

# CHAPTER 1

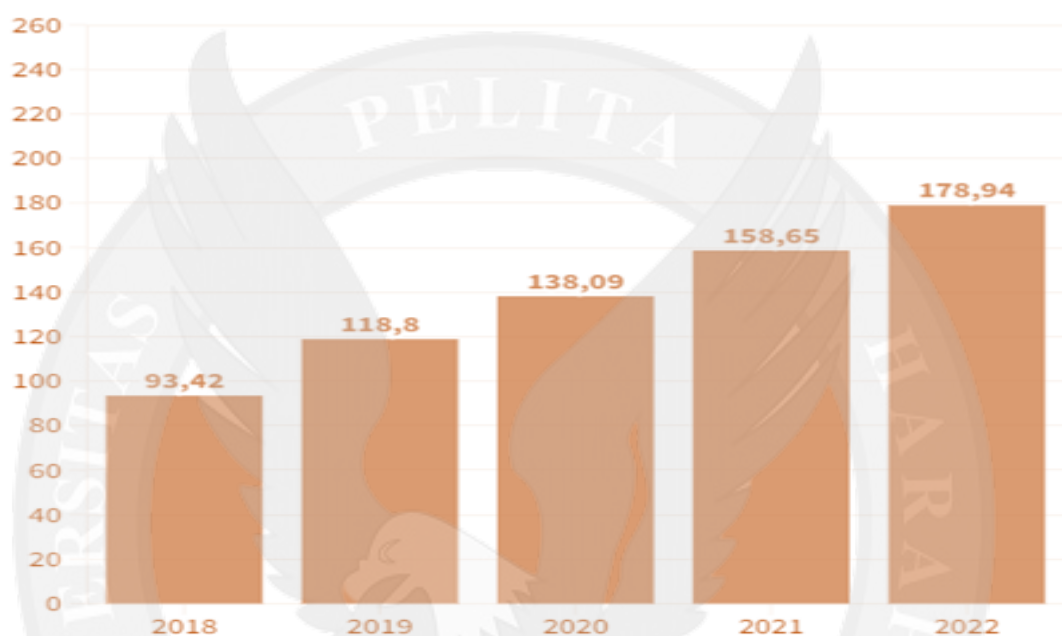
## INTRODUCTION

### 1.1 Background of Study

The fast pace of modern development has led to a new way of thinking for business people, especially in overcoming space and time barriers which have been a problem in conventional sales systems. The presence of technology called the internet provides many benefits in communicating, making it easy for users to expand the marketing network of a product. The use of the internet is not only used to search for information, global communications, and publications, but is also used as a means of economic transactions, better known as e-commerce. With the internet, a new economic paradigm has been born in the world of business and marketing. This is not surprising considering the rapidly growing number of internet users can become a potential market for business people to enter (Rita, et al., 2019).

On the other hand, e-commerce and e-business practices have many advantages for both companies and consumers. One of the internet sites in Indonesia that applies the concept of e-commerce. In Indonesia, there are many online marketplaces and some of them are already familiar to the public. Therefore, there are many ways of promotion carried out by online marketplaces in order to survive in the face of intense competition. Ways used by market participants to overcome competition and get potential consumers to be able to continue to make regular purchases of the products they offer (Siahaya, et al., 2021).

E-commerce is growing rapidly in Indonesia, this is evidenced by the many e-commerce buying and selling sites that have sprung up in Indonesia such as Shopee, Tokopedia, Bukalapak, Lazada, Blibli, JD.id, Zalora, AliExpres, Zilingo Shopping, Amazon, and various sites. Other (Rita, et al., 2019).

