CHAPTER I

INTRODUCTION

1.1 Background of Study

Indonesia's digital economy has contributed significantly to the country's economy growth recently. For the next four years, the number of Indonesia's internet user is estimated to increase significantly (Nurhayati-Wolff, 2020). Besides, the fact that internet user penetration rate is expected to increase gradually attracts more attention and encourages even more individuals to run a business in e-commerce industry. The internet user penetration in Indonesia from 2015 – 2025 can be shown in the chart below:
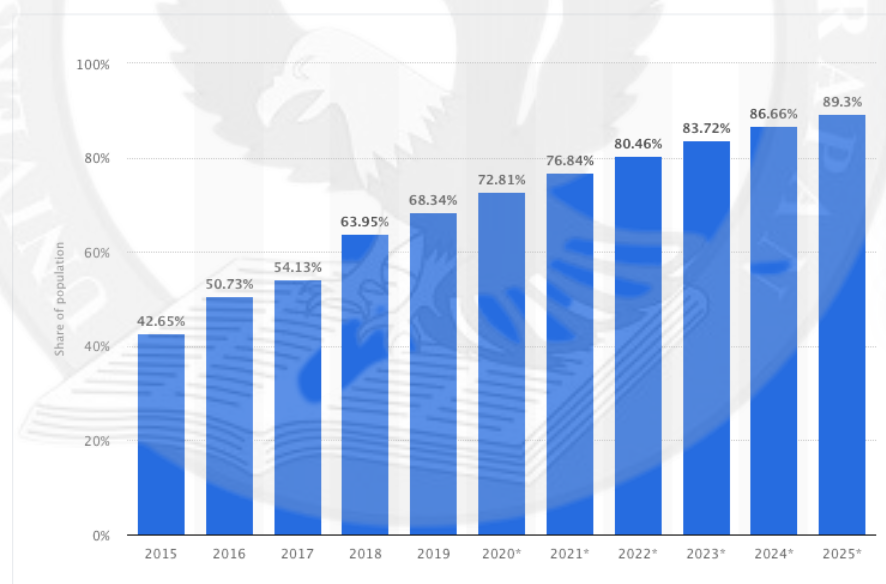

Figure 1. 1The internet user penetration in Indonesia from 2015 – 2025
Source: https://www.statista.com/statistics/254460/internet-penetration-rate-in-indonesia/

From the figure 1.1, the population of internet user penetration rate in Indonesia had an increase of 30.56% between the time span of 2015 – 2020 from 42.65 % to 72.81%. This number is projected to grow to 89.3% in 2025

(Nurhayati-Wolff, 2020). This determine that the digital technology sector could be a promising business in the future, especially for e-commerce.

Due to the rapid growth of penetration rate of internet users in Indonesia, it opens up opportunities in numerous digital sectors, including e-commerce. With a revenue of US$ 30 billion in 2020, Indonesia is the tenth largest e-commerce market, ahead of Russia and behind Australia. The Indonesian e-commerce market revenue increased at 49% in 2020 and contributing to a global growth rate of 26% (Nurhayati-Wolff, 2020). In addition, the Gross merchandise volume (GMV) of the e-commerce sector was estimated to increase from 32 billion in 2020 to 83 billion dollars by 2025 and e-commerce consumers is the primary driver of this trend. By 2025, Indonesia is anticipated to have about 221 million inhabitants who use e-commerce (*E-Commerce in Indonesia - Statistics & Facts | Statista*, n.d.). By this, it can be concluded that e-commerce industry seen as a promising business in the future as the market revenue of e-commerce continue to increase and the global growth rate will continue to increase over the next few years.

Prior to Covid-19 Pandemic, many individuals suffer from loneliness after being isolated for a long period of time. To cope with that, many of them seek for pet companion. Due to this situation, pets' products and services is a thriving market nowadays. Based from a research, the annual market revenue for pet products in Indonesia is USD 1,5 million, while for pet services is USD 15.8 million. In addition, pet humanization has become a popular trend among Indonesian families which is encouraged even more by increasing number of

individuals who wanted to have a pet companion with them. Besides, the increase of low and middle-income Indonesian populations favors the expansion of low-cost pet foods (*Indonesia Pet Food Market Size, Trends & Growth, COVID-19 Impact Analysis and Forecast (2021 - 2026) - Mordor Intelligence*, n.d.).

The rise of e-commerce in Indonesia has become crucial in the convenience of the pet product and services as sales over the internet have increased. Besides, it demand business to utilize technology to conduct its operation to reap the benefits from it (Purba et al., 2020). Taking advantage of this opportunity, some Indonesia's start-up companies started to integrate digital integrated B2C platforms and Petskita is one of them.

