CHAPTER I
INTRODUCTION

1.1 Research Background

Shopping activities now can be done through a virtual world that is now known as e-commerce. Shopping via the Internet or e-commerce becomes easier do. Ease can be seen through the benefits received by the offender such online businesses is to keep customers and potential customers so they know the range of products offered, the price, product availability, and so forth. Such convenience is a factor the main development of e-commerce and e-commerce are becoming increasingly important with advances in telecommunications and computer networks continuously (Purbo 2001).

Companies that use e-commerce will get benefits: (1) the opening of a revenue stream, the new (revenue streams) are more promising that can not be found in the system traditional transaction; (2) increase market exposure; (3) lower the cost operations; (4) thus widening (global reach); (5) increase customer loyalty; (6) increase supplier management; (7) shorten production time; and (8) increases the value chain (Purbo & Wahyudi 2001). E-commerce can run for their space in the virtual world either e-commerce websites, online sites and other online social media, which has benefits and ease of transaction facilities. One of the benefits includes cost efficiency, time efficiency in the distribution of information and products with a wider range of consumers. While the facilities were clearly visible is the ease of payment can be done online or offline via bank transfer. Currently the online store or ecommerce website is easily found by internet users worldwide. The online store offers the speed and ease of buying and selling transactions. These conditions make the perpetrators of e-commerce need to identify the perpetrator consumers in shopping online.

Table 1
Data Internet Users in the World

WORLD INTERNET USAGE AND POPULATION STATISTICS JUNE 30, 2016 - Update						
World Regions	Population (2016 Est.)	Population % of World	Internet Users 30 June 2016	Penetration Rate (% Pop.)	Growth 2000-2016	Table % Users
Asia	4,052,652,889	55.2 %	1,846,212,654	45.6 %	1,515.2%	50.2 %
Europe	832,073,224	11.3 %	614,979,903	73.9 %	485.2%	16.7 %
Latin America / Caribbean	626,119,788	8.5 %	384,751,302	61.5 %	2,029.4%	10.5 %
Africa	1,185,529,578	16.2 %	340,783,342	28.7 %	7,448.8%	9.3 %
North America	359,492,293	4.9 %	320,067,193	89.0 %	196.1%	8.7 %
Middle East	246,700,900	3.4 %	141,489,765	57.4 %	4,207.4%	3.8 %
Oceania / Australia	37,590,820	0.5 %	27,540,654	73.3 %	261.4%	0.8 %
WORLD TOTAL	7,340,159,492	100.0 %	3,675,824,813	50.1 %	918.3%	100.0 %

Note. www.internetworldstats.com (retrieved on 1 October 2016)

The survey conducted to determine the number of internet users in the world distribution by region of the world in 2012. Internet World Stats shows that there the total increase of the year 2000-2012 amounted to 918.3%. From the results of the survey can be said that the increase in users the Internet is a potential for the perpetrators of e-commerce to sell products online.

The increase in Internet users in the world today has been supported also with the increasing of internet service providers of Internet access services. In Indonesia, the history of the Internet began in the early 1990s, now people Indonesia has begun familiar with the Internet. Service Provider Association Internet Indonesia (APJII) along the Central Statistics Agency (BPS) revealed that the number of Internet users in Indonesia reached 132.7 million people until the end of 2013 (https://www.APJII.or.id/survey retrieved on 2 December 5, 2016)

Indonesia presents much opportunity for e-commerce among other emerging Asian economies, with current projections putting this archipelago nation's e-market at $130 billion by 2020 (coming third behind China and India). With an estimated annual growth rate of 50 percent and strong mobile-first initiatives, retailers have a unique opportunity in Indonesia to focus on developing truly mobile platforms to help facilitate e-market growth, particularly in the consumer packaged goods (CPGs) sector (https://techcrunch.com/ retrieved on 6 November 2016)

Indonesia's current e-commerce market is similar to China's online marketplace beginnings, with a large pool of entrepreneurial sellers providing goods purchased based largely on social media recommendations. Similarly, e-commerce in Indonesia also mimics the early U.S. e-market, which was flooded with customers wary to trust online payments and retailers. Indonesia is truly unique in that it has the potential to create a hybrid of the widest opportunities from America and China's e-commerce economies, propelling the Indonesian online marketplace onto the global stage (https://techcrunch.com/ retrieved on 6 November 2016)