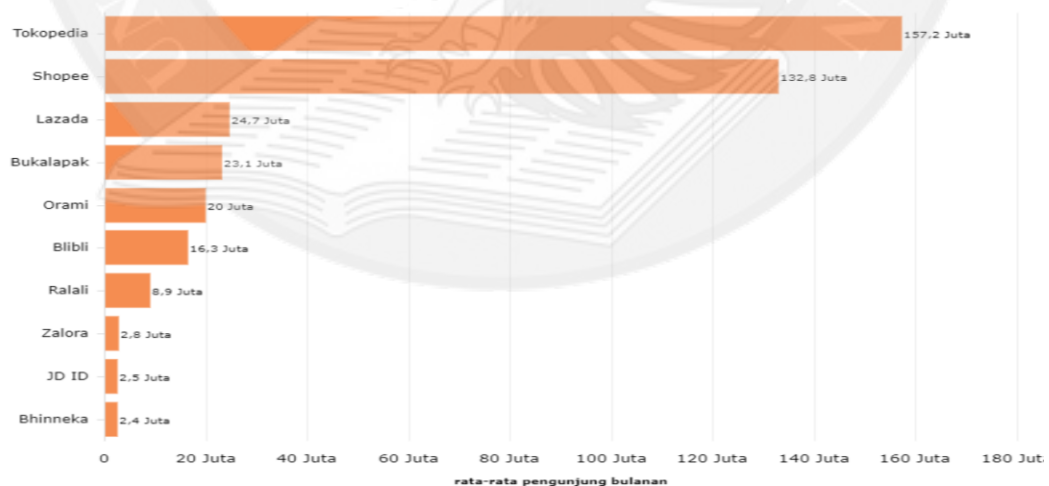


**Figure 1. 1 Growth in the Number of E-Commerce Users in Indonesia**  
Source: Statista Market Insights (2023)

Based on the table above regarding the growth of e-commerce users in Indonesia, it can be seen that in 2018 there were 93.42 million people who used e-commerce, while in 2019 there were 118.8 million people who used e-commerce, in 2019 there were 118.8 million people who used e-commerce. In 2020 there were 138.09 million people using e-commerce, in 2021 there were 2021 million people using e-commerce and in 2022 there were 178.94 million people using e-commerce. The development of e-commerce in Indonesia is an important concern not only for entrepreneurs who compete with each other to be the best, but also for the public who act as consumers. Consumers are very important in the development of online

businesses so that usually every e-commerce will do various ways to be able to maintain their repurchase intention so they don't switch to other e-commerce (Angeline, 2023).

Lazada is a Singaporean private e-commerce company founded by Rocket Internet in 2011. The Lazada e-commerce website was launched in March 2012 in Indonesia, Malaysia, Philippines, Thailand and Vietnam. Lazada Group Site, operates in Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam. Lazada is an online shopping center that offers various types of products ranging from Electronics, Women's Fashion, Men's Fashion, Home Appliances, Health & Beauty, Baby & Kids Toys, Sports & Travel, Groceries (Wholesale), Automotive & Media. Apart from via the Lazada web address, it can also be accessed through mobile applications on smartphones such as Android and IOS. Attached below is data on consumer visits and purchases during the 2022 period which can be seen in the graph below:

