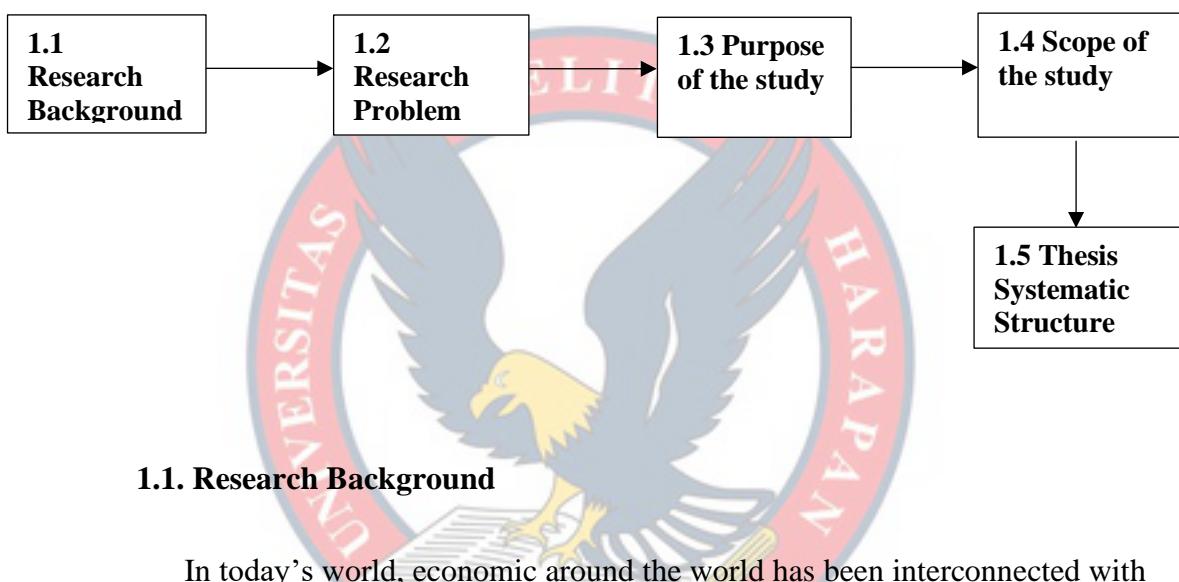


CHAPTER I

INTRODUCTION

The chapter will discuss the introduction of the research and study about How Technology Readiness and E- Commerce Impact to Consumer Behavior in Shopping Centre in the Pandemic Covid_19 Era. This chapter will discuss about research background, research problem, purpose of the study, scope of the study, and thesis systematic structure.



1.1. Research Background

In today's world, economic around the world has been interconnected with highly new technologies that make the world business to exchange on information, trades, payment and others which relies on each other. In this situation forced any organizations or institution to implement new high-end technologies, such as information technology, in order to improve the efficacy and efficiency of various organizational working processes (Purba, 2015) .Technology has vastly created a big difference towards the world. Our life nowadays has been connected and being dependent on technologies. The domination of technologies has led us to do activities such as learning, sports, travelling, and many others to shift from using traditional method into technology based which brings more conveniency and simplified process in the operation towards people. Throughout the years, many privileges have been brought by technology and its integration towards working and manufacturing processes. As a result, industry productivity

has increased, lowering production costs and providing more effective solutions in order to give clients with the highest quality, price, and convenience. According to (Cheng et al., 2015), Industry 4.0 has been brought to the globe, demonstrating the next step in major increases in product efficiency and quality. It also provides flexibility and customization, which is more efficient than utilizing traditional systems. Industry 4.0 emphasizes the creation of intelligent and communicative systems, including machine-to-machine communication and human-machine interaction. Industry 4.0 has accomplished rapid business activity adaptation by meeting the needs of ever-changing market demands, particularly in technical businesses that require automation and big data. Not only focusing on manufacturing technology, Industry 4.0 also fulfill the communication between business to customers which mainly used for marketing activities through internet and other online media.