E-commerce startups founded in Indonesia or targeting it as an untapped market are growing exponentially, something reflected in increased interest in startup fundraising within the archipelago nation. However, the behemoth of all Indonesian deals so far comes in the form of Tokopedia, an online marketplace that raised an impressive $100 million round led by Softbank and Sequoia Capital. Mid- and later-stage investors should definitely keep an eye on Indonesian startups, which are clearly having very little trouble finding early-stage interest and investment (https://techcrunch.com/ retrieved on 6 November 2016)

With lots of potential growth in rural and semi-rural areas, e-commerce specifically allows Indonesian consumers to source hard-to-find goods, as opposed to other nations, where rural areas would not have as high use of internet-capable mobile devices. In fact, popular Indonesian online site BliBli has more than one-third of its 2.5 million customers living in rural areas, providing goods ordered almost exclusively off mobile platforms to a population whose sole form of internet access comes via smartphone. This procurement of specialized CPGs to rural areas makes Indonesia a uniquely perfect place for online marketplace growth (https://techcrunch.com/ retrieved on 6 November 2016)

Indonesia's e-market also allows for retailers and participants in the fragmented trade space to focus on developing truly mobile-first platforms. This

specifically targets the mobile user as the captured demographic, instead of simply re-tooling a desktop platform to a mobile one. This truly mobile-first scenario also allows sellers to use smartphones to their advantage, gathering hyper-personalized data to target individual Indonesian consumers as opposed to just specific demographics or groups among Indonesia's more than 250 million populations. Mobile-first also allows for the easier entry of participants into the Indonesian e-commerce scene, with startups having the flexibility to choose what CPGs they sell, and even who they want as a consumer, through market penetration via mobile apps. Indonesia's e-commerce market is on track to be one of the largest in Asia, utilizing mobile-first platforms to provide all Indonesians with convenient access to consumer packaged goods (https://techcrunch.com/ retrieved on 6 November 2016)

Reaching the opportunity, in 2016, PT Mitra Adiperkasa (MAP) has announced its foray into the e-commerce sector with the launch of MAP E-Mall service, aiming to take advantage of the burgeoning trend of e-commerce usage in Indonesia. The group release a mobile app for the MAP E-Mall in the second quarter of 2016. Up to 65 percent of MAP's online traffic comes from mobile. MAP's online marketing strategy, particularly on social media, will also be intensified as the group describes it as 'crucial', providing the best way to show different options to their customers. MAP director Susana Latif said the group would contribute up to 20 percent of their annual capital expenditure (capex) to their e-commerce venture. For 2016, the company will allocate up to Rp 500 billion in capex in total, with around Rp 100 billion going into the development of MAP E-Mall. (http://www.thejakartapost.com/news/2016/02/19/mitra-adiperkasa-announces-own-marketplace.html)

Oliver in Barnes (2003) says that customer satisfaction (customer satisfaction) is the customer response to the fulfillment of needs which means that customer ratings of goods or services provide a level convenience associated with fulfilling a need, including fulfillment of needs that do not meet expectations or exceed compliance customer expectations. According to Susanto and Wijanarko (2004) perceived is defined as the customer's perception of the overall quality or

the superiority of a product or service with respect to that purpose expected. From research conducted by Tang and Cheng, (2001) shows that perceived quality has a positive and significant influence with customer satisfaction. Customers respond to quality or the superiority of a product or service in terms of its function relative to other products (Simamora in Pane and Rini, 2011: 119). In the research model, both Brand Image and Perceived Quality are hypothesized to affect repeat purchase intention positively. Perceived Value is hypothesized to affect repeat purchase intention negatively and mediate the effects of Brand Image and Perceived Quality Values on Customer Satisfaction. According to Hellier et al. (2003), Spais and Vasileiou (2006), Atchariyachanvanich et al. (2006), Solvang (2007) indicates that there is a positive and significant relationship between customer satisfaction and customer loyalty.

Perceived Quality Keller (1998: 176) as: "The perception of the overall quality or superiority of a product or service relative to the relevant alternative and related to the purpose set by the consumer.Thus, the perception of quality is a global assessment based on consumer perceptions of what they think is a quality product and how well the level of the brand on dimensions. "In the eyes of consumers, any product sold by MAP has good quality because at first it was MAP has mastered the market in the field of fashion market so that attributes issued by MAP like clothes and other have good quality in the eyes of consumers.

