

CHAPTER I

INTRODUCTION

This chapter will explain the background of this research, research problem, research objectives, research questions, the significance of the research, and the organization of the research.

1.1 Background

The development of information and communication technology will affect economic behavior as a means of creating, building, and marketing a product quickly and easily (Adiwihardja, 2016). Before technology became an important role in the business world and today's economy, we can see that all buying and selling transactions were carried out traditionally. Transaction and promotion processes are still carried out traditionally by companies, where product sales management uses marketing and print media to convey information to consumers and outlets effectively (Veza, 2019) because the company has to pay several costs.

With the influence of globalization, technology is developing rapidly, so that this is used as an opportunity for every country to compete. However, on the other hand, technology is also able to help us receive information to develop knowledge (Nasir *et al.*, 2019).

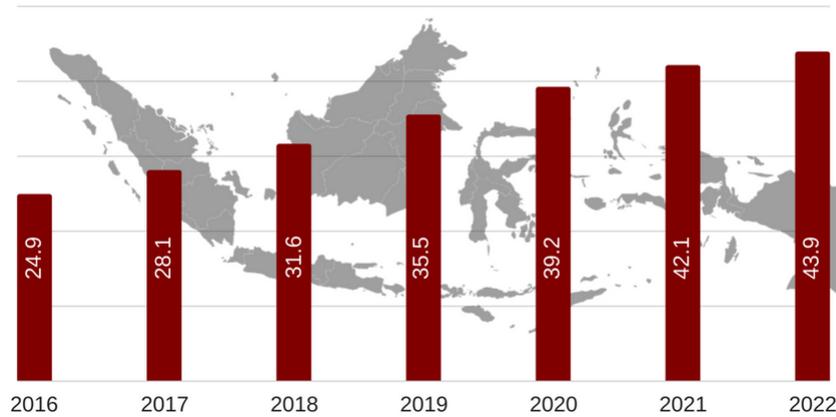
What causes E-commerce to emerge is the presence of technology, which makes our lives much easier, including running a business. Dewi (2014)

described E-Commerce as a process of doing business by using electronic technology that connects parties, such as entrepreneurs, consumers, and the public in the form of electronic transactions and the exchange/sale of goods, services, and information electronically. E-Commerce causes sellers not to have to meet face to face with buyers in conducting trade, and payments are made online via the internet (Sanusi, 2001).

For some well-known E-commerce companies such as Alibaba, Amazon, eBay, etc., E-commerce intensifies competition and provides an advantage for consumers to get the cheapest prices (Sabou *et al.*, 2017). Consumers are also very interested in online shopping because it's much more effective and efficient in terms of time savings, flexible prices, and the availability of various products on one platform (Sabou *et al.*, 2017). However, there are several shortcomings in E-commerce (Ravi, 2017), namely:

- Limited Customer Service: Nobody explains what products are recommended according to consumer needs, so consumers can only rely on the information provided in the product description section.
- No Instant Gratification: Consumers only wait for the product that has been purchased and the product will be delivered to the consumer's location.
- No Ability to physically touch and see the product: Consumers only rely on display images of a product. This can make consumers sometimes feel dissatisfied with the product or not in accordance with consumer expectations.

NUMBER OF ONLINE SHOPPERS IN INDONESIA (in millions)



Source: Statista, e-Commerce Indonesia, User in millions

eshopworld

Figure 1.1: Numbers of Online Shoppers in Indonesia

Electronic Commerce (E-Commerce) in Indonesia has increased every year, which means that the number of users of e-commerce in Indonesia is increasing every year. According to the data on the E-Commerce market in Indonesia, the number of transactions in 2013 was 8 billion USD, in 2014 it increased up to 12 billion USD (Harahap and Amanah, 2018). According to data from Katadata.co.id, Indonesia is the largest e-commerce market in Southeast Asia. The E-commerce activity in Southeast Asia has reached up to US\$ 23.3 billion or around IDR 328.4 trillion. Of that amount, 52 percent of the transactions originated from Indonesia, with the value of IDR 172 trillion (US\$ 12.2 billion). This proves that a lot of consumers in Indonesia have started using E-commerce in buying a product. However, several shortcomings can cause consumers not

to want to buy products online via E-commerce (Aco and Endang, 2017), namely:

- Theft of valuable confidential information.
- Lost business opportunities due to service disruption.
- Use of access to sources by unknown/unauthorized parties (hackers).
- Loss of trust from consumers, as a result of deliberate attempts by competitors or competitors to tarnish the company's reputation.