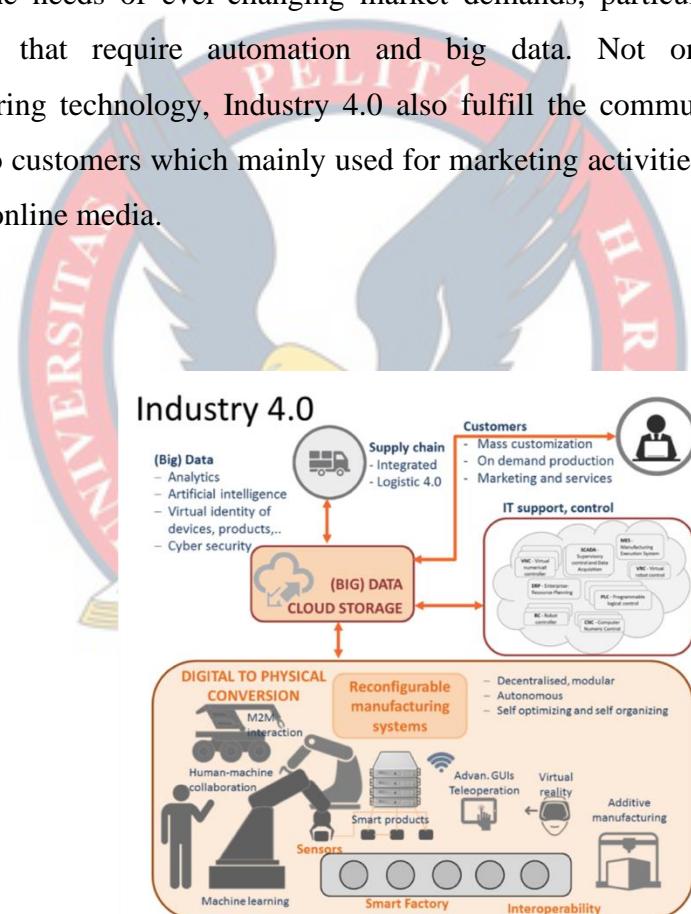


Figure 1. 1. Industry 4.0 Workflow, Source: (Rojko, 2017.)

Figure 1 above shows the workflow of Industry 4.0 that operates in a manufacturing company. The big data compile all information which are operated by artificial intelligence, they are focusing on the identity of product which they are about to manufacture. After it has been manufactured, all information which is integrated by automation will then gather up to manage the supply chain of the product which later will be delivered to customers. By the integration of IT, the company will also communicate with customer through technologies where they can look for information such as product that are on demand and product that are wanted and needed by customers. By this, they can apply the right components to add in their product as well as setting up the proper marketing strategies and services to their customers. The growth and expansion of technology is measured by the Technology Readiness Index. The TR index seeks to comprehend people's wants in order to fully utilize the most up-to-date or cutting-edge technologies available (Rojko, 2017). Technology Readiness is described as "people's" willingness to embrace and use new technologies in order to achieve goals in their personal and professional lives (Parasuraman, 2016). Technology Readiness considers about the innovativeness, optimism, insecurity, and discomfort on the usage of technology in our daily activities. Over 127 researchers in 30 countries uses Technology Readiness Index which is applied by marketing scholars and practitioners, this move has shown us that Technology Readiness has played an important role in today's world which will influence human daily activities including business activity to begin shifting from traditional way into digital era (Parasuraman & Colby, 2014). By the introduction of E-commerce, companies nowadays use information and communication technology to achieve change and growth of the company, businesses use Internet-based application to support their business activities such as product marketing which they promote their product to prospective customers and to display the product which help customer to know well about the goods and services that are being offered by the company. E-commerce also support many other business activities such as transaction which nowadays customer uses E-payment, E-transaction, E-money, and many other cashless transactions. Buying and selling activities has also been done by internet-

based technologies where product is being sold through online which connect business to customer in a faster and more efficient way because the communication can be done anywhere and anytime (Blut & Wang, 2019). E-commerce is a dynamic collection where technology is in the application to business process that may connect companies and consumers as well as other stakeholders where they exchange of goods and services between retailers and consumers with various kinds of commodities on a wide scale with the help of electronic transaction and the process of shipping of the products from retailers to buyers using transportation from one region into another until it reaches the end user. This has stimulated mutual relationships which benefits buyers and sellers (Kotler, Wong, Saunders, & Armstrong, 2005).