Developed over six to eight months, the MAP E-Mall marketplace aims to deliver an omni channel experience to consumers and access to around 150 global brands that the group manages. MAP is the retail group behind numerous notable retail brands in the food and beverage, lifestyle and sports sectors including Starbucks, Marks & Spencer, Nike, Adidas, Lacoste, Mango, Hasbro, Samsonite and many more. MAP has many exclusive brands that no other marketplace can offer. This exclusivity, and the fact that MAP E-Mall is also intertwined with our brick-and-mortar stores, makes their marketplace different from the rest.

According to Kotler (2008: 60) perceived value is a difference perspective, customer evaluation of all benefits and all expenses incurred from a purchase and

perceived alternatives. When customers use products or services that produce the appropriate value perceived by customers, there is a sense of positive effects for producers (Syamsiah, 2009). In order to survive and grow in this business MAP is required to create business advantage over products, services and value felt by customers in an effort to satisfy customers to face business competition.
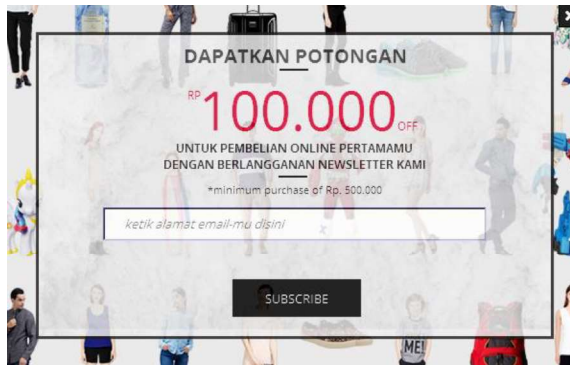

Figure 1
MAP EMALL front look
Note. http://www.mapemall.com/ (retrieved on 1 October 2016)

1.2   Research Problems

1. Is there a significant effect of Perceived Quality on perceived value of MAPemall?

2. Is there a significant effect of Brand Image on Perceived Value of MAPemall?

3. Is there a significant effect of Perceived Value on Customer Satisfaction of MAPemall?

4. Is there a significant effect of Perceived Quality on Customer Satisfaction of MAPemall?

5. Is there a significant effect of Brand Image on Customer Loyalty of MAPemall?

1.3   Research Objectives

1. To determined the effect of Perceived Quality on perceived value of MAPemall

2. To determined the effect of Brand Image on Perceived Value of MAPemall

3. To determined the effect of Perceived Value on Customer Satisfaction of MAPemall

4. To determined the effect of Perceived Quality on Customer Satisfaction of MAPemall

5. To determined the effect of Brand Image on Customer Loyalty of MAPemall

1.4   Research Contributions

1.4.1   Theoretical Advantage

This research contribute marketing management subject, specially the relationship between shopping values and repeat purchase intentions. The research result can be also used for future research.

1.4.2   Empirical Advantages

1. For MAP emall

The result of this study can be used for MAP emall as consideration to understand customer about their Customer Satisfaction regarding Brand Image, Perceived Quality, and Perceived Value

2. For researcher

This study help researcher to understand more clearly about Customer Satisfaction regarding Brand Image, Perceived Quality, and Perceived Value

1.5   Research Limitations

This study is limited to factors affecting customer satisfaction, which are: Brand Image, Perceived Quality, and Perceived Value. Object used is e-mall in Indonesia, research are done in January – July 2017.

1.6   Research Outlines

Research outline explain the systematic writing of this study. The outline is divided into three chapters as follow:

   Chapter I

This chapter sets up the research problem for the reader. It also provides the background information defining the issue and important terms. It specific the research objectives explored in greater detail to contribute to understand the research problems.

Chapter II

This chapter summarizes the major studies and finding that have been published on the research topic and how this study contributes or adds to what has already been studied. This chapter also states a clear description of theories that apply to research problem, an explanation of why it is relevant, and how the modelling effort addresses the hypothesis to be tested.

Chapter III

This chapter explains the detailed technical and specific activities which include the research design, sampling plan instrumentation, social tools and treatment of data.