This research focuses on one online store that is well known to many people, namely Tokopedia. Tokopedia was founded by William Tanuwijaya and Leontinus Alpha Edison and officially launched the online shopping platform on August 17, 2009. Tokopedia was established in order for enhancing digital economic equity in Indonesia. Until now, Tokopedia has grown enormously. Attached from CNBC Indonesia in 2019, Tokopedia targets transaction activities to reach IDR 222 trillion and is projected to contribute to economic growth by 1.5%. Even though Tokopedia is well known by many people, there are several problems that Tokopedia has experienced. Kompas.com stated that Tokopedia has experienced disruptions in transaction activities. Some consumers have made purchases of goods and completed transactions through OVO, but the items purchased do not appear on the order list. Reporting from CNN Indonesia, Tokopedia once held an event called Flash Sale, but consumers felt disadvantaged with that event. This is because Tokopedia was experiencing paralysis in its system, so transaction activities via

fintech such as OVO, bank transfers, or using credit cards have been successfully carried out, but transaction activities from Tokopedia's side have not been considered successful.

Many people do shopping activities. However, each gender has differences in terms of buying an item or product, as well as in terms of deciding to buy an item or product. A study conducted by Nirmala and Dewi (2011) states that gender is the most common predictor for online shopping preferences, and plays a role in determining making purchase intentions online. Research conducted by Kraljević and Filipović (2017) describes that men and women have a difference in shopping style, behavior, and perception. Rodgers and Harris (2003) explained that according to several studies between E-commerce and genders, males are typically shown to be the dominant shoppers, by searching for product or service information. If women are also the primary shoppers, they will also be the main buyers in the virtual environment, but it's not. Research conducted by Yahya and Sugiyanto (2020) shows a different result, where female consumers are dominating E-commerce. The reason underlying gender differences might relate to perceptual differences between men and female consumers.

1.2 Problem

Based on the research results that have been collected, researchers can conclude that with the emergence of Electronic Commerce (E-Commerce) caused by increasingly modern technology, consumers find it easy to purchase goods, both globally and in Indonesia. Although some negative impacts can cause consumer losses in shopping online, E-commerce companies are always growing every year. For this reason, shopping orientation, online trust, and previous purchase experience to online purchase intention will be examined in this research, which focuses on consumers using Tokopedia E-commerce. The gender variable is added as a moderating variable because gender has a role in determining online purchase intention and to identify the male and female consumer behavior characteristics due to perceptual differences.

1.3 Research Objectives

The purpose of this research is to:

- To identify the impact of shopping orientation on online purchase intention.
- To identify the impact of online trust on consumer online purchase intention.
- To identify the impact of the purchase experience on consumer online purchase intention.

- To identify the impact of shopping orientation, online trust, and purchasing experience on online purchase intention.
- To identify the impact of shopping orientation, online trust, and purchasing experience on online purchase intention with gender differences as a moderating variable.

1.4 Research Questions

The formulation of the research questions are:

- Does shopping orientation affect online purchase intention?
- Does online trust affect online purchase intention?
- Does purchasing experience affect online purchase intention?
- Do shopping orientation, online trust, and purchasing experience affect online purchase intention?
- Do shopping orientation, online trust, and purchasing experience affect online purchase intention with gender differences as moderating variables?

1.5 Significance of Study

The Significance of the study is for:

- **For Researcher**

In this research activity, it is expected that the researcher will be able to understand the relationship between shopping orientation, online trust,

and purchasing experience to online purchase intention with Gender as a moderating variable on Tokopedia E-commerce consumers.

- **Faculty of Economics and Business UPH**

For the faculty, it is expected that this research activity will be useful for adding insight on online purchase intention, so that the topic of this research can be discussed more in the class, especially for the Consumer Behavior concentration class.

- **Tokopedia and other Online Shopping E-commerce Corporations**

It is expected that this research activity can be used as information for the E-commerce company such as Tokopedia, to study the characteristics of consumers in making online purchases, and make this research to find a solution or strategy for companies to maintain consumer trust and growth.

- **Other Researchers**

For other researchers, research can be used as a reference and help researchers who are conducting a research on online purchase intention and add some new variables that are not in this research.

1.6 Organization of the Study

- **Chapter I Introduction**

The background, problems, research objectives, research questions, the significance of the study, and all organizations related to this research, will be discussed in this chapter.

- **Chapter II Theoretical Basis**

All the theories used in this report by experts from existing journals, all the variables in this report along with the relationship of each variable will be discussed in this chapter.

- **Chapter III Research Method**

The research paradigm, the purpose of this research, type of research, measurement of the data, study setting, unit analysis, time horizon, data collection, sampling, measurement, and the data analysis will be discussed in this chapter.

- **Chapter IV Results & Discussions**

The validity and reliability test of this research and the result from the data sample will be discussed in this chapter.

- **Chapter V Conclusions & Suggestions**

The conclusion and suggestions of this research will be discussed in this chapter.