

# **CHAPTER I**

## **INTRODUCTION**

### **1.1 Background of the Study**

Today's technology is growing and advancing which can have an impact on people who use it. Technology is also used in the business world that can facilitate work under certain conditions. In the past, when technology was not as advanced and developed as it is today, people preferred to work face-to-face directly. In the past, people got information from radio, newspapers, television. Along with the development of the times, a person's lifestyle has also become easier and instantaneous by using technology to fulfill activities for daily life. In the past, people bought something that had to go directly to the store, but for today, everything has become easy and very instant to fulfill the desired service in order to help the community.

With the rapid development of time, some people from those who get or seek information in the past have also become modern who can get information for all fields or things. Today's technology has no limits for people to communicate easily and quickly. People who disseminate information or provide information using social media whose information can be easily seen by consumers by using the internet to get that information.

Social media marketing is the use of social media to persuade consumers by a company, product or services, which means that companies do marketing using social media to attract online communities. Social media marketing is a process that encourages individuals to promote or market a business through website, e-

commerce, products or services that use social media online channels and to communicate by leveraging a much larger communities who are more likely to do marketing than through the traditional advertising channels.

Marketing that is being done now is more directed to the use of internet, which is better known as social media marketing. Social media marketing has become the most effective communication marketing tool. Companies and organizations use social media campaigns to build customer relationships, to attract customers, and to increase customer satisfaction. By using social media can also provide benefits that will be obtained by companies or organizations with business. Many companies already have a team that can managing work on the internet and companies already have a department that dedicated to social media. By doing marketing on social media, marketing is done to introduce the company's products or services. The company wants to build and achieve the main goal, namely by focusing on customers whose goal is to build strong relationships and provide good service to customers by respecting, giving a friendly attitude to customers so that customers can feel satisfied with the services provided by the company.

Shopee is a commercial electronic site headquartered in Singapore owned by the Sea Group. Shopee was first founded in 2015 and Shopee is a Southeast Asian e-commerce founded by Forrest Li. In 2015, Shopee was first launched in Singapore and first launched as a consumer to consumer or C2C marketplace, but now Shopee has changed to a hybrid C2C and business to consumer or B2C model which at that time launched ShopeeMall which is an online shop platform for well-known brands. Shopee is part of the Sea Group which is part of the electronic

commerce sector which now operates in several countries, namely Shopee Singapore, Shopee Malaysia, Shopee Philippines, Shopee Indonesia, Shopee Taiwan, Shopee Thailand, Shopee Vietnam, and in 2019, Shopee also expanded to Brazil.

In 2017, Shopee recorded 80 million people who downloaded the Shopee application. Shopee which is a site that uses an application or web by buying and selling online that makes changes to attract customers to make the transactions. Shopee is also widely used by users in Indonesia by using applications to make it easier for people to find what they need.

On online media platforms, providing information to consumers must be clear and accurate in order to attract consumers' attention to shop. Clear and accurate information is very important for consumers to be able to find out information about the product or service. The information that will be provided to consumers must be of quality with what is expected by consumers. Quality information it will provide satisfaction for consumers in shopping online.

Social media marketing is very important and can affect customer satisfaction, seen from how the company conveys information that related to products or services. The company must also notify the attractive promos or vouchers that can be purchased or used by customers, but the information provided must be real and reliable in order to gain the trust of customers in order to create customer satisfaction. Shopee conveys information related to promos or vouchers that can attract customers through social media platforms such as Instagram. When a customer has a problem when making a transaction on e-commerce Shopee, the

customer contacts Shopee customer service. Customers who have contacted Shopee customer service via direct messages on Instagram. Customers often complain about their chat, which are not answered by Shopee customer service. There are other customers who have complained about the Shopee voucher that it can be claimed but cannot be used. It causes customers to be disappointed and start comparing with other e-commerce, it can affect the customer satisfaction.

Shopee does marketing through social media by attracting the attention of consumers by using trending things for marketing on social media to make it easier for customers to always remember the e-commerce. Customers can claim vouchers that given by Shopee and can be used before the expiration date. After the customer has used a discount voucher or, the customer will feel satisfied, and it can increase customer satisfaction and the customer will always remember that Shopee which always has attractive vouchers and other interesting promos that can be enjoyed by the customers. Shopee is an online e-commerce company that provides products or services for consumer needs, so the quality of service is also very important.

According to Kotler and Armstrong (2016), e-commerce is an online channel that can be reached by someone through an electronic system that can be used by businesspeople in conducting business activities and can be used by consumers to be able to get information using an electronic system whose process can be initiated by provided information services to consumers at the time to make choices. The development of this technology makes e-commerce business, businesses that use e-commerce as a tool to make transactions with consumers using the internet, which makes shopping online more practical and easier for everyone's

life.



**Figure 1.1. The development of people using e-commerce in Indonesia**  
Source: Tempo.Co

As can be seen from the graphic above, the number of e-commerce users in Indonesia has increased drastically. It can be seen that more and more people are using e-commerce to shop online.



**Figure 1.2 E-commerce visitor data in Indonesia in 2020**  
Source: Tempo.co

From the data above, it shows that e-commerce in Indonesia has been widely used by the community and is growing rapidly over the years and predictions of Indonesian people using e-commerce in 2024 to reach 189.6 million

E-commerce has become an alternative business tool in this modern era with the market conditions and competition that are already very competitive. In the past, when people wanted to make a transaction, it had to be done by face to face between the seller and the buyer directly. With the development of time, consumers use online media to make the transactions. Many companies are using and utilizing online media by using e-commerce to develop business.

