

CHAPTER I

INTRODUCTION

1.1 Background of Study

The pace of modern progress has resulted in a new way of thinking for businesses, particularly in overcoming location and time boundaries, which have long been a difficulty in traditional sales processes. The availability of technology known as "the Internet" gives several benefits in communication, making it simple for consumers to increase a product's marketing network. The internet is used not only to search for information, worldwide communications, and publishing, but also to conduct commercial transactions, also known as e-Commerce.

On the other hand, e-commerce and e-business operations give a few benefits for both businesses and clients. One of Indonesia's internet sites that uses the notion of e-commerce. In Indonesia, there are several online markets, some of which are well-known to the public. As a result, internet markets use a variety of promotional strategies to remain competitive. Market participants employ several strategies to overcome competition and persuade potential customers to continue purchasing their items on a regular basis.

E-commerce is fast expanding in Indonesia, as indicated by the numerous e-commerce purchasing and selling sites that have emerged, including Shopee, Tokopedia, Bukalapak, Lazada, Blibli, JD.id, Zalora, AliExpress, Zilingo Shopping, Amazon, and others.



Figure 1. 1 Growth in the Number of E-Commerce Users in Indonesia

Source: Statista Market Insights (2023)

The evolution of e-commerce will result in the emergence of a varied range of online enterprises because it not only makes it easier for customers to access goods and services, but it also allows service providers to reduce marketing costs because all they need to market their goods is network access to the internet. This is because market demand can be carefully analysed, as well as the qualities of clients that live on technological ease.

As we can see from the figure 1.1 above, in 2022, there are 178.94 million users of e-commerce in Indonesia. Comparing this number to last year's 158.65 million users, when examining the trend, it is seen that Indonesia's e-commerce users are continuing to rise. By the end of 2023, the number is anticipated to reach 196.47 million users. For the upcoming four years, it is expected that the number of people using e-commerce will continue to rise. Statista predicts that 244.67 million individuals will be active in e-commerce in Indonesia by 2027.

Customers of online shopping platforms are becoming increasingly picky and choosy in their evaluations of these sites. It prompts customers to compare one platform to another, determining whether they're satisfied with the platform. It also increased consumer loyalty to the site by allowing them to purchase specific things.

Bukalapak is an Indonesia E-Commerce Company founded in 2010 by Achmad Zaki, Bukalapak has successfully built a large community of users, with over 100 million active users and 13.5 million sellers utilizing the platform for their shopping needs. Bukalapak provides various of facilities such as Online Commerce (ranging from Electronics, Women's Fashion, Men's Fashion, Home Appliances, Health & Beauty, Baby & Kids Toys, Sports & Travel, Groceries (Wholesale), Automotive & Media), Online to Offline (provides access for small retailers or individual agents to better distributors) and Virtual Product (caters consumer needs for phone credit and internet data, game vouchers, electricity tokens, and over 40 other products), (Bukalapak, 2024).

Table 1. 1 Most Visitors E-Commerce in Indonesia (monthly visitors)

	(Q1) 2021	(Q1) 2022	(Q1) 2023
TOKOPEDIA	135.076.700	157.233.300	117.033.333
SHOPEE	127.400.000	132.776.700	157.966.667
BUKALAPAK	34.170.000	23.096.700	18.066.666
LAZADA	30.516.700	24.686.700	83.233.333
BLIBLI	19.590.000	16.326.700	25.433.333

Source: Databoks (2021-2023)

Table 1.1 according to Databoks, the table presents data on the performance of five e-commerce platforms—Tokopedia, Shopee, Bukalapak, Lazada, and Blibli—over three consecutive years (Q1 2021, Q1 2022, and Q1 2023). Bukalapak

is in the fifth position among the largest e-commerce platform in Indonesia, the number of visitors of Bukalapak has faced a continuous decline throughout the period, dropped from 34,170,000 in 2021 to 23,096,700 in 2022, and further down to 18,066,666 in 2023. The steady declining performance on Bukalapak's visitors may be linked to a decline in repurchase intention, where customers are not returning to the platform as frequently for additional purchases.

Repurchase Intention on customer has a very important role because it can increase profits for the company by improving the products it markets. Consumers usually, before making a purchase decision, need to consider and consider alternatives to a product. Every e-commerce company will do various things to preserve their repurchase intention, so they don't switch to other e-commerce (Carysa Siahaya et al., 2021). Repurchase intention is a decision-making process that begins with identifying the problem, evaluating it, and deciding on the product that best meets your needs (Tian et al., 2022). The phenomenon of repurchase intention on Bukalapak customer's problem are the number of visitors and the satisfaction of customers. 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 Bukalapak still can't compete and are far from being compared to several other e-commerce sites. Besides that, customers often complain about the level of speed and effectiveness of customer service's staff in handling customers issues are too slow and sellers often don't send the product based on what we purchased therefore customers become disappointed and don't want to repurchase again in the same store or seller.

