

# CHAPTER I

## INTRODUCTION

### 1.1 Research Background

During the last few years, Information Technology has experienced rapid growth. Almost everything has shifted to online. Specifically, the purchasing and selling of goods, which is referred as the e-commerce. E-commerce is a new form of business that has emerged in recent years (Wang & Wang, 2019). It is now widely used as a vital conduit for traders to conduct business (Nurunnisha & Dalimunthe, 2018). E-commerce improves the outside economic environment's competency (Wang & Wang, 2019), and it accounts for a significant share of the economy of many countries, including Indonesia.



Figure 1.1 Digital data in Southeast Asia  
Source: Hootsuite (2019)

An information from the Global computerized report in 2019 show that in excess of 40 million individuals across Southeast Asia utilize the web today, representing very nearly 10% of the universes complete web client base.

That number keeps on developing, as well. The quantity of web clients in Southeast Asia has developed by in excess of 10% in the course of recent months, with web entrance across the area all in all now well over 60%.

Quite a bit of this development in web clients has come from Indonesia, which is additionally home to Southeast Asia's biggest populace (Data Reportal, 2019).

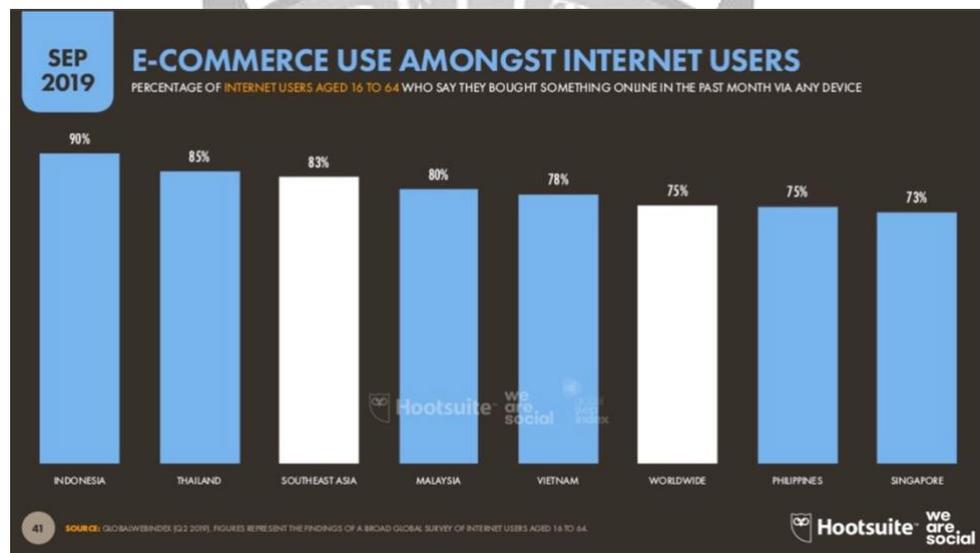


Figure 1.2 E-Commerce Use Amongst Internet Users  
Source: Hootsuite (2019)

In 2019, Global Web Index reports that more than 9 in 10 Indonesian internet users between the ages of 16 and 64 now make online purchases each month, compared to a global average of 75 percent. Thailand, Malaysia, and Vietnam are all ahead of the global average too. The Philippines matches the global average at 75 percent, but Singapore comes in just below that average in Global Web Index's latest round of data, at 73 percent. In the 12 months to the end of June 2019, the number of people in Southeast Asia who made online purchases grew by

17 percent, equating to tens of millions of new ecommerce shoppers across the region.

One of the greatest internet business organizations in Southeast Asia, Shopee is a web based Marketplace application for purchasing and selling through portable effectively and rapidly, Shopee was established in Singapore in 2015. It is an unadulterated play commercial center, implying that all items are sold by outsiders, not Shopee itself. It was just initially dispatched as a versatile application for purchaser to-buyer exchanging. Shopee is presently primarily utilized by organizations selling new items, with a traditional site just as a portable application.

