

CHAPTER I

INTRODUCTION

This chapter will provide an explanation of the background of the problem, problem formulation, research questions, research objectives, research benefits and research systematics

1.1. Background of The Problems

With the current growth of the internet, many ways are used to utilize the internet in doing sales. The growth of the internet also eventually triggered the growth of e-commerce and will certainly have an impact on people's lifestyles and habits as well. This online buying and selling activity is thus inextricably linked to the growing usage of the internet and mobile phones around the world. Online sales are very simple to locate simply by searching for what we want. In this scenario, shopping for items online is a novel economic behavior. Many factors will contribute to the popularity of this online buy.

In this digital era in figure 1 below, as many as 88.1% of Indonesian internet users have used e-commerce services to purchase certain products. This percentage is the highest in the world in the results of the We Are Social survey of April 2021. One of the causes is the rapid advancement of the digital age. In

today's era, all things are always related to the internet, even the internet can reach small cities anywhere in the world. With this, it certainly brings convenience to the seller. Sellers no longer need to spend money to use advertising on television as a means of delivering their products to consumers who watch their products on television.

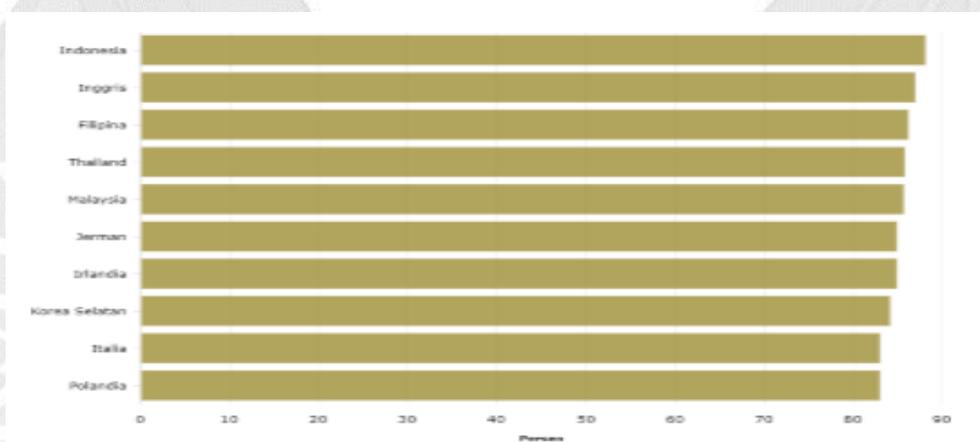


Figure 1 10 Countries with the Highest Percentage of E-Commerce Usage in the World (April 2021), WeAre Social (2021)

The growth of e-commerce in Indonesia is growing exponentially, the number of internet users in Indonesia reaches 82 million people or 30% of the total population. According to Tech in Asia (2020), Shopee's revenue is predicted to be around \$4.5B-\$4.7B in 2021. This shows that it will grow 112.3% yearly (year on year). Shopee always have brilliant out of the box ideas and strategies to ensure and manage their consumers from moving to other platforms. In Indonesia, Shopee is well known for their amazing promotions such as their free delivery.

In figure 1.1, according to the E-Commerce Map published by iprice.co.id, in 2019 Shopee has maintained its first place as the top e-commerce for 10 consecutive quarters based on PlayStore rating. Shopee also dominated the AppStore ranking category in the second quarter of 2019.



Figure 1.1 Indonesia Top E-Commerce, iPrice.co.id (2019)

In terms of top brand categories in online e-commerce platforms, Shopee has an index of 14.7%, lower compared to Lazada with an index of 31.8% (Shendy, 2020). In 2018, Shopee experiences fluctuations in sales at 9.1% (Prabawani, 2020). These fluctuations can be indicated and related to the sense of trust and loyalty of their users of customers. In addition, the Covid-19 pandemic has shifted people's spending habits to the digital sector, including online buying, as a result of the

disease. In addition, this year's e-commerce transactions will grow, and they have the potential to be a new source of economic drivers. While the Covid-19 pandemic is underway in Indonesia, the usage of a variety of digital services surged, with e-commerce being one of them. In figure 1.3 as many as 69% utilize this service more often to purchase basics for their everyday lives. The adoption of digital wallets as a way of making such purchases has also increased, reaching a height of 65%. Furthermore, digital services in the fields of health and education have seen significant increases, with 41% and 38% increase, respectively, in the last year.

