

CHAPTER I

INTRODUCTION

1.1. Background of the Study

The evolution of technology and the internet has shown greatness from time to time, and the connection between the internet and technology in Indonesia is inseparable from the development of mobile phones. According to the Central Bureau of Statistics in 2020 as many as 90.75 per cent of Indonesian households had at least one mobile phone number. Based on data on world internet users, Indonesia is one of the largest internet usage countries, namely 204.7 million users as stated by We Are Social on the Databoks website page as of January 2022. The use of technology and the internet is also not limited to exchanging long-distance news or getting the latest news, but has become a lifestyle, especially in Indonesian society (Maradat et al, 2023).

The use of digital technology globally is widely applied in various fields such as education, health, banking, government and commerce. Digital technology is increasingly used, this certainly affects aspects of human life such as behavior and lifestyle (Yang dan Widiyanto, 2023).

In line with this phenomenon, the emergence of various marketplaces as a very real impact of the growth and increase in internet usage, making people who want to transact online will easily get products in various marketplaces and no longer need to come to the store directly when they are busy and do not have free time. Based on SimilarWeb data, Shopee was the marketplace with the most site

visits in Indonesia during the fourth quarter of 2022 (Andini dkk, 2023). Shopee is one of the marketplaces with the most users in Indonesia. Here is the number of visits at Shopee in the period 2023.

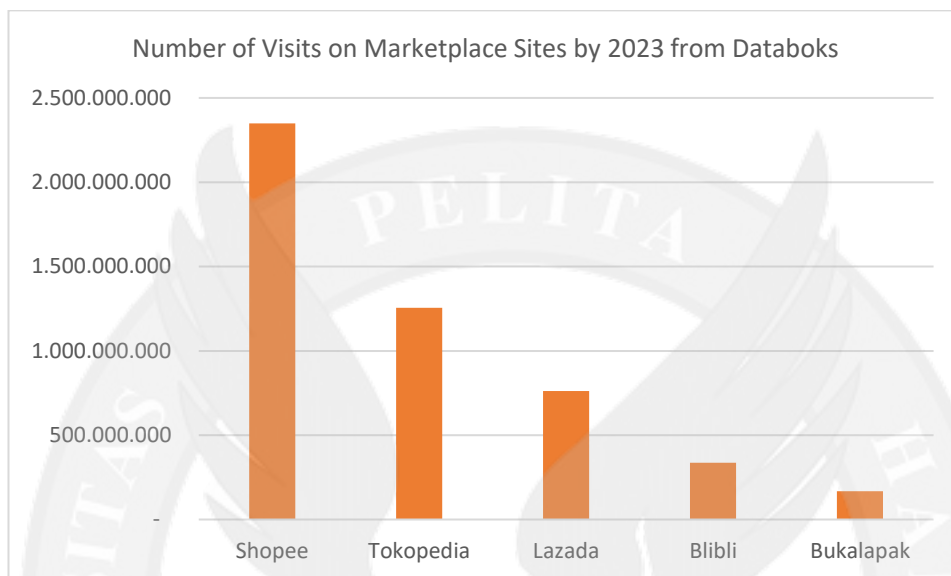


Figure 1.1 Number of Visits on Marketplace Sites by 2023

Source: Databoks (2023)

Table 1.1 Number of Visits Marketplace Sites

No	Name	Value
1	Shopee	2.349.900.000
2	Tokopedia	1.254.700.000
3	Lazada	762.400.000
4	Blibli	337.400.000
5	Bukalapak	168.200.000

Source: Databoks (2023)

From the data, in December 2023, Shopee's website received 2.349 million visits, an increase of around 38% compared to the beginning of the year. Shopee's visitor growth far exceeded its main competitors, namely Tokopedia, Lazada, Blibli, and Bukalapak. This data shows that Shopee is the first-choice marketplace for consumers to make purchases compared to others. There are several factors that encourage consumer behavior that prefers online shopping as follows.