Shopee has been dynamic in the six biggest Southeast Asia economies since its dispatch. In 2019, Shopee created 2.7 billion orders for an all-out GMV (gross product volume) of \$35.4 billion, an expansion of 102% on the earlier year (Web Retailer, 2019). Shopee gives a shopping assurance to purchasers by giving an escrow administration. The purchasers installment is held by Shopee until the purchaser or the transportation administration affirms that conveyance has been finished.

Just as the fundamental commercial center, there is the Shopee Mall which gives a wide scope of items from local and worldwide brands, sold through right around 5000 authority stores including Unilever, Samsung, Puma and Huawei. Shopee runs unique deals and special occasions including Super Brand Days highlighting worldwide brands, 9.9 shopping day on September ninth, Singles Day on November eleventh, and Double 12 deals on December twelfth every year, which is Southeast Asia's adaptation of Singles Day in China.

Selling on Shopee is free for commercial center vendors with less than 100 finished requests, and special instruments are accessible including live streaming and social missions. The commercial center area is expected for use by little nearby organizations, while Shopee Mall is for brand proprietors and approved merchants. Shopee Mall dealers should sell real items with a 15-day merchandise exchange, and give free transportation or utilize one of Shopee’s upheld coordination’s suppliers. Shopee Mall commissions range from 2-5%.

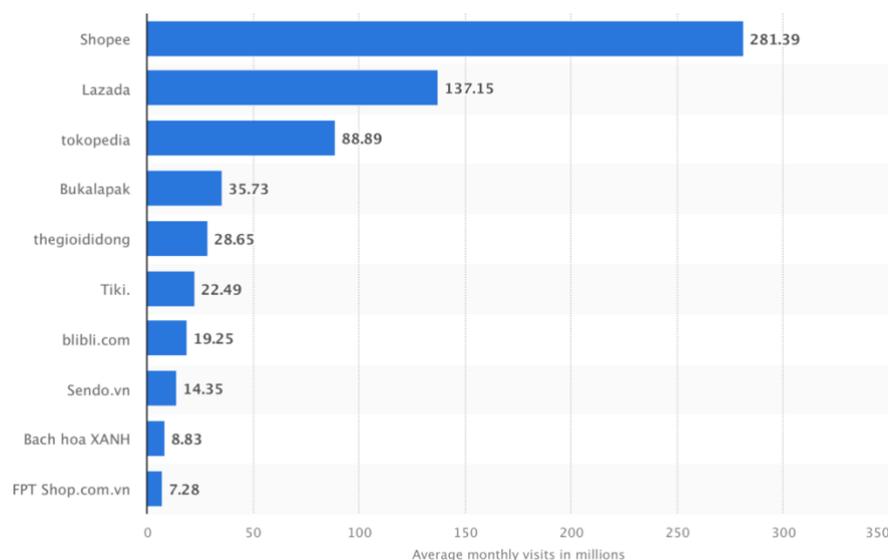


Figure 1.3 Average Monthly E-Commerce Visit in Southeast Asia.  
Source: Web Retailer (2021)

Shopee is owned by Sea Limited, an organization settled in Singapore and with a financial exchange posting in New York. Sea has an internet gaming division and gives advanced instalments and monetary administrations. With 343 million visits each month, it works across the area, and has as of late ventured into South America. Indonesia, which is by a wide margin the biggest economy in Southeast Asia, gives 27% of Shopee’s traffic. (web retailer, 2021) This means Indonesian Customer’s has built a loyal connection towards Shopee. However, according to

the data in Figure 1.4 below shows Shopee is the number one most visited marketplace in Southeast Asia with Indonesian people as the number one visitors out of other Southeast Asia countries.