1.1.1. Problem Formula

Rank	Platforms	Visitors
1.	Tokopedia	140.4 Million
2.	Shopee	90.7 Million
3.	Bukalapak	89 Million
4.	Lazada	49.6 Million
5.	Blibli	38.4 Million

Figure 1.4 The Map of E commerce, iPrice (2019)

As shown in figure 1.4, Shopee ranked second to Tokopedia in 2019. This could be because many parties say that the process of sending packages using the ShopeeXpress service is time consuming. Complaints were made via Twitter and the comment box on the Shopee Indonesia official account. And before that, there

was news that express couriers were protesting (Kompas, 2020). Thus, affecting their performance negatively.

Running an internet company involves complete and total trust from consumers. Online store owners should provide accurate and timely information about their products or services. To ensure that customers are satisfied with the service provided by the online store, it is important that they get accurate product information (Radetya, 2015). Brand attachment can be referred as the concept, in which consumer or individual seeks a sense of security from or relationship with a brand (Ammari, B. N., Niekerk, V. M., Khelil, B. H. and Chtioui, J., 2016). Trust is an important aspect in the consumer's online purchase choice. When it comes to online brand credibility, online brand attachment is quite significant.

When it comes to the creation of brand attachment, trust is seen as a critical component. Customers rely on brands that keep their promises, and when a consumer is connected to a brand, they feel the brand will not lie or violate its claims regarding the product, and the brand will not be taking any advantages of any consumer's weakness. Hence, online brand attachment affects online repurchase intention. Customers trust brands to deliver on their promises and when a consumer is attached to a brand, they believe that the brand will not lie or break its product promises and that the brand will not take advantage of any consumer's weakness. Brand trust is described as a customer's willingness to rely on a brand

notwithstanding the risks that must be taken since the customer's expectations of that brand will result in favorable outcomes (Rizan, 2012).

Through the background description above, the variables that will be studied are online brand attachment, online brand trust, online brand experience, and online repurchase intention.

1.2. Research Questions

Research questions can be determined using the explanation given from the research described as follows:

1. Does the online brand experience positively affect the online brand trust?
2. Does the online brand experience positively affect the online repurchase intention?
3. Does the online brand attachment positively affect the online brand trust?
4. Does the online brand attachment positively affect the online repurchase intention?
5. Does the brand attachment moderately affect brand experience and brand trust?
6. Does the brand attachment moderately affect brand experience and

online repurchase intention?

1.3. Research Objectives

The purpose of this research based on the description of the research question above is as follows:

1. To find out the effect of brand experience and online brand trust.
2. To find out the effect of brand experience and online repurchase intention.
3. To find out the effect of brand attachment and online brand trust.
4. To find out the effect of brand attachment and online repurchase intention.
5. To find out the moderating effect of brand attachment between brand experience and brand trust.
6. To find out the moderating effect of brand attachment between brand experience and online repurchase intention

1.4. Research Contributions

1. Theoretical Contributions:

This research is intended to give a more comprehensive understanding of online brand attachment, online brand trust, online repurchase intention and online brand experience.

2. Practical Contributions:

Through this research, it is expected that business actors or buyers can find out the benefits of brand attachment, online brand trust, online repurchase intention and brand experience

1.5. Research Outlines

In this study there are 5 chapters, with each chapter will be discussed as follows:

CHAPTER 1: INTRODUCTION

In this chapter the author will explain about the research background, problem formulation, research benefits, research objectives, research benefits, and also systematic research.

CHAPTER 2: LITERATURE REVIEW

This chapter discusses the explanation of variables of *brand attachment*, *online brand trust*, *online repurchase intention* and *brand experience* and describes the relationship between variables and variables, research models and hypotheses.

CHAPTER 3: RESEARCH METHODOLOGY

This chapter explains the authors' methodologies for testing and measuring associations between variables, including study design and data gathering in quantitative approaches. The preliminary test results will also be included in

this chapter.

CHAPTER 4: DATA RESULTS, ANALYSIS AND DISCUSSION

This chapter will present the findings of research into the relationship between variables, the findings of testing based on data obtained, and the findings of research discussions that will answer research questions that will lead to research conclusions.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

The author will provide the following conclusions with theoretical and management consequences in this chapter. The author will also highlight the limits of the author's study as well as ideas for further research.

1.6. Research Benefit

It is hoped that the results of this study will be able to contribute to the relevant parties. This research is also expected to provide education to business entities and consumers to online shopping. It can also be a reference for future studies.

1.6.1. Benefit For Businesses

It is hoped that this research can be useful and provide meaningful input for the company in the future, so as to maintain the quality of its service to consumers.