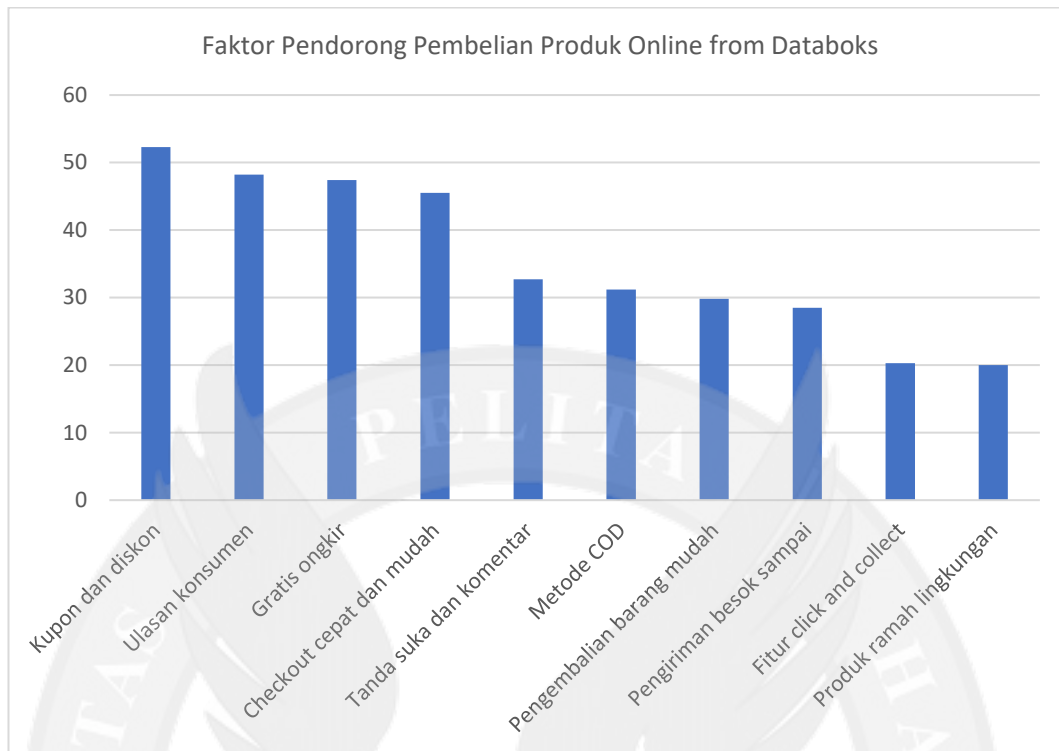


Figure 1.2 Factors driving online purchasing decisions (2023)

Source: Databoks (2023)

There are various factors that can influence consumer decisions in buying products, including reviews. There is an online customer review feature to build trust from consumers and potential consumers. Shopee also provides a simple solution for consumers who want to buy products online, in other words, to increase consumer and prospective consumer confidence by looking at online customer reviews (Yang and Widiyanto, 2023). This research will be conducted on Shopee customers in Medan city because data collection is carried out in Medan city. Here are the results of the Shopee app review on Playstore.