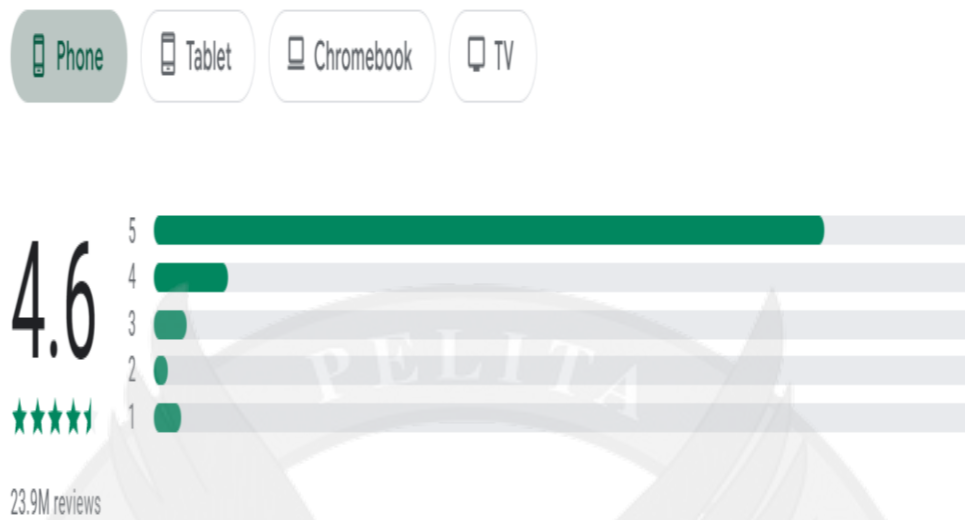


**Figure 1.2 Indonesia E-Commerce**

Sources: Databooks, 2023

The development of e-commerce in Indonesia is an important concern not only for entrepreneurs who compete with each other to be the best, but also for the public who act as consumers. Consumers are very important in the development of online businesses so that usually every e-commerce will do various ways to be able to maintain their repurchase intention so they don't switch to other e-commerce (Siahaya, et al., 2021). A consumer's repurchase intention has a very important role because it can increase profits for the company in improving the products it markets. Consumers usually before making a purchasing decision need to consider and take into account alternatives to a product. It is not surprising that many competing e-commerce companies use various marketing strategies to attract consumers to return to make consumer purchases of the products they offer.

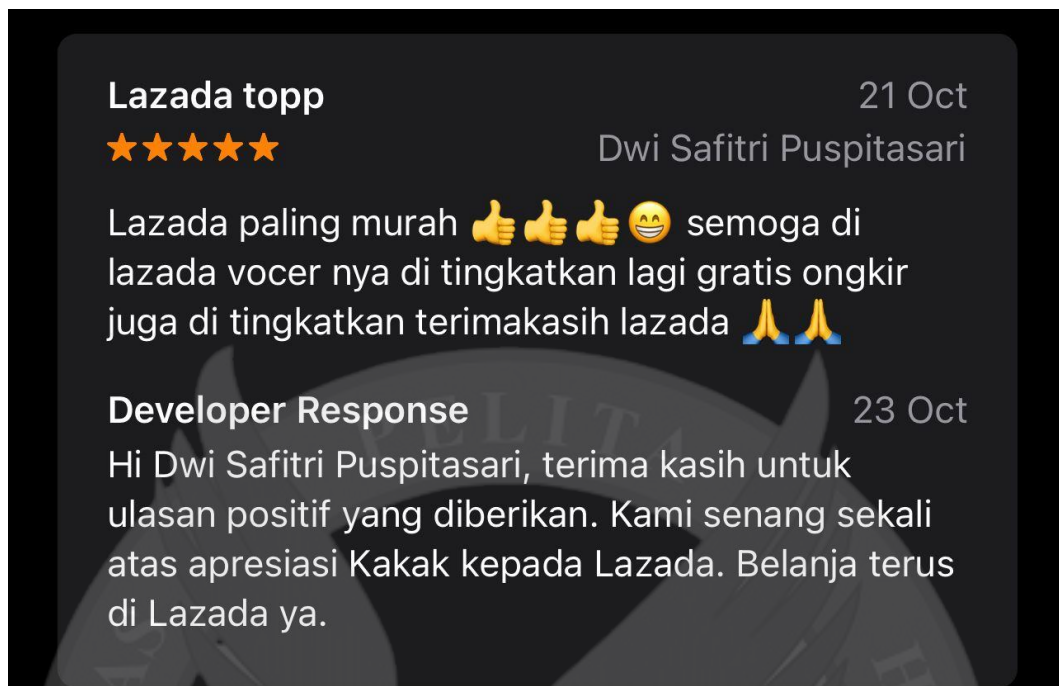
Repurchase intention are a decision-making process that begins with identifying the problem and then evaluating it and deciding on the product that best suits your needs (Hartini, 2021). The large number of alternative e-commerce options that consumers can use with the same variety of offers means that consumer visits and purchases at Lazada do not meet expectations and are still far from being compared to several other e-commerce sites such as Shopee or Tokopedia. Based on the graph above, it can be seen that the number of consumers from Lazada is still in third place and has a distance between the number of consumers from the second position, namely Shopee, and the first position, namely Tokopedia. Lazada itself has 24.7 million consumers who visit its site, while Shopee has 132.8 million consumers who visit its site and there are 157.2 million visitors to the Tokopedia site.