Repurchase intention is often driven by customer satisfaction, which encompasses factors such as product variety, pricing, user experience, delivery efficiency, and customer service. Customer satisfaction could be impacted through platform experience or service quality, the level of satisfaction will lead to customers' willingness to make repeated purchases.

Customer Satisfaction is the customer's appraisal of a product or service in terms of determining if the product or service fits the customer's wants and criteria (Ismanto, 2020). Consumers feel dissatisfied with Bukalapak because of web error on the application system, the difficulty in making complaints, slow responsiveness in replying customer chat, lack of clarity in handling issues can diminish users' trust in this platform, transaction problems (refund system) too complicated and wasting time, customers security and privacy being threatened while using the e-commerce, and procedure of receiving, processing, and delivering customer orders which don't match with what customers purchase. Because of this difficulty customers feel disappointment is what keeps consumers from using Bukalapak and start switching to other e-commerce. For example, when they made a complaint, the complaint was regarding the damage of the package during the delivery process. This led to the broken product (skincare product) therefore, the customer had made complaints in BukaBantuan (a website for submitting complaints). BukaBantuan provides a lot of general information which is good for customers. However, the live chat system that is needed has been time consuming and however, still requires more than 24 hours and re chat several times regarding the complaint, and at the end customer became dissatisfied with Bukalapak.

Website design is a generic phrase that refers to how website material is shown to end users via a browser or software (Konda et al., 2022). The phenomenon of web design in Bukalapak problem that occurs where there are consumers who are dissatisfied because consumers feel that the Bukalapak website itself is going to error/bug and the process of notification itself is slow, for example when customer have already paid the order, but the notification hasn't changed to "paid". Non-responsive displays, sometimes it doesn't responsive in their website for example, when customer access the Bukalapak's website through phone and laptop the process is harder and the display is quite different therefore it can disrupt the user experience, especially because more people are accessing the web through mobile devices. And, Slow loading time, this often disrupt user from accessing content quickly, causing them to leave the site before even seeing what is offered, (Bukalapak App Store).

E- Customer Service refers to the help and support a company offers to its customers before, during, and after the purchase (Delima et al. 2021). Customer service quality can be measured by comparing consumers' perceptions of the service they receive or obtain to what they expect or want in terms of a company's service qualities. There is a phenomenon regarding *E-Customer Service* in Bukalapak where there are consumer complaints that the procedure return and refund policies are too complicated and wasting time, slow responsiveness and lack of clarity in handling issues can diminish users' trust in this platform, live chat service is terrible (customers can't really getting the solving problem due to the live chat/support system is bad (App Store, 2024).

For example, complaints regarding the level effectiveness in communication and the speed in solving problems which lead to make a misunderstanding communication. Based on the Bukalapak App Store reviewed by Yofranny Winardi on 23rd May 2024 written that the customer service staff's soft skill (communication and solving problem skill) can be trained or improved again, since the problem that is asked and the answer that be gotten didn't solve the problem and rarely the concern will be solved properly, therefore it becomes wasting time and complicated.

Security in e-commerce is a critical control concern for the company that operates it. It is highly crucial that data related to e-commerce, such as buyer and seller data, is maintained confidential at all times transferred electronically. Additionally, the data transmitted must be protected from the risk of being changed or modified by people other than the sender (Mutiara et al.2020). However, many consumers feel disappointed after purchasing products at Bukalapak because lots of consumers feel insecure about whether their personal data can be used for things they don't want by irresponsible parties Since there was a history that customer data has being data breach and Bukalapak has already announced around 13 Millions of personal data has been leaked this include full name, email, address, phone number, and shipping address (Setyowati, 2020). There is a phishing domain using "Bukalapak.com" link which will be used for fraud customer, therefore from that case happened, customers become more selective while picking E-commerce they use.

A review regarding the security in Bukalapak, based on App Store reviewed by Kadek Rana on 11th November 2023 has complained about there is no solution of customer money that has been hacked for 15 Million Indonesia Rupiah, the story

happened when the customer was going to buy a phone in Bukalapak and the fraudster had sent a payment link to customer in order proceed the order, however the customer didn't click and log in through the link since it is safer to make a transaction directly through the application. Right after the customer had paid through Bukalapak Account, there was a notification of "Fail Transaction" and the money had already transfer to Bukadompot not until that, fast forward 5 minutes later money in Bukadompot had disappear and the customer reported to Bukalapak and they act like hands off, therefore customer was disappointed with the security service of Bukalapak (App Store, 2024).