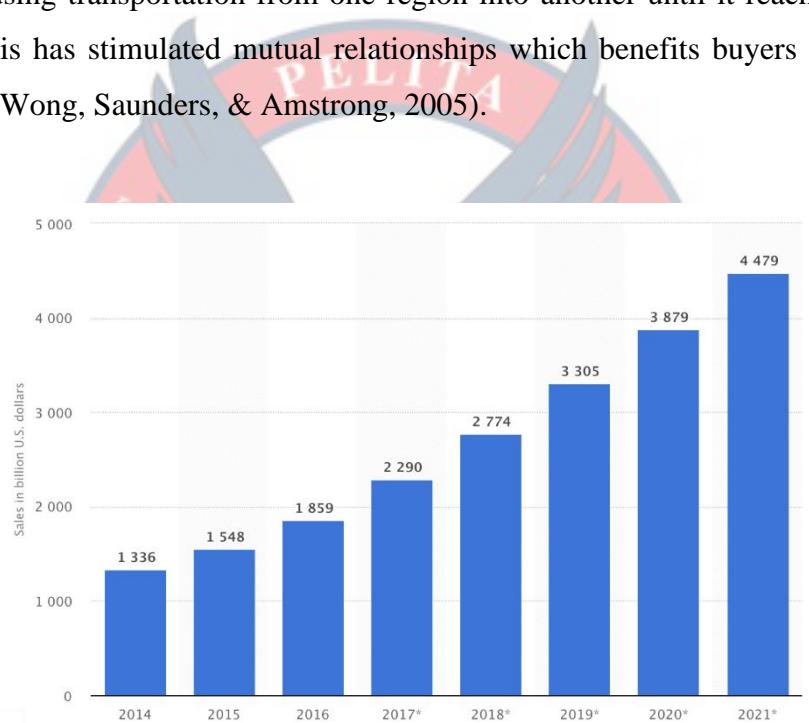


Figure 1.2. Retail E-commerce sales worldwide from 2014 to 2021 (in billion US dollar), Source: (viaark, 2018)

According to the graph above taken from Statista, sales on E-commerce worldwide has fast growth. In 2014, sales have reached \$1.336 billion, but it grows double in 2017 into \$2.382 billion sales worldwide. Over the years it keeps growing upwards until \$4.891 billion in 2021 and it is estimated that the sales of E-commerce will keep growing until 2024 onwards. However, the growth of E-commerce may not be a good thing for retail industries. The growth of E-

commerce has created loss of jobs in traditional stores which laid off employees and closing shops due to lesser demand. This void is then fulfilled by online stores which is now the new player in the industry. With more online stores operating, lesser people are being employed which explains the difference of managing these types of business operations. E-commerce companies increase sales but they employ fewer people, E-commerce sells more goods per employee compared to retail stores because E-commerce do not need to hire the same number of employees as on retail industries because their operation is mostly automated by technology. These is one of the factors that will affect the retail industry where people will have lesser job opening because their duty has been fulfilled with technologies (viaark, 2018). With the rise of E-commerce, the sector has carved out a significant portion of the worldwide retail market. The increased use of smartphones and availability to data services in emerging economies has aided E-commerce growth by introducing an ever-increasing consumer base to shopping online. Traditional brick- and- mortar shops which have seen their revenue decline are now experimenting new sales channels which includes tapping into E-commerce business in order to expand their consumer base (Rajamanickam, 2020).

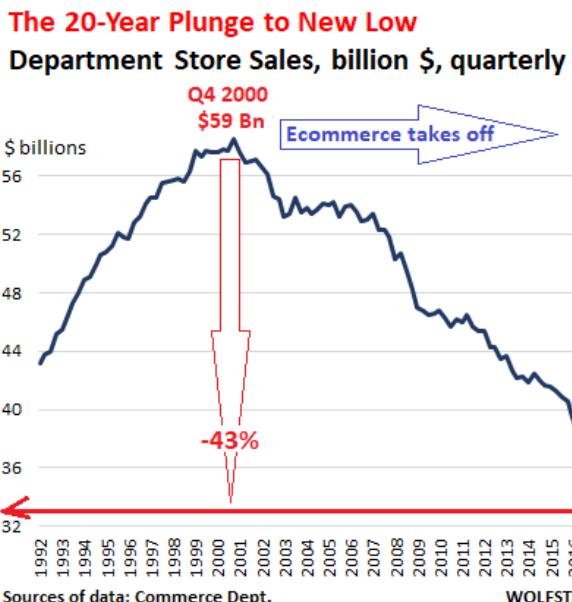


Figure 1. 3. The 20- year plunge to new low department store sales, billion \$, quarterly, source:(Richter, 2020)

Looking at Figure 3 from Wolfstreet, the graphic shows how physical and department stores loses its sales due to the introduction and growth of online shops. Since 1992 until 2000, sales of department stores have reached the peak which in Q4, the sales reached \$59 billion. However, the performance of retail stores has slowly experienced a downturn until in 2019, the sales has reached its lowest point at around \$33 billion. These data show that E-commerce has taken the industry of business because consumer starts shifting from going to physical shops into clicking and visiting online stores through their gadgets and other media (Richter, 2020). In addition, by the situation of the Covid-19 pandemic, physical stores are now mainly closed and people starts to shifting to buying product online because information technology provides service that is safe and gives minimum possibility risks of customer from being infected by the Covid-19 virus because we do transaction by our gadget instead of meeting people directly. In this paper, the author will discuss about how technology readiness and E-commerce impact consumer behavior which looks at how consumer starts shifting in doing the way of business activities. This paper will also be discussing whether E-commerce will dominate business activities nowadays with the help of Technology Readiness Index by showing researches and live data from population sample, looking their preferences and their behavior as consumer about how they are behaving with the introduction and establishment of Internet-based business. Looking at the Covid_19 pandemic situations, this paper will also discuss how E-commerce has survived business activities through technology and automation and how it will impact to traditional business activities which is shopping center. By the data collection, this paper will prove whether E-commerce solves various of difficulties in business activity.