**Figure 1.3 Lazada Rating**

Sources: Google Playstore, 2023

Customer satisfaction is a measurement of customers or users of company products or services being very happy with the products or services received (Firmansyah, 2019). The low number of consumers who make visits to make purchases again at Lazada is known to occur due to dissatisfaction from some consumers after their purchase and having an unpleasant experience which causes them to start switching to other e-commerce. Consumers often give complaints or complaints about their dissatisfaction with Lazada, but Lazada does not provide a good response or feedback to make consumers feel satisfied again. This disappointment is what keeps consumers from using Lazada again (Widyartini and Purbawati, 2021). However, there are still many consumers who are satisfied with the various things offered by Lazada. Here are some reviews that consumers have given about Lazada:



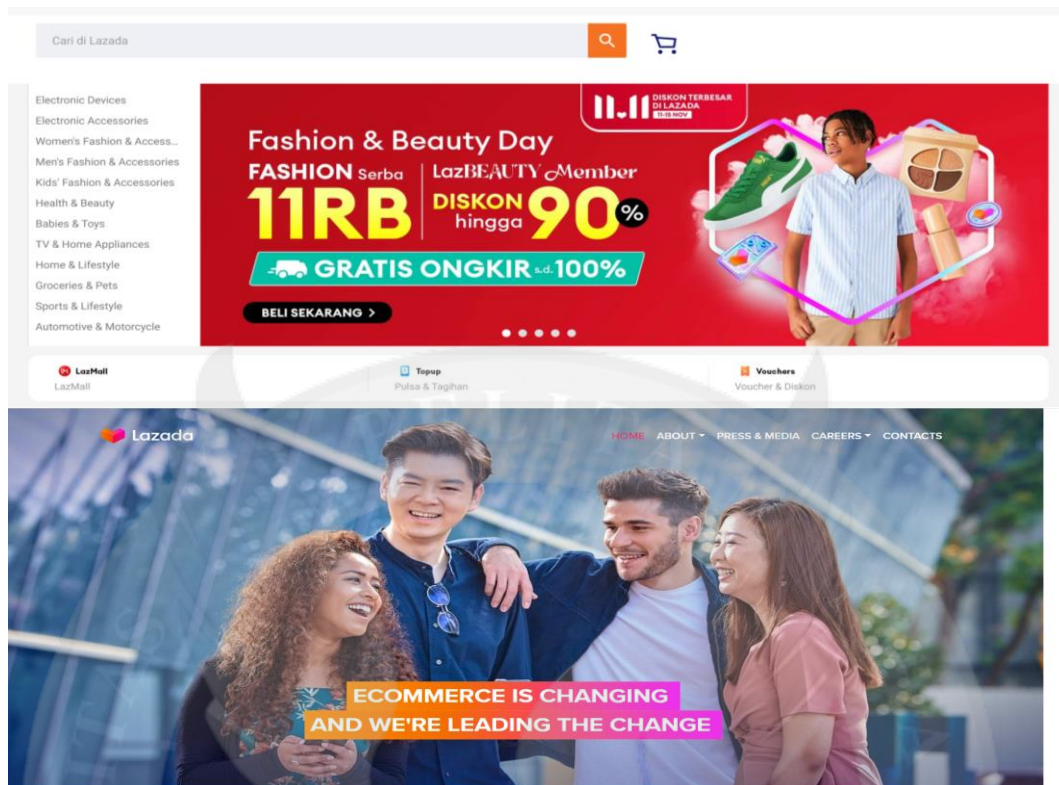
**Figure 1.4 Lazada Customer Satisfaction Review**

Sources: Google Playstore, 2023

Based on several observations made, there are some factors that affecting consumer satisfaction using Lazada is known to be caused by web design, service, security, and fulfillment. Web design is a general term used to cover how web content is displayed, which is delivered to end users via the World Wide Web, using a web browser or web-based software.