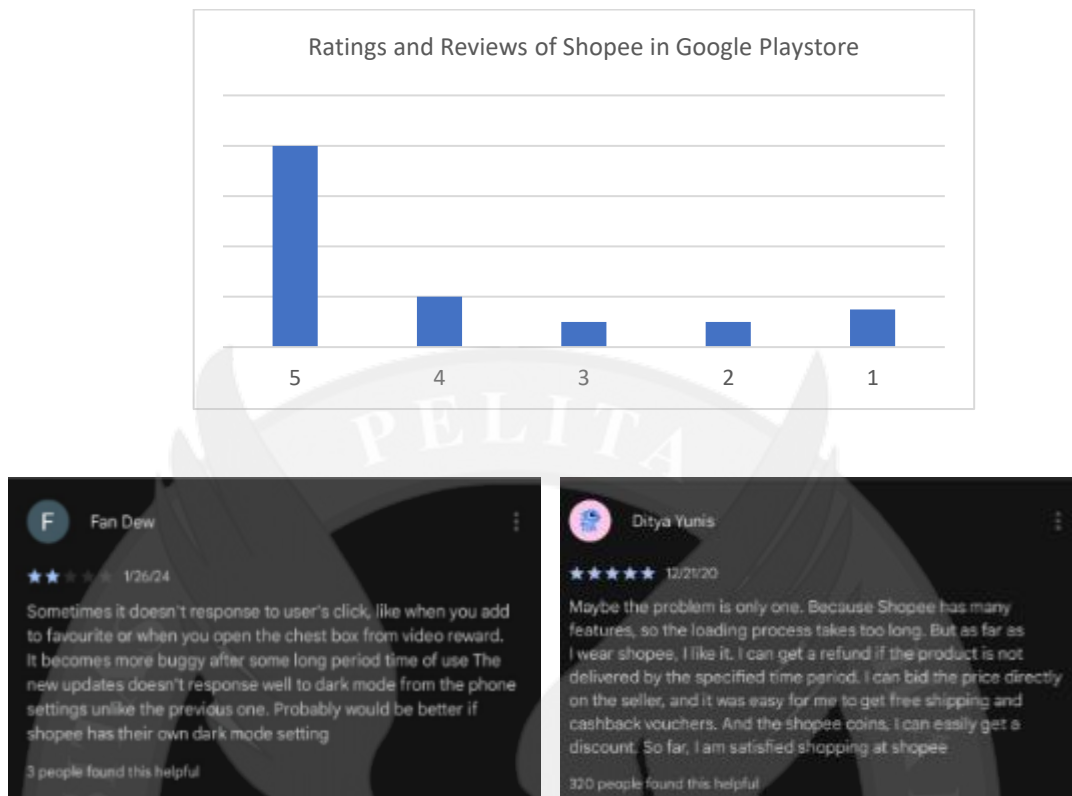


Figure 1.3 Reviews of Shopee in Playstore (2023)

Source: Google Playstore (2023)

The results of the reviews for the Shopee application on Google Playstore show that Shopee gets a rating of 4.5 out of a total of 13 million reviews and the dominant review given is a score of 5. Despite getting a score of 5, there are still consumers who give low ratings and high ratings who still complain about application problems that are less responsive, do not display items or prices, vouchers that are often lost if the application is not responsive. This shows that the reviews given by consumers still find complaints in the Shopee online application.

Online customer experience is an important part of a defence company in response to disruptive innovations from new entrants. Customer experience presents a new ecosystem in industry 4.0, especially when interacting with

customers through omnichannel interactions. In the digital ecosystem, customer experience can bring significant influence on businesses as customers share on digital platforms (Nisa et al, 2022). Here are some consumer experiences in shopping at Shopee.



Figure 1.4 Reviews of Shopee in Playstore (2023)

Source: Google Playstore (2023)

In the online shopping experience experienced by consumers, there are consumers who state that they have a good experience in shopping at Shopee. However, the problems complained about include the Shopee application which is too heavy, shipping problems, ShopeePay payments and customer support that is not yet optimal. Even though it gets a good rating, there is still input given by consumers to Shopee.

One of the things that makes Shopee the most popular and most remembered marketplace is the tagline. The tagline used by Shopee is "Free Shipping to All of

Indonesia". This tagline is the attraction that is most liked and favoured by the public. The main reason customers abandon their shopping carts is the high shipping cost. Therefore, Shopee's free shipping slogan influences purchasing decisions because Shopee offers shipping support to every user so that they can shop without paying for product shipping (Andini et al., 2023). The following is a display of reviews from google reviews regarding the free shipping program provided by Shopee.

