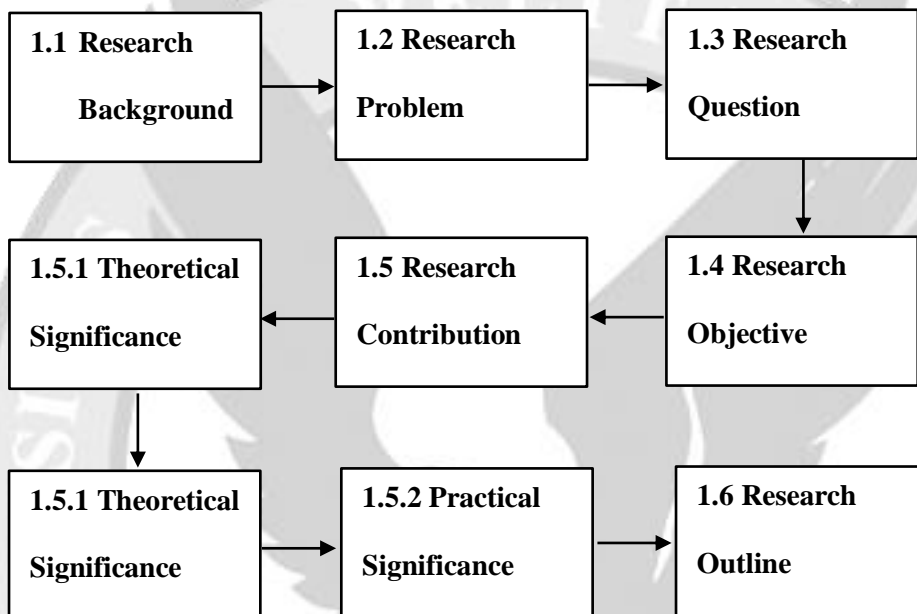


CHAPTER I

INTRODUCTION

In this introduction, this will discuss about: background research; research problem; research question; research objective; research contribution; theoretical significance; theoretical significance; practical significance; research outline.



1.1 Research Background

In the 21st Century, digital technology has been demanding in a cycle of life. One of the leading digital technology platform is an e-commerce platform. In e-commerce platform, Lazada has been available in several countries particularly in Southeast Asia and was launched on November 11, 2012 (Crunchbase, 2020). Lazada was one of the branch company of Alibaba group that got a series a funding from the investor. One of it was Series A – Investment of \$40 Million which has been funded to Lazada group in hope to becoming one of the leading e-commerce

platform in Southeast Asia. According to Wang and Wang (2019), E-commerce is a new economic form that has emerged in recent years and will continue to expand.

In Indonesia, Lazada has been becoming one of the player in e-business. As covered by statista (2020), Indonesia's economic growth is mainly driven by domestic consumption. In addition, Indonesia Consumers are also known to be less affected by other countries (Kasmo, Wahid, & Ismail, 2015). This factor is one of Lazada's focuses in providing influence on imported products to Indonesian consumers. Lazada has implemented several strategies to compete in the Indonesian market, especially to compete with competitors such as Shopee & Tokopedia.

CEO of Lazada Indonesia, Mr. Chun Li stated that combining technology, e-commerce and logistics has become one of the keys to Lazada's success in becoming the number one e-commerce platform in Indonesia. In addition, Lazada also keeps up with the trends that have occurred in the Indonesian market in the last 3 years. He also stated that in the next step, Lazada will follow Korean trends in the Indonesian market and collaborate with South Korean artists, girl groups & boy band groups to make them Lazada ambassadors with the aim of Lazada's approach to Indonesian e-commerce platform users. Not only that, the development of Lazada's platform distribution network in Indonesia is also Lazada's focus and strategy, especially for cities outside Jabodetabek. This was done in order to minimize shipping costs with the seller base determination program having grown twice as fast as Lazada's target growth. The growth rate of buyers outside Jabodetabek is also higher, which is 2.5 times, according to a Katadata,2020 interview with the CEO of Lazada Group Indonesia.