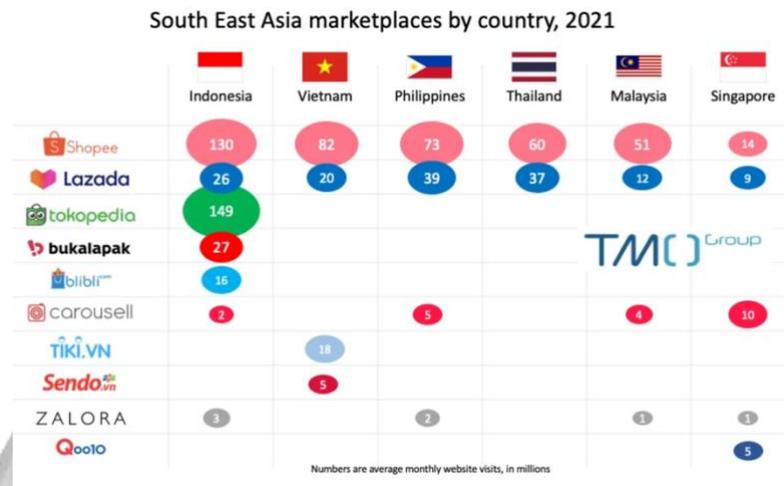


Figure 1.4 Southeast Asia most visited marketplaces by country  
Source: TMO Group (2021)

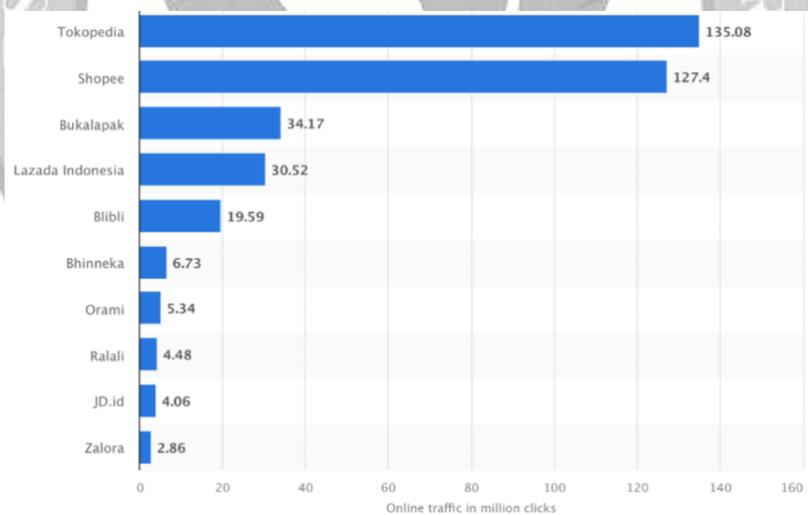


Figure 1.5 Indonesia most visited marketplaces  
Source: Medium (2021)

Moreover, the data in Figure 1.5 shows that in Indonesia Shopee is ranked as number two most visited marketplace after Tokopedia. Thus, it is interesting to

examine what factors influence the loyalty of Indonesian consumers to Shopee. Specifically, in the Greater Area of Jakarta.

Yang and Peterson (2004) concurred, consumer loyalty is affected by a few variables, to be specific the worth of client trust, and, consumer loyalty. Consumer Loyalty is the principal objective of showcasing, hence; client dedication should be kept up with and improved because it holds existing clients more effectively and saves costs more than tracking down new clients. Devotion will give many advantages to the organization, then; it will urge somebody to do rehash buys (buy aim) and prescribe the brand to companions and associates (Lau & Lee, 1999).

In light of the dealer's perspective, steady client conduct will work effectively, gripe a bit, have a low affectability to value changes, and give more noteworthy advantages (Dick & Basu, 1994). Consumer Loyalty is a proportion of client steadfastness to the utilization of a brand. Dependability is perceived as a significant component and is essential for the endurance of an organization. Mowen and Minor (2002) characterized consumer loyalty as the general demeanor that clients show on labor and products after the client has procured and utilized them. Other than that, Kotler and Keller (2007) clarified that fulfillment is related to sensations of joy or frustration of somebody who shows up in the wake of contrasting apparent item execution with the normal exhibition. If the item execution isn't in accordance with assumptions, there will be a disappointment. However, when an item has an exhibition that is at any rate. This exploration is a type of replication of examination directed by Yang and Peterson (2004).

Thus this research model examines Indonesian shopee consumer loyalty which is influenced by Service user interface, Service Information Quality, Perceived Security, Perceived Privacy with the mediating variable of E-Customer Satisfaction and E-customer trust to E-Loyalty of Shopee Users in Jabodetabek.