PT Menara Petskita is a startup company based in Medan, Indonesia. Founded in February 2020, the company offers a special platform that allows animal lovers to purchase and sell pet-related supplies and products, ranging from food, accessories to services such as pet clinics, hotels, grooming, insurance, and pet walkers around from all across Indonesia via online. PETSKITA's mission is to be the only place in Indonesia where animal lovers can find everything they need for their pets. It also aspires to be Indonesia's only platform for developing pet shop and pet supply businesses and assisting service providers in this sector in expanding their reach and promoting their products or services online by inviting them to be Petskita Affiliates. Petskita adopts the marketplace concept and aggregator model by providing pet products and services. The monetization strategies applied are coming from various methods including commissions, subscriptions (both products, services, and SaaS) which will be applied at each

stage of product launch. For the overall monetization strategy, Petskita focuses on building a pet ecosystem with integrated data that can provide more value for all Petskita customers. Since May 2020, Petskita has launched more than 1000 product options, ranging from pet food to gadgets and accessories. Not only focusing on dogs and cats, Petskita also provides products for fish, birds, rabbits, to exotic animals. Besides, Petskita also makes it easy for all pet owners to meet their pet's needs online during the pandemic.

In terms of competitors, there is another Pet Marketplace Supplier established earlier in 2017 in Indonesia which is PETKU. PETKU is an all in one community driven e-commerce who cares about pets. Similar as Petskita, PETKU also offer the website service for its online customers.
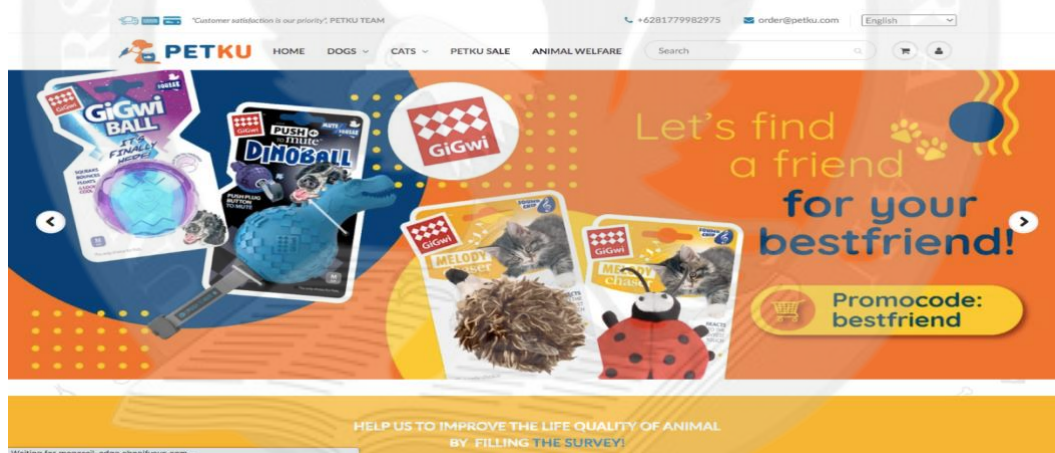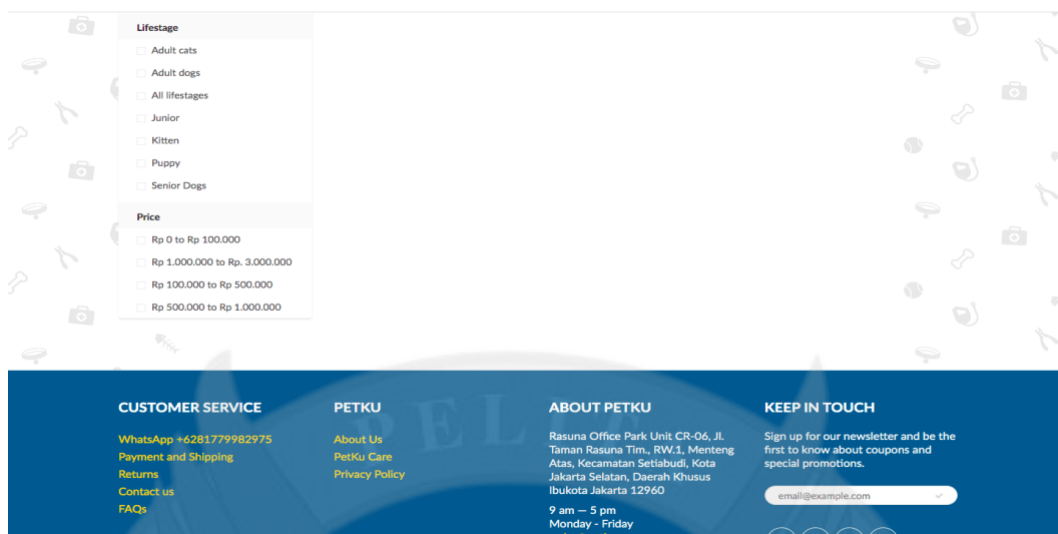
Figure 1. 2The display of PETKU official website
Source: Internal sources (2021)

