traffic to the company's homepage, then a need to develop a linking strategy. Various links are reciprocal which is a complement of a given website freely in order to attract potential customers. A list of the Prospective buyers allows the company to make contact individually and explain the value of the products to them. The members of the group of buyers may be attracted by the latest innovations by newsletters. Businesses

such as online shop attractive to newsletters so that further product development can be realized quickly. (Pitta, 2008:280) stated that the company can design and introduce products (product texts) by maximizing viral marketing. Implementing virtual community includes chatrooms will direct the user groups to exchange information real time and help companies to disseminate information about its products. Romero, M.J.M, & Sánchez, C.A., (2013: 1970) stated that the company should consider relevant messages to consumers when they need interpersonal communication to forward the message to other colleagues. Sweepstake and affiliate programs can be applied at the time of purchase promotional products (Skrob, 2005: 50).

Ferguson (2008:179) declared four important thing for the company's success in implementing viral marketing: the use of tactics in building consumer awareness and desire to try (use tactics to build awareness and trial), identification of the company's products are offered at each time the consumer visits to a specific page (no acquisition without identification), build behavioral recommend for consumers to conduct transactions (look beyond the transactional), and build awareness to continue to develop products according to customer needs (connect your advocates to product development).

Based on the above, it can be formulated the following hypotheses: customer recommendations, news print, the strategy of linking, community, open offer, sweepstakes, register buyer prospects, discussion, reference lists, product descriptions, affiliate programs, and search engine, forming marketing viral on the online store leading brands in Indonesia.

The method used in this research is quantitative method by using descriptive analysis as presented by Sugiyono (2013: 238) with data analysis techniques using factor analysis as presented by Simamora (2005: 47). Total population in this study a number of 3.271.147 people with the determination of the number of samples in this study using Slovin formula in so a sample of 400 respondents are obtained. The target population is the respondents who make purchases online in the six online stores that are: lazada.com, olx.com, tokopedia.com, zalora.com, blibli.com, and bhinneka.com. The sampling technique used in this study is nonprobability sampling with purposive sampling method, where sampling is to obtain information on specific target groups, namely

customers who have never made an online purchase of the six online stores by using screening questions.

There are twelve factors observed in this research. All variables are inputted into SPSS application followed by the obtained data. KMO and Barlett's Test Sphericity used to see about the feasibility of the factor analysis performed in this study. Figures show KMO Measure of Sampling Adequacy (MSA) is 0,651. The higher MSA number than 0,5 indicates that the variable collection of these factors can be further processed using factor analysis. To see how big a factor that will be formed is able to explain the variables can be seen from the results of communalities and eigenvalue. If the value component of eigenvalue is higher than 1, it can be used to calculate the formed factors. After factoring process is conducted, then continued with determination factor loading by rotation of a factor if there are factors that the correlation is less than or equal to 0,5. However, if there are factors that the correlation is less than or equal to 0,5, then the processing result of component factor (factor loading) needs to be done, The loading factor which showed the greatest ability a factor to explain the new form factor.

### The MSA Values from Image Matrices

The MSA values obtained from Anti-Image Matrices are as follows: customer recommendation (0,535), newsletter (0,536), linking strategies (0,522), communities (0,543), free offer (0,512), sweepstakes (0,531), list of prospective buyers (0,528), chatrooms (0,538), reference list (0,527), product texts (0,538), affiliate programs (0,541), and search engine (0,529). Based on the MSA result above, we found 12 factors to be processed further because the value is higher than 0,5. See the communalities results: customer recommendation (0,751), newsletter (0,692), linking strategies (0,749), communities (0,726), free offer (0,721), sweepstakes (0,674), list of prospective buyers (0,634), chatrooms (0,619), reference list (0,662), product texts (0,689), affiliate programs (0,627), dan search engine (0,638). This research uses Principal Component Analysis with total variance, yielding the smallest specific and error variance. Determining new factors can be done by checking the eigenvalues.