## **1.2. Research Problem**

The data above, shows that Even though Shopee is ranked as the number one marketplace in Southeast Asia, it turns out that in Indonesia Shopee is ranked second after Tokopedia. Thus, it is important to examine the factors that affect Shopee E- Customer loyalty in Jabodetabek through the variable Service User Interface , Service Information Quality, Perceived Security and Perceived Privacy, and whether E-Customer Satisfaction and E-customer trust mediates between those four independent Variables to E-Loyalty of Shopee Users in Jabodetabek. Therefore, the research questions are:

- Does Service User Interface positively Influence E-Customer Satisfaction of Shopee Users in Jabodetabek?
- Does Service User Interface positively Influence E-Customer Trust of Shopee Users in Jabodetabek?
- Does Service Information Quality positively Influence E-Customer Satisfaction of Shopee Users in Jabodetabek?
- Does Service Information Quality positively Influence E-Customer Trust of Shopee Users in Jabodetabek?
- Does Perceived Security positively influence E-Customer Satisfaction of Shopee Users in Jabodetabek?

- Does Perceived Security positively Influence E-Customer Trust of Shopee Users in Jabodetabek?
- Does Perceived Privacy positively Influence E-Customer Satisfaction of Shopee Users in Jabodetabek?
- Does Perceived Privacy positively Influence E-Customer Trust of Shopee Users in Jabodetabek?
- Does E-Customer Satisfaction positively Influence E-Loyalty of Shopee Users in Jabodetabek?
- Does E- Customer Trust positively influence towards E-Loyalty of Shopee Users in Jabodetabek?

### **1.3. Research Objective**

Based on the research Questions above, the research objectives are as follows:

- To examine if Service User Interface Positively Influence E-Customer Satisfaction of Shopee Users in Jabodetabek.
- To examine if Service User Interface Positively Influence E-Customer Trust of Shopee Users in Jabodetabek.
- To examine if Service information Quality Positively Influence E-Customer Satisfaction of Shopee Users in Jabodetabek.
- To examine if Service Information Quality Positively Influence E-Customer Trust of Shopee Users in Jabodetabek.
- To examine if Perceived Security Positively Influence E-Customer Satisfaction of Shopee Users in Jabodetabek.

- To examine if Perceived Security Positively Influence E-Customer Trust of Shopee Users in Jabodetabek.
- To examine if Perceived Privacy Positively Influence E-Customer Satisfaction of Shopee Users in Jabodetabek.
- To examine if Perceived Privacy Positively Influence E-Customer Trust of Shopee Users in Jabodetabek.
- To examine if E-Customer Satisfaction Positively Influence E-Loyalty of Shopee Users in Jabodetabek.
- To examine if E-Customer Trust Positively Influence E-Loyalty of Shopee Users in Jabodetabek.

#### **1.4. Research Scope**

The Research has a scope limited to several conditions as listed below:

- This Research discusses about User Interface Quality, Information Quality, Perceived Security, Perceived Privacy, E-Customer Satisfaction, E-Customer Trust, and, E- Customer Loyalty.
- The Respondents in this research are people that have shopped online in an E-commerce Specifically Shopee in Jabodetabek area with the age below 16 years old until the age above 31 years old.

## **1.5. Research Writing Systematic**

### **CHAPTER I: Introduction**

This chapter consists of the introduction to the research area and topic, ,research questions, research Purpose, research significances (theoretically and practically), and lastly writing systematic of the research.

### **CHAPTER II: Literature Review**

This chapter consists of the information and explanation regarding every independent and dependent variable, supporting theories from many relevant previous studies, its relations and hypothesis, the research design used and lastly a summarized table of relevant previous studies.

### **CHAPTER III: Research Method**

This chapter consists of the analysis tools and methodological approaches used in the study along with some supporting theories and data. Research paradigm, research type, research involvement, study setting, measurement table, unit analysis, sample size, data collection method and a few more will be covered.

### **CHAPTER IV: Results and Discussion**

This chapter shows the statistical data collected from the study, explains what each data means, discusses the correlations, whether hypotheses is accepted or rejected and summarizes the results.

### **CHAPTER V: Conclusion and Recommendation**

Lastly, this chapter consists of the conclusion of the study, its managerial implication and author recommendations for future research.