Figure 1.2 shows the landing page of PETKU website. The top of the website showed a clear menu bar with 5 category such as Home, Dogs, Cats, Petku Sale, and Animal Welfare. Above, there is a large banner that emphasize their Unique Selling Proposition (USP) and updated promos or news. The middle part of the website showed their products and services. Lastly, the bottom of the page showcases a simple footer yet simple menu bar and navigation. The UI/UX design of PETKU official is quite presentable which can be exemplified by Petskita. However, unlike Petskita, so far PETKU still focuses to pet's products and has not offered pet's service such as pet salon, pet clinic, pet trainer, etc. This point becomes one of the important preeminence of Petskita compared to PETKU.

A technology application can be conducted in the business field by designing an online e-commerce site or web-ecommerce for a company or startup company. With the existence of advanced software technologies in the present industrial age 4.0, a lot of business are able to use them to increase their customer base. Most company industries across the world have proven that good services

may affect customers' and clients' intentions from time to time. The role of information and technology in delivering those services is crucial (Purba et al., 2020). Petskita has taken advantage of the development of information technology in their business. The service process of Petskita are all conducted in its official website. However, it is not known for certain whether Petskita customers are satisfied and trust the services available on the website.
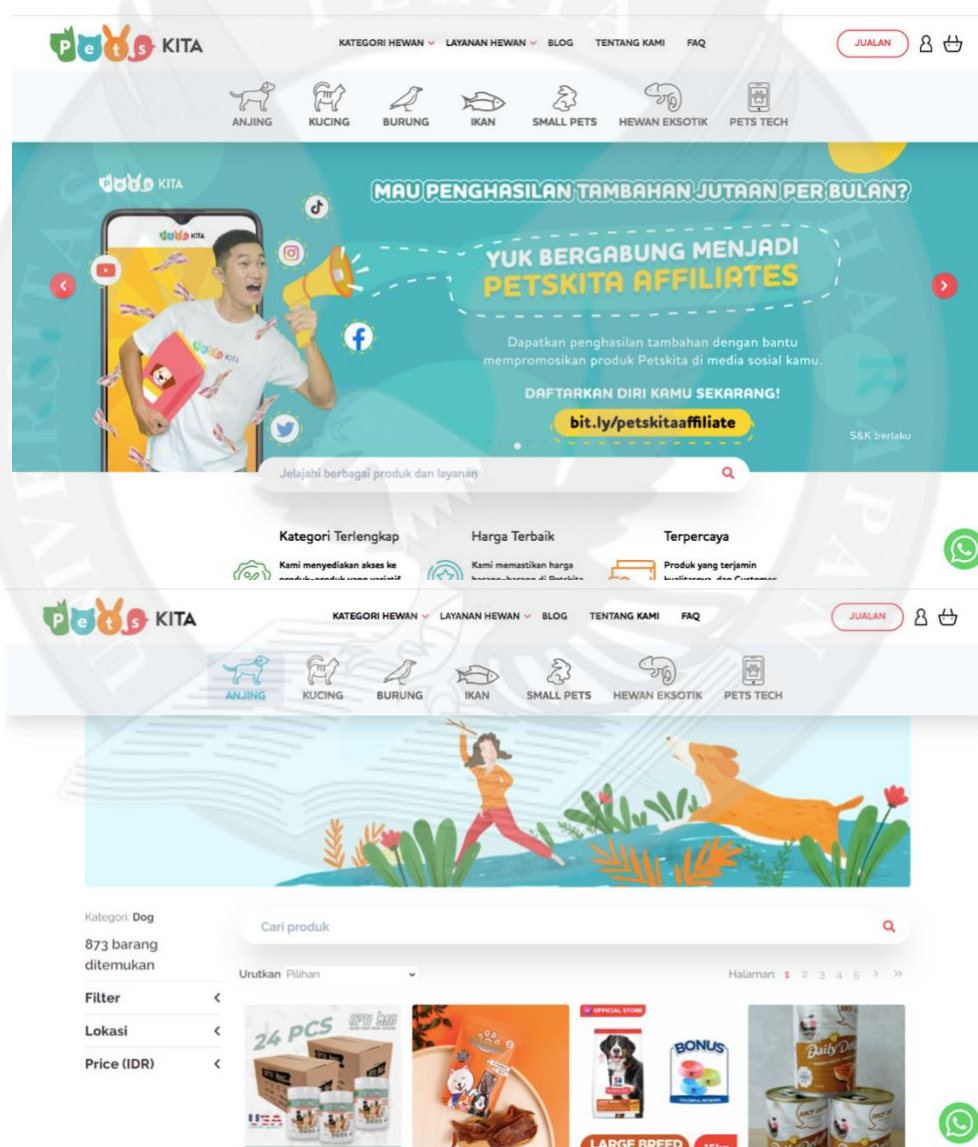