On the Lazada platform, foreign sellers who sell imported products from China to Lazada Indonesia users have become one of the features and variants of the Lazada platform to present mass difference product variants to meet the needs and desires of Indonesian users' demands for a product. low price product. China has become one of the strongest suppliers worldwide with an advantage in manufacturing costs. China is the first country to meet the needs of bulk and cheap products from Indonesia and the rest of the world by achieving cost advantage and companies around the world have shifted production to China (Uyar, 2018).

The new business model in cost of production has given a big impact for Indonesian consumers and Chinese Business owners. Indonesia has been becoming a big market for Chinese Business owners to expanding. Promoting and selling their products to the Indonesian consumers. According to latest data about the Indonesian Consumerism. Its shows that 59.2% percentage of Indonesian people has a high consumerism. (CEIC Data, June 2020).

This phenomenon is a concern that questions Indonesian consumers in their personal buying behavior. Ethnocentrism has become a view of things in which one's own group, and all others are scaled and judged by reference to it (Sumner, 1906; Alsughayir, 2013). Ethnocentrism plays a role in this view of looking at the natural causes and drives of Indonesian consumers. An ethnocentric argues that buying foreign products is wrong because it can harm the national domestic economy. In addition, the act of buying foreign products is considered unpatriotic & un-nationalistic behavior because it can have a negative impact on domestic jobs (Shimp, r; Alsughayir, 2013).

The lack of product availability in the domestic market is one of the focuses of attention. With products that do not meet market requirements, consumers have no choice but to buy products from international or foreign markets. Because the product is available and supplied by them (Ramadania, Gunawan, & Rustam, 2015). The lack of product availability defines that the problem is not just an ineligible product on the market. Quality, price & product selection are not available to consumers when looking for products.

Product needs in imported products on Lazada's online e-commerce platform are a study related to consumer ethnocentrism and the lack of product availability. It has driven people even to those of ethnocentric beliefs. Needs are the main reason customers make purchases (Ramadania et al, 2015). For this reason, the authors decided to examine the influence of consumer ethnocentrism, Lack of Product Availability and Need in the Evaluation of Foreign Products on the Lazada platform.

1.2 Research Problem

Lazada has been an e-commerce platform in Indonesia since 2012. Under Alibaba Group & Networking in China, which uses a company in Singapore as its main headquarters, has stated to the market and competitors that Alibaba with its Lazada e-commerce platform is ready to meet consumer needs and compete in Indonesia's e-commerce market.

In Indonesia, Lazada exists with strong connections between Lazada Indonesia, Malaysia, Singapore, the Philippines, Thailand and Vietnam. This

connection states that with the presence of the Lazada network in six countries, Lazada has built extensive connections between technology, logistics and payment systems across platforms. By owning most of the brands and sellers, Lazada aims to serve around 300 million customers on six platforms including Lazada Indonesia (2020).

According to Statista (2020), Lazada's monthly web visits in Indonesia from the first quarter of 2018 to the second quarter of 2020 experienced a significant decline. In Q1 2018 around 117.57 million users have visited the Lazada platform. Following Q2 of 2018, the number of visitors decreased to 49.99 million users. In Q3 2018, the number of visitors decreased to 36.41 million users. In this period Lazada Indonesia lost a lot of customers who visited their platform. Following the next 2 quarters of 2018, Lazada is trying to recover with an increase in visitors in Q4 with 58.29 million users. Lazada's visitors in 2018 indicated that 55% of visitors had disappeared during that period. In early 2019, Q1 emerged with 52.04 million users following in Q2 with 49.62 users and in Q3 with 28 million users. In the last quarter of 2020 or Q4, Q4 appeared with a slight increase in visitors to 28.38 visitors. Only 38,000 users increased from Q3 - Q4 in 2019. In 2020, Lazada visitors have emerged with a brighter side. In Q1 2020, web visitors had started at 24.4 million users. In Q2 of 2020, visitors will see an increase in visitors to 49.62 million users. In the midst of the Covid-19 pandemic in Indonesia, Lazada has taken the opportunity and a big role for comeback and recovery in the competition for Indonesian e-commerce platforms and is ready to meet the needs of Indonesian customers ranging from imported & local products. Consumer Ethnocentrism,

Product Needs and Lack of Product Availability and Consumer Attitudes contributed to the increase in visitors to the Lazada Indonesia e-commerce platform due to the availability of imported products on Lazada.