Website design is a general term used to cover how website content is displayed to end users via a browser or software. Website design is a form of marketing communication. Design is as attractive as advertising in offline sales (Widiyanto and Prasilowati, 2019). The phenomenon of web design problem that occurs where there are consumers who are satisfied because consumers feel that the Lazada website is attractive and the design of the website is not confusing (Rita, et al., 2019).





**Figure 1.5 Web Design**

Sources: Lazada, 2023

Customer service is a comparison between the level of service delivered by the company compared to consumer expectations which is realized through fulfilling consumer needs and desires and the accuracy of delivery in balancing or exceeding expectations (Tjiptono and Chandra, 2019). Customer Service Quality can be interpreted as an effort to fulfill consumer needs and desires as well as the accuracy of delivery in keeping with consumer expectations. Service quality can be determined by comparing consumers' perceptions of the service they actually receive or obtain with the service they actually expect or want regarding the service attributes of a company. E-commerce security system is a system that functions to maintain security and comfort in the transaction process in e-commerce. E-

Commerce fulfillment is a process in an e-commerce business that involves storing, packing and shipping orders, as well as handling returns and exchanges of goods (Fared, et al., 2021).



**Figure 1.6 Customer Service**

Sources: Lazada, 2023

Security in e-commerce is a control issue important for the company that runs it. It is very important that the data is related to e-commerce such as buyer and seller data is kept confidential at all times transmitted electronically. The data transmitted must also be protected from the possibility of being changed or modified by others other than the sender (Purnamasari, 2019). The Lazada website also sometimes experiences problems that are difficult to access. There is a phenomenon regarding customer service where there are consumer complaints that Lazada is sometimes very slow in responding to requests from consumers who are experiencing problems during the transaction process. Some consumers also often complain that Lazada customer service sometimes cannot be contacted because it



is always busy and consumers do not know where to submit their complaints (Rita, et al., 2019).

Lazada still provides security guarantees as follows:

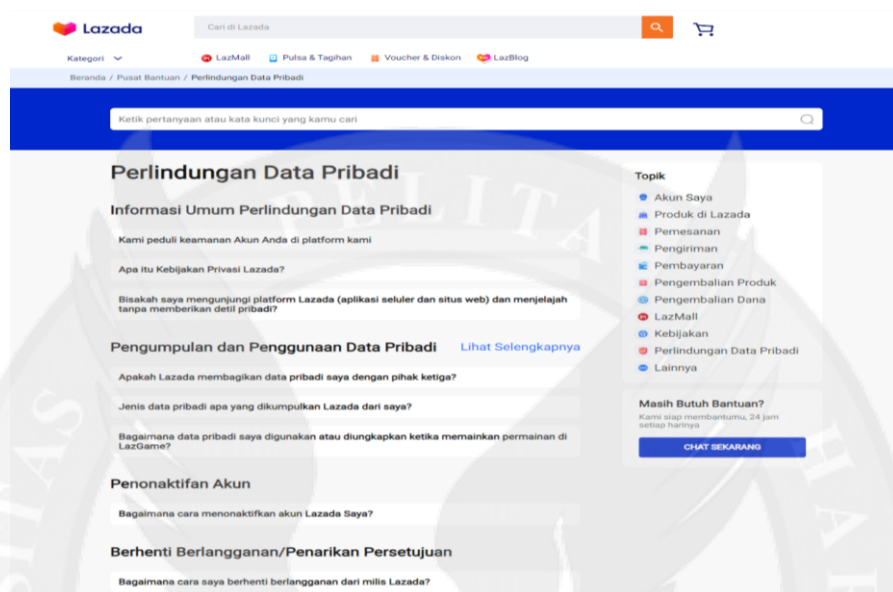


Figure 1.7 Lazada Security

Sources: Lazada, 2023

However, many consumers feel disappointed after purchasing products at Lazada because the orders sent often do not match consumer expectations. Moreover, with the many cases of fraud committed by irresponsible merchants, consumers sometimes feel doubtful about the security of their transactions and choose not to make purchases online. Apart from being related to the security of the quality of goods, some consumers also feel insecure about whether their personal data can be used for things they don't want by irresponsible parties or feel unsafe regarding the use of their credit cards because they are afraid it could be used by other parties (Rita, et al., 2019).