Figure 1. 3 The display of Petskita official website
Source: Internal sources (2021)

Figure 1.3 shows the landing page display of Petskita website. Just like PETKU, the upper section of the page is the menu bar with 4 categories: animal products (*kategori hewan*), animal services (*layanan hewan*), Petskita blog, about us (*tentang kami*), and FAQ (frequently asked questions). In the categorized animal sections, it displays various of animal products and it makes the buyer easier to choose what products they want to buy based on the categories. In the animal services sections, it displays various of animal services, starting from pet clinic, pet salon, pet trainer, pet hotel, pet insurance, and pet memorial. In the blog sections, it contains articles about pet and interesting yet beneficial for Pawrents (pet parents). In about us sections, it displays a brief description about Petskita include its mission and objective. Then, in FAQ sections, it contains frequently asked questions and answers around merchant and vendor, how to sell products in Petskita, transaction, products & services, and buyers. Although the display of Petskita website is quite presentable and easy to utilize, there still uncertainty of customer in intention to use it and their perception towards the website services.

The model of the relationship between information technology and other factors becomes object of study or research that developed rapidly in the 1990s, among them are Silver, Markus, and Beath (1995) regarding the interaction model information technology, Brynjolfsson and Hitt (1998) on information technology business transformation, and company performance. Various of behavioral theories *(behavioral theory)* is widely used to examine the process of adopting information technology systems by end users, including the *Theory of Reason Action*, *Theory of Planned Behavior*, *Task-Technology Fit Theory*, and

Technology Acceptance Model (TAM). Sharif and Sense (2007) explained that in the last 18 years TAM was a model that is popular and widely used in various studies on information technology adoption process (Santoso, 2010).

The Technology Acceptance Model (TAM) is a well-known model that has been used to explain and predict technology acceptance in the past. This model has been used in a variety of organizational structures, cultural settings, and levels of expertise (Chan et al., 2020). According to Davis et al. (1989), the level of acceptance of STI users in TAM model is determined by 6 constructs, namely: external variables , the user's perception of the ease of use (perceived ease of use), the perception of users towards perceived usefulness, attitudes in using (attitude toward using), attention to use (behavioral intention to use), and actual usage (Santoso, 2010).

In this research, the writer will use four main constructs which are Perceived Usefulness (PU), Perceived Ease of Use (PEU), Attitude Towards Using (ATU), and Behavioral Intention to Use (BITU).

Perceived Usefulness which defined as the extent to which a person believes that using a technology will improve their work performance ("as the extent to which a person believes that using a technology will enhance her or his performance"). In terms of Perceived Usefulness, Petskita have help the pet owner to fulfill all of their pet's need in a short time, without the need to go to different places or access many different applications or marketplaces, as Petskita website has offers all kind of pet products and services and also making transactions through Petskita website is guaranteed safe. Besides, Petskita help the pet shop or

pet supplies and service business owners to promote and place their merchandise in the website.

Perceived ease of use is defined as the extent to which someone believes that using a technology will be free from effort ("is the extent to which a person believes that using a technology will be free from effort"). It can be concluded that if someone feels confident that the information system easy to use then he or she will use it. In terms of Perceived Ease of Use, Petskita website can be accessed anytime and anywhere, as well as provides easy transactions through many options (OVO, BRI, BNI, Bank Mandiri, and Bank Permata Bank). Petskita also designs its website in such a way so that it is understandable and user-friendly (easy for the customers to operate). For example, every pet product in Petskita website can be filtered starting from product categories, location, and price range.

Attitude or commonly called as Attitude Towards Using is defined by Mathieson (1991) as an evaluation of users about their interest in using the system ("the user's evaluation of the desirability of his or her using the system"). In terms of attitude towards using, Petskita is not merely a Pet Marketplace Supplies or e-commerce but also a platform for pet lovers' community. As can be seen in the Petskita website, it also displays blog which provide pet-related information and also Pet Parents can join the Petskita community in Telegram. It can be said that Petskita already tried to offer a 'complete package' of one stop service through its website in order to enhance the users' interest to use the system.

