

The Influence of e-Commerce on Music Product in Indonesia

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Abstract—Along with the development of technology, the use of the internet is also increasing rapidly. The development of technology leads to the online product selling. The music industry in Indonesia which has decrease also utilize the internet in the sales of its product in order to increase sales volume, because by making use the internet can make consumer more easier to make purchases anywhere and anytime. The purpose of this study is to determine factors affecting consumer buying decision online of music product. The populations of the research are internet user who also music lover in Jabodetabek area in Indonesia, with the number of respondents are 150 respondents. Data were obtained through questionnaires, and analyzed using multiple regression analysis techniques. The result showed that distribution and environment variables are more affecting consumer as consideration to make a decision to buy music product online.

Index Terms—Consumer buying decision, environment, e-commerce, marketing mix.

I. INTRODUCTION

Technological developments lead to the development of retail electronic commerce (e-commerce), and information technology can improve sales information in online ways [1]. E-commerce is buying and selling activity of product and services online. E-commerce activities of the music product is less successful, this happens because of the high level of piracy on music compact disc (CD), and download music illegally which make music industry is getting worse.

Government policy through Republic of Indonesia (RI) law No. 11/ 2008 about information and electronic transaction in order to protect legally product is still not enough, because control of the development of free internet is still difficult to do, although there have been a few sites that only provide music downloads for legal. Digital era has change consumer behavior [2].

Music industry saw that online media can be used to obtain and maintain consumer. E-commerce can help the development of music industry, because e-commerce can change the previous services which are requires consumer to come directly to make a purchase, become an online services that can do by consumer anytime from anywhere, and that will make transaction easier.

This research aims to provide information for music industry about the factors that can be affecting consumer to

make a buying decision of music product, in order to increase the volume of music product sales.

II. LITERATURE REVIEW

The decrease of music industry are caused by the difficulty of control that can be done by government to against selling CD and downloading music illegally, in Indonesia there is more than 90% of music product which is circulate illegally [3]. The data indicate for special handling by the government, and good marketing strategies from companies to increase purchasing of music product.

The quality of product can attract consumer to buy the product [4]-[6]. Consumer buying decision of a product can be influenced by information obtained consumer, and also innovation of the product.

Price is an important factor to music product, because consumer can choose to download music illegally to get free music product, even that product have not good quality. Music industry should pay attention to product price, because prices can affect consumer in buying decision of product [4]-[7].

Product music selling on CD or buying through legal sites on internet needs a good promotion, because promotion can give information, advertisement, and promotion also as an effective communication business media [7]. Promotion can be one of consideration factors by consumer to make buying decision of product [4], [8]-[12].

Innovation that is trying to do by music industry is selling music product on CD which is bundling with fast food restaurant, and music industry also offer the easy way to consumer who wants to buy music product online through legal sites of music product. Distribution channels can be able to reach out wider community to increase product sales [13], it means that distribution channels also have an important role on product selling [14].

Environment factors and life style also affecting on consumer decision to buy music product and the type of music product which is they like. Demography factor such as age, gender, ethnics, race are also affecting consumer decision [15]-[18].

III. METHODOLOGY

Populations in this research are internet user and music lover in Indonesia. Questionnaires and observation are to obtain information which is needed for this research. This research is using 150 respondents to fulfill the questionnaire.

Respondents of the research are from Jabodetabek area in Indonesia who is familiar with internet. Likert scale 1-5 is

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used as a measurement in this study. Hypothesis used in this research is multiple regression analysis techniques. The grand theory of this research is the Theory of Planned Behavior [19]. To achieve the research objectives that have been set, model modification has set from previous study that discussed marketing mix, environment, and buying decision [4]-[17].

IV. RESULT

This research is using 150 respondents to fulfill the questionnaire, and the details of respondents as presented in Table I.

TABLE I: RESPONDENT DATA

	Category	Frequency	Percentage
Gender	Male	113	75%
	Female	37	25%
	Total	150	100%
Age	16-20	21	14%
	21-25	47	31%
	26 & above	82	55%
	Total	150	100%

Validity test results for the variables of product, price, promotion, distribution, environment, and consumer buying decision showed values above r table 0.14 and have 100% of value for all variables, which means that all item questions contained in questionnaire were valid for the research.

Reliability test results have an alpha values 0.854 greater than 0.80, which means that every item questions used in the questionnaire for variables of product, price, promotion, distribution, environment, and consumer buying decision have a good level of reliability, which means that the data from the questionnaire can be trusted. Test of normality shows the value above 0.05, which means that all variables used in this research were normally distributed.

Result test simultaneously for variables of product, price, promotion, distribution, environment, and consumer buying decision as presented in Table II.

TABLE II: ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	604.485	5	120.897	21.597	.000 ^a
Residual	806.075	144	5.598		
Total	1410.560	149			

- a. Predictors: (Constant), Environment (X5), Promotion (X3), Price (X2), Distribution (X4), Product (X1).
- b. Dependent Variable: Buying Decision (Y).

Based on the above table is showed that the value of F count = 21.597 greater than F table = 2.434 Sig.coloumn = 0.000 is smaller than α was set at 0.05, it can be stated that product, price, promotion, distribution, and environment simultaneously affecting on consumer buying decision of music product.

