CHAPTER I:

INTRODUCTION

Introduction in a study is important because as an opening of the whole research, consist of the background of the research, problem statement, research question and objectives, and the significance of the study.

1.1 Background of the Study

It is known that in the increase of development of technology in this day and age are effecting the use of media technology. Hence, advances in the field of technology is supporting the development of internet technology. With the internet, buyers are no longer having difficulty in accessing and reaching some desired product information. The internet allows the emergence of platforms such as E-commerce where production, marketing, and maintaining products or services occur. Through the data we can see that E-commerce (Electronic Commerce) is the process of buying, selling or exchanging products, services and information through a computer network (Wibowo, 2016). So, we can see that E-commerce can conduct buying and selling transactions globally using internet as a medium, by globally it means consumer can buy products from around the world without obstacles and covers business more broadly. As a result, people choosing to buy online products because it's more convenient. There are many marketplaces that currently dominate the Indonesian market such as Tokopedia, Bukalapak, Shopee, Lazada, Blibli, JD.Id

and Sale Stock Indonesia. The number of e-commerce sites in Indonesia shows that in this digital era there is a change in consumer shopping behaviour.

Shopee is a mobile platform which is headquartered in Singapore and started to entering Indonesia in 2015. it provide the feature consumer to consumer (C2C) which appear safe and easy in buying and selling activities. The platform was launched in the region, including Malaysia, Singapore, Indonesia, Thailand, Vietnam, the Philippines and Taiwan (Widyanita, 2018).

From the studies that have been collected by researchers, it can be concluded that there are several shortcomings of Shopee services that have started to affect online trust in buying (Purchase intentions) of products on the Shopee platform.

This matter is not only in Shopee but also in Tokopedia where the case of Tokopedia, stated that an offline store that is currently holding a discount program. From one of the million products discounted, 49 were bought by insiders in an incorrect way (Noersativa & Rezkisari, 2018). The opposite from Shopee's side, Based on Shopee's feedback there are statement about Shopee's poor service such as a lack of speed in replying in customer service, complicated free promo provisions, increasingly expensive shipping costs, sometimes an error application system, and the occurrence of several frauds. This statement has been proven through a pre-test that given to 8 people where 5 people answered Shopee's service was bad, this supports the statements that emerged regarding Shopee's poor service.

Furthermore, compared to Shopee globally, Malaysia provide feedback about the frequent occurrence of many scams in their platform (Milo, 2016). It can be seen that the comparison between both countries, Malaysia and Indonesia have

almost the same complaints about Shopee's poor service. Therefore, this study will be analyzing whether the problems that arise will greatly affect online consumer trust in buying products on the Shopee platform through variable like E-commerce Knowledge, Reputation, Risk, and Internet Technology or whether this does not harm Shopee at all in accordance with what has been hypothesized.

1.2 Problem Statement

So, based on the background discussion, the problem statement that can be concluded is the emergence of problems such as poor service on e-commerce platforms such as Shopee, as one of them. This study will test whether the negative feedback that appears will affect Shopee. This research is also expected to help Shopee to improve service quality in accordance with the research results so that customers continue to use Shopee.

1.3 Research Questions

1. Does E-commerce Knowledge positively affect Online Product Trust?

2. Does Reputation positively affect Online Product Trust?

3. Does Risk negatively affect Online Product trust?

4. Does Internet Technology positively affect Online Product Trust ?

5. Does negative Electronic Word of Mouth decreases the relationship between Online Product Trust and Shopee's purchase intentions?

6. Does Online product Trust negatively affect Shopee's Purchase Intentions?

1.4 Research Objectives

1. To know whether E-commerce Knowledge positively affects Online Product Trust

2. To know whether Reputation positively affects Online Product Trust

3. To know whether Risk negatively affects Online Product trust

4. To know whether Internet Technology positively affects Online Product Trust

5. To know whether Electronic Word of mouth negatively affects the relationship between Online Product Trust and Shopee's Purchase Intentions

6. To know whether Online Product Trust negatively affects Shopee's Purchase Intentions

1.5 Significance of the Study

The Significance of the study is a follow:

1.5.1 For the Researcher

For Researcher, this study is expected to help researcher in a better understanding about how to manage a good e-commerce business and always consolidate aspects of customer behavior or customer engagement in developing an online business for success.

1.5.2 Business School

For All Business School, it is hoped that this research may be an insight for the faculty, so it discusses more topics about how to manage the e-commerce platform properly and build good customer relationships in opening an e-commerce business.

1.5.3. Generation Z

For Generation Z with this report, researchers hope that all Generation Z whether in Pelita Harapan University or not can start to consider and build up a desire to create and open a business e-commerce platform by taking into account the E-commerce variable Knowledge, Reputation, Risk, and Internet Technology.

1.5.4. Business E-commerce Owners or Corporations

For Business Owners or Corporations, researchers hope through this report, all company's manager can consider the statement about the lack of service as a feedback to improve more about their development of e-commerce business.

1.5.5 The Next Researcher

For the next researcher that will discuss about the topic "The effect on customer trust and customer behaviour for purchase intentions on Shopee as an e-commerce", it is hoped that carrying this research will help and added to be one of the reliable references for the topic. Other than that; by

knowing variables such as e-commerce knowledge, reputation, risk, internet technology; this is expected to be explored for other variables that have not been discussed in this study.

1.6 Organization of the Study

1.6.1 Chapter 1: Introduction

Introduction in a study is important because as an opening of the whole research, consist of the background of the research, problem statement, research question and objectives, and the significance of the study.

1.6.2 Chapter 2: Literature Review

This chapter will present all theories that researchers used by all experts in this report, the research product and subject, all variables in this report, and the connection between variables as well as the model of this research.

1.6.3 Chapter 3: Research Methodology

The research method will present methods that researchers used in this research, such as; research paradigm, the purpose of this research, types of research, researcher interference, study setting, unit analysis, time horizon, data collection, sampling, measurement, and lastly, data analysis.

1.6.4 Chapter 4: Results and Discussions

This chapter will discuss about the profile of the respondents of this study, the explanation of pre-test study and actual study result, hypothesis test, and the discussion of the results.

1.6.5 Chapter 5: Conclusions and Suggestions

This chapter will conclude this report as well as giving useful recommendations for any researchers who wish to analyze this case even further.