Fulfillment is the process of accepting, processing, and delivering consumer orders from an e-commerce standpoint. It includes keeping track of inventory, selecting and packaging goods, and sending them to customers (Ma, 2022). For the last phenomenon regarding fulfillment in Bukalapak which often makes consumers feel dissatisfied where many products offered by Bukalapak 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 (not real-time update), so they are often asked to replace goods or submit returns to Bukalapak, not only shortage problem but also order got error, customer might receive the wrong items that doesn't match with what they have ordered, these can be incorrect size, color or model. Consumers also often feel that the process of delivering goods by Bukalapak is very slow and sometimes there are consumer complaints stating that the products they ordered were not delivered by Bukalapak, which makes them always must look for customer

service or the merchant who sells the goods. Even though the product has been received, sometimes in the shipping process the product gets damaged.

Lots of review regarding fulfillment in Bukalapak based on Google Play Store review by Haris S on 7th August 2024 complained that” It was unclear” after shopping, it turned out that the product was out of stock and the stock hadn't been updated beforehand. However, a refund was processed, but the funds got stuck in Bukadompet and were frozen for 3 days. I was then asked for proof of the transaction, and they said the proof was unclear, even though the transaction was from mobile banking. Next review by Juwaini Sukhairi on 31st March 2024 suggests about adding a courier for international shipping especially to Malaysia, since she can't purchase items from Bukalapak. Last Avicenna Elqudsy on 5th April 2024 complained about the delivery speed did not match what was promised, and consumer protection is lacking in terms of product tracking.

Based on the background study above, the writer is interested to conduct research with the title: “The Influence of Web Design, E-Customer Service, Security, and Fulfillment Towards Customers Satisfaction and Repurchase Intention at Bukalapak in Medan.

1.2 Problem Limitation

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

1. In this study web design, e-customer service, security and fulfillment are the independent variables while customer satisfaction and repurchase intention are the dependent variables.

2. The data of this research is gathered from Bukalapak Medan customers.
3. The data that will be used later is collected from the form of questionnaires that are 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 Bukalapak application, have downloaded Bukalapak application on their own gadget, have tried and purchased products from Bukalapak 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 problems in this study that can be identified:

1. Does web design, e-customer service, security and fulfillment have simultaneously affected customer satisfaction at Bukalapak in Medan?
2. Does web design significantly have a partial influence towards customer satisfaction at Bukalapak in Medan?
3. Does e-customer service significantly have a partial influence towards customer satisfaction at Bukalapak in Medan?
4. Does security significantly have a partial influence towards customer satisfaction at Bukalapak in Medan?
5. Does fulfillment significantly have a partial influence towards customer satisfaction at Bukalapak in Medan?
6. Does customer satisfaction significantly influence repurchase intention at Bukalapak in Medan?

1.4 Objective of Research

Here are some of the objectives of this research, which are based on the problem formulation mentioned in the previous point:

1. To examine whether web design, e-customer service, security and fulfillment have simultaneously affected customer satisfaction at Bukalapak in Medan
2. To examine whether web design has a significant influence towards satisfaction in Medan.
3. To examine whether e-customer service has a significant influence towards customer satisfaction at Bukalapak in Medan.
4. To examine whether security has a significant influence towards customer satisfaction at Bukalapak in Medan.
5. To examine whether fulfillment has a significant influence towards customer satisfaction at Bukalapak in Medan.
6. To examine whether customer satisfaction has a simultaneous influence towards repurchase intention at Bukalapak in Medan.

1.5 Benefit of Research

The writer hopes that this research can provide several benefits to those who use it. This research has both theoretical and practical benefits:

1. Theoretical Benefit

The theoretical benefits of the research include the following:

- a) For readers, the result of this study can be proof for readers to know that web design, customer service, security and fulfillment affect Customers Satisfaction and repurchase intention at Bukalapak in Medan.

- b) For Writer, the result of this study can offer valuable insights, experience, and observations from a real-life setting for writers.
- c) For other researchers, the result from this study can be used as a reference for future researchers interested in the same problem.

2. Practical Benefit

The theoretical benefits of the research include the following:

- a) For Bukalapak, the researcher hopes the conclusion from this study could aid the firm to analyze and accept the result as a recommendation to know the effect of web design, e-customer service, security and fulfillment towards customers satisfaction and repurchase intention at Bukalapak in Medan.
- b) For the writer, because of this study, the author gains fresh experience and understanding about the importance of web design, customer service, security and fulfillment affect Customers Satisfaction and repurchase intention at Bukalapak in Medan.
- c) For future research, the researcher hopes that the findings of this study will serve as a benchmark for future academics interested in exploring the same topic which is the influence of web design, customer service, security and fulfillment affect Customers Satisfaction and repurchase intention at Bukalapak in Medan.