Fulfillment is the scope of fulfilling service promise accuracy, product stock availability, and delivery timeliness. Fulfillment is a part of electronic services that includes the accuracy of service promises, such as product stock availability and product delivery at the promised time (Aprilliani, 2021). For the last phenomenon regarding fulfillment which often makes consumers feel dissatisfied where many products offered by Lazada merchants often experience shortages even though consumers have processed payment transactions and so on because when selecting products to put in the basket it is not in sync with the amount of inventory the merchant has, so they are often asked to replace goods or submit returns to Lazada. Consumers also often feel that the process of delivering goods by Lazada is very slow and sometimes there are consumer complaints stating that the products they ordered were not delivered by Lazada, which makes them always have to look for customer service or the merchant who sells the goods (Rita, et al., 2019). Lazada also has a merger program that is offered to consumers as a fulfillment program:



Figure 1.8 Lazada Fulfillment

Sources: Lazada, 2023

Based on the background study above, the writer is interested to conduct research with the title: **“The Influence Of Web Design, Customer Service, Security, and fulfillment Towards Customers Satisfaction And Repurchase Intention At Lazada In Medan.”**

### **1.2 Problem Limitation**

For the problem limitation, the writer put some limitation for the research to be more organized:

1. In this study, web design, customer service, security, and fulfillment are the independent variables while customer satisfaction and repurchase intention is the dependent variables
2. The data of this research is gathered from Lazada Medan customers
3. The data that will be used later is collected from the form of questionnaires that created for the research object
4. There are some specific characteristics that have been limited for the samples which are: both female and male, aged between 18 to 60 years, lived in Medan, have used or installed Lazada application, have downloaded Lazada application on their own gadget, have tried and purchased products from Lazada at least two times in last three months.

### **1.3 Problem Formulation**

Based on the description of the background of the problem above, there are identification problem in this study can be identified:

1. Does web design significantly has a partial influence towards customer satisfaction at Lazada in Medan?

2. Does customer service significantly has a partial influence towards customer satisfaction at Lazada in Medan?
3. Does security significantly has a partial influence towards customer satisfaction at Lazada in Medan?
4. Does Fulfillment significantly has a partial influence towards customer satisfaction at Lazada in Medan?
5. Does customer satisfaction significantly has a partial influence towards repurchase intention at Lazada in Medan?

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

The objective of the research as follow:

1. To examine whether web design has a significant influence towards customer satisfaction at Lazada in Medan.
2. To examine whether customer service has a significant influence towards customer satisfaction at Lazada in Medan.
3. To examine whether security has a significant influence towards customer satisfaction at Lazada in Medan.
4. To examine whether fulfillment has a significant influence towards customer satisfaction at Lazada in Medan.
5. To examine whether customer satisfaction has a significant influence towards repurchase intention at Lazada in Medan.

#### **1.5 Benefit of the Research**

The benefit of the researches as follow:

1. Theoretical Benefit

a. For Readers

The result from this study can be proof for readers to know that Web Design, Customer Service, Security, and fulfillment affecting Customers Satisfaction and Repurchase Intention at Lazada In Medan.

b. For Writer

The result from this study provides insight and experience as well as observations in a real life situation which is very useful for the writer.

c. For Other Researches

The result from this study can be used for reference for those who are interested in studying the same problem in the future.

2. Practical Benefit

a. For Lazada

The researcher expects the result from this study could benefit the business to evaluate, and take the result as suggestion to know the effect of Web Design, Customer Service, Security, and fulfillment towards Customers Satisfaction and Repurchase Intention at Lazada In Medan

b. For Writer

The result from this study makes the writer gain new experience and more knowledge about the importance of Web Design, Customer Service, Security, and fulfillment towards Customers Satisfaction and Repurchase Intention At Lazada In Medan.



c. For Future Research

The researcher expects the result from this study could become a comparison for the future researchers who are interested of studying the same topic which is the influence of Web Design, Customer Service, Security, and fulfillment towards Customers Satisfaction and Repurchase Intention at Lazada In Medan.