1.2.Research Problems

The researcher formulates the problems based on the background of the study, as follow:

RQ 1: Does E-commerce gain brand image towards buyers which influences positively to consumer behavior?

RQ 2: Does E-commerce gain trust towards buyers which influences positively to consumer behavior?

RQ 3: Does E-commerce offer security towards buyers which influences positively to consumer behavior?

RQ 4: Does E-commerce gain efficiency towards buyers which influences positively to consumer behavior?

RQ 5: Does E-commerce brings innovativeness towards buyers which influences positively to consumer behavior?

1.3. Research Purpose

The purpose of the research is as follow:

1. To determine whether E-commerce gain brand image which positively influence consumers behavior.
2. To recognize whether E-commerce gain trust towards consumers which positively influence consumers behavior.
3. To see whether E-commerce offers security towards consumers which positively influence consumers behavior.
4. To know whether E-commerce provide efficiency towards consumers which positively influence consumers behavior.
5. To analyze whether E-commerce brings innovativeness towards consumer which positively influence consumer behavior.

6. To fulfill the requirements for Bachelor Degree of Management from the Faculty of Business and Economics of Universitas Pelita Harapan

1.4. Research Benefits

1. Practical Benefits

This research is conducted in order to solve a problem. This research will bring practical benefits that are useful for parties which includes:

- a. Practical benefits for researchers are aimed to increase knowledge and experience for researchers in applying knowledge to real problem especially in learning consumer behavior and E-commerce.
- b. Practical benefits for lecturer are expected that research result can be valuable towards lecturer which can shape student motivation in order to improve on the studies and gain more knowledge.
- c. Practical benefits for students are expected to be the guidelines for increasing learning motivation and maximum utilization of learning resources so that they can get higher learning outcomes.
- d. Practical benefits for readers are expected to give more knowledge and broader insight about E-commerce and consumer behavior.

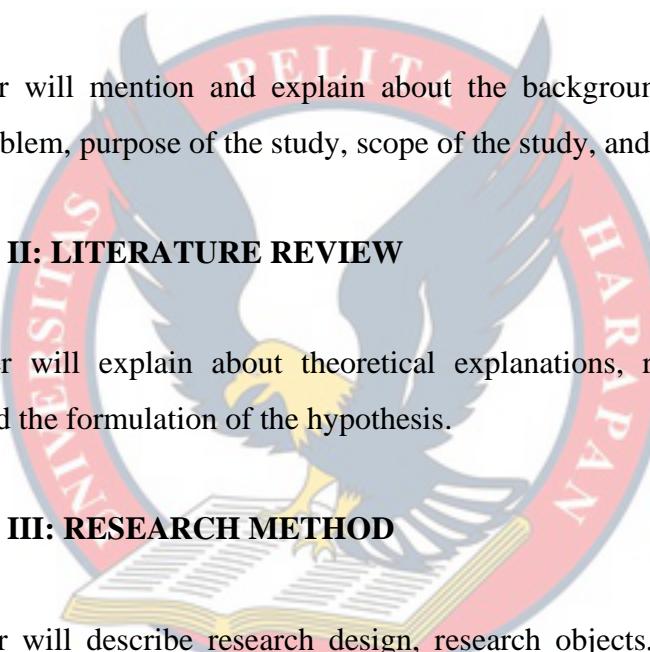
2. Theoretical Benefits

This research is expected to add insight and knowledge and additional reference about the factors that may affect consumer behavior towards the operation of E-commerce. By this research, authors are hoping that the information that are taken from experts and authorized journals can be valuable

which helps author to know deeper and better about the nature of consumer behavior in the business world. The author is also expecting to learn deeper about how E-commerce is running in the modern world which shift the behavior of buyers moving from traditional retail into buying products from E-commerce.

1.5. Thesis Systematic Structure

CHAPTER I: INTRODUCTION



This chapter will mention and explain about the background of the research, research problem, purpose of the study, scope of the study, and the thesis outline.

CHAPTER II: LITERATURE REVIEW

This chapter will explain about theoretical explanations, results of previous research, and the formulation of the hypothesis.

CHAPTER III: RESEARCH METHOD

This chapter will describe research design, research objects, sample collection method, data collection methods, and data analysis methods.

CHAPTER IV: DISCUSSION AND ANALYSIS

This chapter outlines the result of data analysis which have been obtained and explained about the result of statistical calculations of the relationship of each variable including the testing of variables and hypothesis.

CHAPTER V: CONCLUSION AND RECOMMENDATION