Result test partially for variables of product, price, promotion, distribution, environment, and consumer buying decision as presented in Table III.

Based on the above table in R Square column value is

0.429, this means that contribution influence of product, price, promotion, distribution, and environment on buying decision of music product is 42.90%, while the rest is influenced by other variables which not included in the research model.

TABLE III: COEFFICIENTS (A)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
1 (Constant)	2.508	1.646		1.524	.130
Product (X1)	.064	.077	.066	.829	.408
Price (X2)	-.072	.173	-.032	-.415	.678
Promotion (X3)	-.085	.055	-.099	-1.546	.124
Distribution (X4)	.181	.090	.150	2.015	.046
Environment (X5)	.391	.058	.534	6.773	.000

- a. Dependent Variable: Buying Decision (Y)

Independent variables (product, price, promotion, distribution, and environment) are said to be partially affected to variable Y (buying decision) if t count is bigger than t table (1.976), or less than significance level α set at 0.05. Based on the above statement, it can be stated that only distribution and environment variables are affecting on buying decision of music product.

Contribution of variables of product, price, promotion, distribution, and environment on buying decision of music product, used multiple correlation analysis as presented in Table IV.

TABLE IV: MODEL SUMMARY (b)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.655 ^a	.429	.409	2.366

- a. Predictors: (Constant), Environment (X5), Promotion (X3), Price (X2), Distribution (X4), Product (X1).
- b. Dependent Variable: Buying Decision (Y).

V. DISCUSSION

The development of technology is also change consumer behavior. Digital era makes consumer easier to obtain information and also make transaction through internet. The advancement of technology also gives contributing to the decline in the music industry, it happens because technology also giving facility to consumer to get music product illegally through internet. Government law policy of ITE still could not control the distributing of music product illegally, and that makes music industry continue to decline.

Product variable results state that product variable partially has no significant effect on buying decision of music products, but simultaneously has significant effect on buying decision. These results state that most of consumers are prefer to consume music product illegally. It happened because consumers more prefer to get product illegally, they didn't have to pay money to get music product from downloading illegally, or just pay a little money to buy piracy CD, seen from the number of illegal music sales continue to rise. Consumers no longer care about product quality of the music they listen, it makes music industry decrease every year, and the creativity of musicians are no longer appreciated by consumer.

The results of this study are not consistent with previous researches which state that quality of product can attract consumer to buy the product [4]-[6]. Informations about music product also can not influence consumer buying decision.

The test results for price variable showed that partially price has no significant effect on buying decision, but simultaneously has significant effect on buying decision. This means that consumers also considerate about money to get music product, they will choose to get illegally music product than to pay money for legal music product. Consumer can be obtain free of charge of music product via internet, or buy piracy CD with less money. This makes music industry slumped, and have to thinking to sell music product.

The result is not consistent with previous research which states that the price of a product can influence consumer buying decision [4]-[7].

The result test for Promotion variable indicates that promotion of music products have no effect on consumer buying decision partially, but simultaneously has significant effect on buying decision. Even there are many promotions to do to make music familiar for consumer, but for buying decision many of consumers still more likely to choose free of charge to get music product. This makes the music industry, especially in Indonesia getting worse off.

The result is not consistent with the previous research which state that promotional activities for the product can be consideration for consumer to make a buying decision [4], [8]-[12], because it is not be valid for music product, where consumer prefer to get illegally.

The variable distribution of music products result state that distribution activities have significant effect on consumer buying decision partially and simultaneously. The result means that distribution channel of music product is good enough to reach consumer to make buying decision of music product. The activities of distribution that have been done are using internet for legal downloading of music product and through the music store and also bundling music product with fast-food restaurant. Consumer can buy food in a fast-food restaurant, and they can get music CD where the price is including on food they buy.

The result is consistent with several researchers which state that good distribution activities can reach consumer in a wide area to increase product selling [13], it also means that distribution have an important role on consumer buying decision to increase product selling [14].

The test results conducted on the environment variables showed that the environment has significant effect on consumer buying decision partially and simultaneously. These results imply that environment factors such as age, gender, ethnics, race, as well as lifestyle products in consuming music product can affect consumers for buying decision of music product. Consumers who always know the newest song will have their own pride in environment that they always update for the music, especially for the song which is on top ten charts.

The result is consistent with the previous results of research which states that the environment factors can affect consumer buying decision [15]-[18].

The study results are expected to provide information for the music industry, especially music industry in Indonesia to revive consumer interest in music products to consume music products legally to increase product music selling. Various ways such as e-commerce can be done by everyone specially the music industry and musicians, they have to think harder to make music industry keep alive and people can appreciate musician creativity in music.

VI. CONCLUSION

This study only uses four variables of marketing mix, and environment variable to determine the level of consumer buying decision in Indonesia for music products. Partial test results showed that only variable of distribution, and environment have significant affect on consumer buying decision of music product, but simultaneously test results showed that all the variables have significant affect on consumer loyalty. All variables in this researcg give contributed 42.90%, the rest is influenced by other variables that are not included in the research model.

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