This thesis research is a replication of research conducted by Ramadania, Gunawan & Rustam (2015). This study was conducted to examine the influence of culture on consumer ethnocentrism, the lack of availability of domestic products and product needs on the attitudes of Indonesian consumers in West and North Jakarta towards foreign or imported products on the Lazada Indonesia e-commerce platform. Starting from ethnocentrism, product needs, lack of product availability to the attitudes of Indonesian consumers towards foreign or imported products, food and beverage products imported from Malaysia. Their research concluded that the lack of availability and need for products allows consumers to have a better perception of foreign products. It also plays a role in consumer ethnocentrism which is unable to reduce the negative impact of consumer ethnocentrism during evaluation. In previous research, 2 variables have played a role. This concludes that there are cultural similarities. Furthermore, this study will replicate the research design of Ramadania et al (2015).

1.3 Research Questions

Based on background and research problem that has been stated above, the writer formulates the research questions as follow:

1. Does Consumer Ethnocentrism negatively influence Lazada Users Attitude towards Foreign Products on Lazada in West & North Jakarta ?

2. Does Lack of Availability of Domestic Products positively influence Lazada Users Attitude towards Foreign Products on Lazada in West & North Jakarta ?
3. Does Product Necessity positively influence Lazada Users Attitude towards Foreign Products on Lazada in West & North Jakarta ?

1.4 Research Objective

According to research question above, the objective of this study are listed as follows:

1. To examine the negative influence side of 'Consumer Ethnocentrism' on Lazada Users' 'Attitude towards Foreign Products' on Lazada.
2. To examine the positive influence side of 'Lack of Availability of Domestic Products' on Lazada.
3. To examine the positive influence side of 'Product Necessity' on Lazada.

1.5 Research Contribution

This research is expected to contribute toward the general outlook and practical implications that will describe as follows:

1.5.1 Theoretical Significance

The theoretical contribution of this research is towards a new marketing expected to help the author gain insight on consumer attitude towards foreign products, particularly on Lazada Platform, to understand about every variable used. The theoretical contribution of Customer Attitude will be a reference for future research in the global brand marketing.

1.5.2 Practical Significance

The practical contribution of this research is expected to be a reference for this study is expected to help practitioners, Lazada and domestic sellers on its platform. Lazada platform can understanding on which way they can develop Indonesian SMEs. They will have a data to fill the gap and a good processed of making decision in Lazada Business way in Indonesia.

For the domestic sellers on Lazada Platform can also acquire better understanding on their position in comparison to foreign sellers started from the difference sights view. First from the lack of availability, consumer bias and Product Necessity.

1.6 Research Outline

The systematics of writing this research refers to the Guidelines for Final Project Writing of the Faculty of Economics, University of Pelita Harapan, which are as follows:

CHAPTER I: INTRODUCTION

The first chapter consists of the introduction to the topic and the research area, research background, research questions, research objectives, research significances and the writing systematic of the research paper.

CHAPTER II: LITERATURE REVIEW

This second chapter provides an information and explanation in every independent and dependent variable, theoretical background of variables in the study, conceptual framework of research hypotheses, research design used and lastly a summarized table of relevant previous studies.

CHAPTER III: METHODOLOGY

The third chapter explains about the analysis tools and methodological approaches used some in the study of the supporting theories and data. the methods used to examine and measure the relationship between variables including the research design and methods of data collection in the quantitative research approach.

CHAPTER IV: RESULTS AND DISCUSSION

This fourth chapter consists of the result of the actual research that linked between the variables in this study and shows the statistical data collected start from the pre-test to the actual test of the study, this chapter will explain answers to the research question and led to a conclusion of the research.

CHAPTER V: CONCLUSION AND RECOMMENDATION

The fifth chapter concludes the whole research studies from the first chapter. It will explain the final conclusion of the

study and the researcher insights, limitation of study and recommendation for future research.