**Table 1**  
**Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance		Total	% of Variance	
1	1.634	22.4	22.40	1.034	22.4	22.40
2	.714	19.9	42.30			
3	.687	16.4	58.70			
4	.562	10.1	68.80			
5	.534	8.5	77.30			
6	.489	5.4	82.70			
7	.458	4.1	86.80			
8	.432	3.5	90.30			
9	.339	3.1	93.40			
10	.289	2.6	96.00			
11	.236	2.1	98.10			
12	.163	1.9	100.00			

Source: Hasil Pengolahan Data

Based on the table above, there are 12 factors processed in the factor analysis. With each factor variance = 1. The total of the variance is  $12 \times 1 = 12$ . If the mentioned 12 factors are summarized to *component* or formed factors, then the variance that can be explained by each component or formed factor is Component 1 :  $1,634/12 \times 100\% = 13,616\%$

From these calculations, the total of factors could explain 13,616 % from 12 factors. From the table above there is 1 component or form factor, because in component the formed eigenvalue is lower than 1, which means it is not used to calculate the formed factors. This is similar to the factors put forward by Skrob, 2005:50; Lescovec et al, 2007:12; Tran, et al 2012:818; Ahrens, 2013:1034; Pitta, 2008:280; dan Romero, M.J.M, & Sánchez, C.A., 2013:1970 which shows customer recommendation, newsletter, link strategy, community, free offer, sweepstakes, list of prospective buyers, discussion room, reference list, product description, affiliate program, and search engine. After the factoring process is conducted, the next process is determining factor loading. The result is shown Table 2.

In Table 2 there are no factors whose correlation is less than or equal to 0,5, so that it is clear included in these factors then no rotation factor. Having sorted the results processing component factor will appear as the results in Table 2, it appears that the customer

recommendation factor is categorized into the factors that influence consumers the most in making online purchases (0,589), after that there is factor newsletter (0,572), then link strategy (0,561), community (0,557), free offer (0,549), sweepstakes (0,535), list of prospective buyers (0,521), discussion room (0,516), reference list (0,511), product description (0,508), affiliate program (0,506), and search engine (0,501), respectively.

**Tabel 2**  
**Component Factor**

	Components
	1
Customer recommendation	.589
Newsletter	.572
Link strategy	.561
Community	.557
Free offer	.549
Sweepstakes	.535
List of prospective buyers	.521
Chatroom	.516
Reference list	.511
Product description	.508
Affiliate programs	.506
Search engine	.501

Source: Data Processing Result

Of the twelve factors included initial factor analysis, ultimately formed one factor in the process of naming a factor (factor labeling). In this research, the label is 'Viral Marketing Online Shop' which comprise the factors customer recommendation, newsletter, link strategy, community, free offer, sweepstakes, list of prospective buyer, discussion room, reference list, product description, affiliate program, and search engine, describe the dimensions that form of viral marketing in the business of online stores with the leading brands in Indonesia to attract customers to shop at the online store. This is similar to the one proposed by Skrob, 2005:50; Lescovec et al, 2007:12; Tran, et al 2012:818; Ahrens, 2013:1034; Pitta, 2008:280; dan Romero, M.J.M, & Sánchez, C.A., 2013:1970.

## Conclusions

First, based on the results of research there are twelve factors that included the start of the factor analysis, ultimately form factor 'Viral Marketing Online Shop' which

comprise twelve dimensions: (1) customer recommendation, (2) newsletter, (3) link strategy, (4) community, (5) free offer, (6) sweepstakes, (7) list of prospective buyers, (8) discussion room, (9) reference list, (10) product description, (11) affiliate program, and (12) search engine. These factors become a priority choice of customers to do an online store, so that any company online store can arrange strategic advantage based on these factors. Secondly, factors that are the priorities in forming viral marketing are (1) customer recommendation, (2) newsletter, (3) link strategy, (4) community, (5) free offer, (6) sweepstakes, (7) list of prospective buyers, (8) discussion room, (9) reference list, (10) product description, (11) affiliate program, and (12) search engine.

Suggestions from this research is that an online store should focus on dimensions that form of viral marketing in leading online store brands in Indonesia to attract customers. Based on the priority sequence, we found that the dimensions are as follows: customer recommendation, newsletter, link strategy, community, free offer, sweepstakes, list of prospective buyers, discussion room, reference list, product description, affiliate program, and search engine.

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