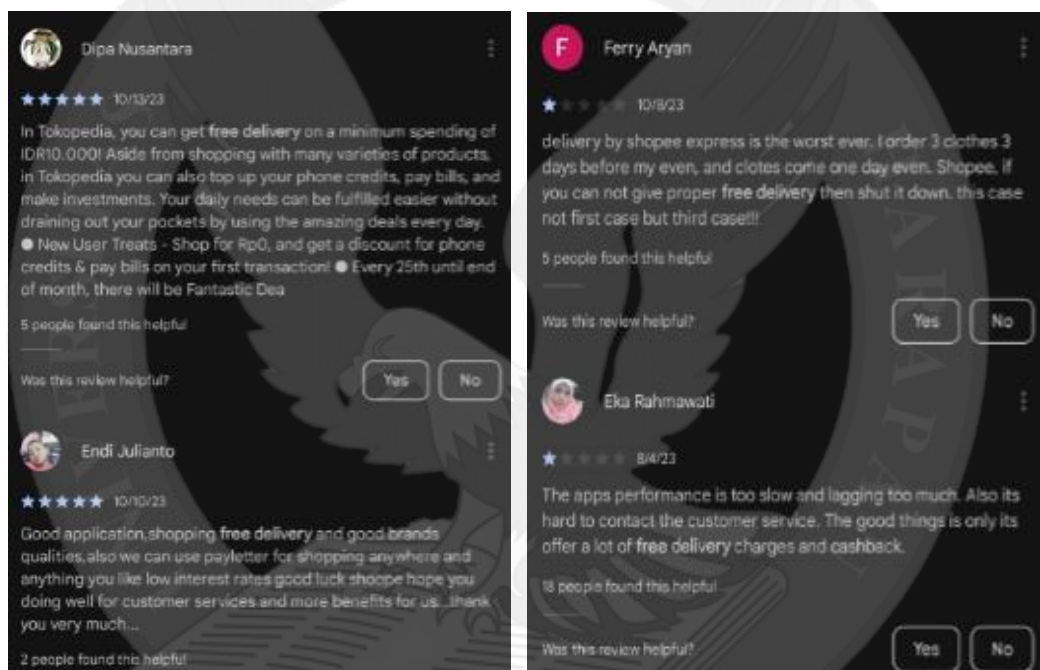


Figure 1.5 Reviews of Shopee about Free Shipping in Playstore (2023)

Source: Google Playstore (2023)

In the reviews given by consumers regarding the free shipping program provided by Shopee, there are still complaints by consumers, namely if you use the free shipping provided, the product takes a long time to arrive at its destination, and in other input provided by consumers, the free shipping program provided has a minimum purchase of Rp 30,000 for selected stores. However, consumers also gave

a good rating for the free shipping provided by Shopee. Here is how Shopee's free shipping looks in the application.