According to Strauss (2017), marketplace is those that use electronic data and applications to plan and implement the concept, distribution, and pricing of goods and services that can create exchanges aimed at satisfying individual and the organizational. In Indonesia, there are so many e-commerce that makes consumers have many choices to choose the products needed by the consumers. As can be seen from figure 1.2, the most widely used e-commerce by people in Indonesia are Shopee, Tokopedia, Bukalapak, Lazada Indonesia, and Blibli.

Service quality is a service that is measured by how well a service meets customer expectations. The implementation of service quality means making the compromises with customer expectations in a consistent manner. In shopping online, service quality is very important to be able to maintain consumer satisfaction. When a customer has a problem when making a transaction on e-commerce Shopee, the customer contacts Shopee customer service. Customers who have contacted Shopee customer service via direct messages on Instagram. Customers often

complain about their chat, which are not answered by Shopee customer service. Service quality can also encourage consumers to retain customers in order to maximize the performance of the company. If e-commerce Shopee provides good service and in accordance with what is expected by consumers, then it can provide satisfaction to consumers. Company must provide good service to consumers in order to satisfy consumers. Consumers will compare other e-commerce if the consumers are satisfied with the company.



**Figure 1.3 Consumer Complaints for e-commerce Shopee**  
Source: mediakonsumen.com

From figure 1.3 above, many consumers complain to Shopee. Consumers complain for different reasons that make their services not provide satisfaction to

consumers. The dissatisfaction occurs when the goods or services have received the product or services when the consumer have used it. The consumers make complains that turns out the information on the product or service doesn't appear to be in accordance with what was written, doesn't satisfy consumer who have shopped.

Shopee receives many complaints from customers who use Shopee e-commerce to shop, top-up money, and poor handling of customers who receive products from Shopee grand prize. Service quality provided by Shopee to customers can make customers less satisfied in responding to problems that occur to customers. Complaints submitted by customers to Shopee are related to service quality and customer satisfaction because the service provided is very unsatisfactory to customers. Shopee often offers promos, vouchers, or grand prize. To be able to win the grand prize from Shopee for free, customer can like and comment on the Shopee Instagram officially account. The customer can claim the prize to Shopee if the customers win it, but there is customer complaint regarding that prize that the customer got from Shopee, and the product was damaged. The customer makes a complaint to Shopee through the chat feature by sending the video evidence to Shopee. But Shopee did not explain the procedure clearly to the customer and Shopee did not provide clearly information regarding the problem. Service quality that provided by Shopee is very disappointing and it can reduce the customer satisfaction. If shopee cannot make improve related to the service quality, the customer may lose interest in purchasing again in the future and the customer can move to other e-commerce.



Customers show the most significant things that can trigger customers not to shop at Shopee because things have happened that are not in accordance with the wishes of consumers. Customer dissatisfaction occurs when consumers have received products or services that the performance from Shopee does not meet expectations. Consumer satisfaction can be seen from feeling happy or disappointed seen from the results obtained by customers to compare the performance felt by customers in accordance with customer desires. Good social media marketing can have an important influence on customers being satisfied with the product or service that can lead to an increase in customer satisfaction.

Apart from social media marketing, service quality and consumer satisfaction are also needed to retain customers. Shopee often gets complaints from customers about the bad service they get, and service quality is to meet customer needs. Customers can feel that their needs have been met which will lead to customer satisfaction which customers will always use Shopee in the future.

Based on the above background that social media marketing and service quality are very important to consumer satisfaction. This makes researcher to conduct research on **“The Influence of Social Media Marketing and Service Quality towards Consumer Satisfaction on E-commerce Shopee”**.

## **1.2 Problem Limitation**

Based on the explanation above, the problem limitation in this study can be in accordance with the objectives. In this study will discuss the influence of social media marketing and service quality towards consumer satisfaction on e-commerce

Shopee.

### **1.3 Problem Formulation**

Based on the background above, this is the problem formulation:

1. Does social media marketing partially has significant effect towards consumer satisfaction at e-commerce Shopee?
2. Does the service quality partially has significant effect towards consumer satisfaction at e-commerce Shopee?
3. Does social media marketing and service quality simultaneously have significant effect towards consumer satisfaction on e-commerce Shopee?

### **1.4 Objective of the Research**

Based on the problem formulation that has been stated, the objectives of this research are:

1. To find out that Social Media Marketing partially has significant effect towards Consumer Satisfaction on E-commerce Shopee.
2. To find out Service Quality partially has significant effect towards Consumer Satisfaction on E-commerce Shopee.
3. To find out that Social Media Marketing and Service Quality simultaneously have significant effect towards Consumer Satisfaction on E-commerce Shopee.

## **1.5 Benefit of the Research**

### **1.5.1 Theoretical Benefit**

The benefit of this research for the writer is to increase the writer understanding of the influence of social media marketing and service quality toward consumer satisfaction on e-commerce Shopee. The results of this study can be used for reference and as additional information that can be used by other researchers who conduct research that related to social media marketing and service quality toward consumer satisfaction. This research can be used as material for discussion in research that has a similar theme to be discussed.

### **1.5.2 Practical Benefit**

#### **a. Benefit for the company**

The results of this study can be used as input for the company under study by providing an overview of the influence of social media marketing and service quality toward consumer satisfaction. This research can be used as a consideration for doing social media marketing and service quality to be able to provide satisfaction to consumers.

#### **b. Benefit for the academic**

This research can be a reference for researchers who study in this study regarding the influence of social media marketing and service quality toward consumer satisfaction on e-commerce Shopee.