Behavioral Intention to Use is the probability or a measure of strength of desire or intention to perform a certain behavior, which in this case, is to use the e-commerce system provided. In order to achieve a high behavioral intention to use, Petskita provides features that attracts new customer and also to maintain old customers such as continuous update of articles as well as pet product and service suppliers, easy transactions through OVO and several banks, provides the most complete pet product categories, offer the best price, and trusted service. The effectiveness of these efforts can also be seen through a steady inclining growth of the number of Petskita website users so far.

In this research, the writer will be using PT. Menara Petskita as the research object. Petskita merely used website as service providers. The aim of this research is to analyze whether the four main constructs of technology acceptance model (TAM) affects the attitude and behavioral to use Petskita services. Besides, the writer hopefully can learn further about what are the factors that affect Petskita customers to trust the services provided which will be able to maximize the customer buying experiences and decisions. This is not only interesting, but also an important research especially for Petskita as the research object in order to evaluate, maintain and increase the interest and number of users (which will enhance its profit, for sure), considering that although Petskita has a specific and uncommon market niche, it also already has competitor.

Thus, the research will be in the form of thesis entitled **"The Effect of Perceived Usefulness and Perceived Ease of Use on Attitude Toward Using**

and their Impact on Behavioral Intention to Use Petskita Website (Case Study on Petskita Customer)."

1.2 Problem Limitation

To avoid the extension and discussion of issues that are not in line with the discussion, the researcher specifies the problem's limitations, which include:

1. The research merely analyzes four variables consisting of two independent variables, namely Perceived Usefulness (PU) and Perceived Ease of Use (PEU), along with Attitude towards using (ATU) as the intervening variable and, lastly one dependent variable which is Behavioral Intention to use (BITU).

2. The object of this research is Petskita website service.

3. The research was conducted online.

4. Questionnaires are limited to 100 respondents who are customers of Petskita.

5. Questionnaire respondents are limited to 18 – 60 years old.

6. Research conducted starting from August 2021 – October 2021.

1.3 Problem Formulation

Based on the background of the study, the writer constructs a problem formulation as follows:

1. Does the Perceived Usefulness significantly affect to customer's Attitude towards Using in the use of Petskita Website?

2. Does the Perceived Ease of Use significantly affect to customer's Attitude towards Using in the use of Petskita Website?

3. Does the Attitude towards Using significantly affect to customer's Behavioral Intention to Use in the use of Petskita Website?

4. Does the Perceived Usefulness significantly affect to customer's Behavioral Intention to use Petskita Website?

5. Does the Perceived Ease of Use significantly affect to customer's Behavioral Intention to use Petskita Website?

1.4   Objective of the Research

The purposes of conducting this research are:

1. To examine if the Perceived Usefulness has a significant effect to Customer's Attitude towards Using in the use of Petskita Website.

2. To examine if the Perceived Ease of Use has a significant effect to Customer's Attitude towards Using in the use of Petskita Website.

3. To examine if the Attitude towards Using has a significant effect to Customer's Behavioral Intention to Use in the use of Petskita Website.

4. To examine if the Perceived Usefulness has a significant effect to Customer's Behavioral Intention to use Petskita Website.

5. To examine if the Perceived Ease of Use has a significant effect to Customer's Behavioral Intention to use Petskita Website.

1.5   Theoretical Benefit

In this research, there are two types of benefit which are:

a. **Theoretical Benefit**

This research is expected to give the benefit to the company on how to improve its service and website performances as well as in developing the theory of Technology Acceptance Model (TAM) and their influence on customer's Attitude towards using and Behavioral Intention to use.

b. **Practical Benefit**

This research hopefully might help the writer herself, the research object, company employees especially in the marketing and IT department, fellow researchers, and other companies in similar industries. Significantly, the result of this research might be used to making future improvements at Petskita.

1. For the writer

By conducting this research, the writer wishes the result of this research could provide insights and knowledge about technology acceptance model (TAM), how to obtain customer trust and increase behavioral to use the service.

2. For the company

Hopefully, the result of this research will help the company to evaluate and find a solution in improving the website performances as well as customer's attitude towards using and behavioral intention to use the website services.

3. For the employee

   Through this research, the writer hopes that the employees of Petskita can gain more insight and ideas to improve the website performances and the features provided in it so that helping them in achieving the company's objective.

4. For other researchers

   The writer hopes that this research can be used as a reference for future researchers to collect and gather fundamental information and theories in order to conduct research on this topic.