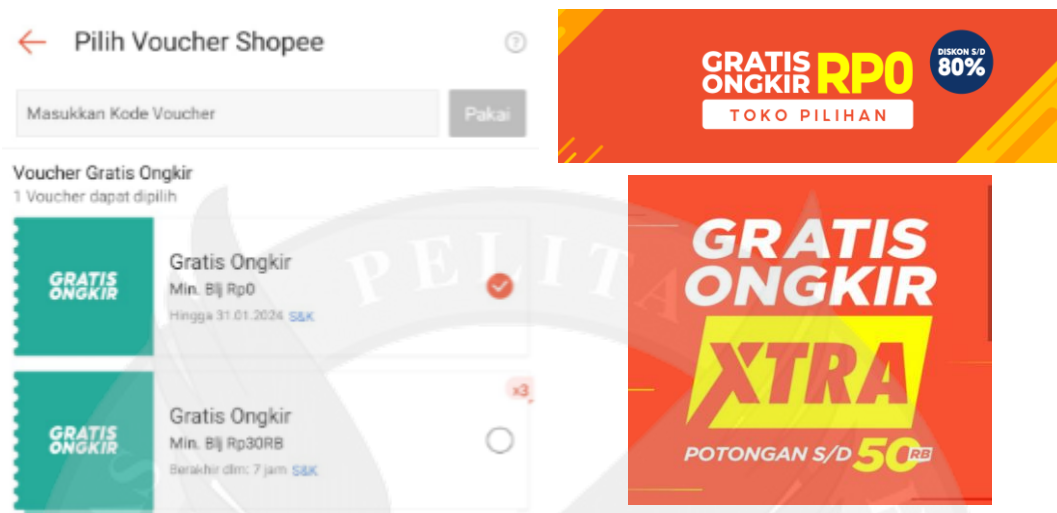


Figure 1.6 Shopee App Free Shipping Voucher Display (2023)

Source: Shopee (2023)

Considering the described background of study above, the writer determines the study of reviews, online shopping experience, and free shipping on purchasing decision at Shopee marketplace in Medan. Therefore, the relationship between these three variables will increase purchasing decision. Hence, the title of this research is: **“The Influence of Reviews, Online Shopping Experience, and Free Shipping on Purchasing Decision at Shopee Marketplace in Medan”**

1.2. Problem Limitation

Due to the limited occasion and expenditure, this research will be conducted at Shopee customers in Medan from January 2024 to June 2024 about those relevant problems including reviews, online shopping experience, and free shipping, and purchasing decision. For the problem limitation already chooses by writer where there are some independent variables (Variable X) consist of reviews,

online shopping experience, and free shipping, and dependent variable (Variable Y) consist of purchasing decision.

The indicators of reviews are awareness, frequency, comparison, influence (Ilmiyah dan Kreshernawan, 2020).

The indicators of online shopping experience are experienced in online shopping, feel competent when shopping online, feel comfortable when using e-commerce, and feel that e-commerce is easy to use. (Sofiani et al, 2022).

The indicators of free shipping are attention, interest, desire and action (Yang dan Widiyanto, 2023)

The indicators of purchasing decision are decision recognition, information search, evaluating alternatives, deciding on a purchase (Wulandari dan Subandiyah 2022)

1.3. Problem Formulation

From research at Shopee marketplace in Medan, the writer obtained several questions regarding the arising problems which are.

- a. Does reviews have partial effect on purchasing decision at Shopee Marketplace in Medan?
- b. Does online shopping experience have partial effect on purchasing decision at Shopee Marketplace in Medan?
- c. Does free shipping have partial effect on purchasing decision at Shopee Marketplace in Medan?

- d. Do reviews, online shopping experience, and free shipping have simultaneous effect on purchasing decision at Shopee Marketplace in Medan?

1.4. Objective of the Research

The objective for this research is to find out about:

- a. To describe whether reviews have partial effect on purchasing decision at Shopee Marketplace in Medan.
- b. To explain whether online shopping experience has partial effect on purchasing decision at Shopee Marketplace in Medan.
- c. To explain whether free shipping have partial effect on purchasing decision at Shopee Marketplace in Medan.
- d. To analyse whether reviews, online shopping experience, and free shipping have simultaneous effect on purchasing decision at Shopee Marketplace in Medan.

1.5. Benefit of the Research

Benefits of this research can be listed as follow:

1.5.1. Theoretical Benefit

The results of this research are expected to contribute to the existing theories relevant with reviews, online shopping experience, and free shipping, towards purchasing decision.

1.5.2. Practical Benefit

The practical benefit of this research as follow:

- a. For the writer, the result of this research is expected to contribute to the exciting theories relevant with reviews, online shopping experience, and free shipping towards purchasing decision.
- b. For Shopee Marketplace, this research as information about whether the survey that has been made will be useful to improve the company performance.
- c. For other researchers, to be a guide and reference in leading the researcher to do other research that is compatible with this research.

