

CHAPTER I

INTRODUCTION

1.1. Background of Study

PT. Social Bella Indonesia is a trusted and most complete beauty e-commerce in Indonesia, especially for beauty products, make up, cosmetics, perfumes and skincare. Sociolla was founded by Christopher Madiam, Chrisanti Indiana and John Rasjid in 2015. Sociolla was established in response to the beauty industry trend that is now gaining popularity in Indonesia. But not all of these beauty products are readily available. To start, it can be challenging to locate beauty products that are from authorized distributors and registered with BPOM. As a result, Sociolla e-commerce was established in 2015. Sociolla is an online store that specializes in the beauty industry, particularly cosmetics and skin care (personal care), and it was the first in Indonesia to provide the most comprehensive and reliable beauty products. There are currently 325 official brands listed on the Sociolla website, and the company works directly with brand holders. In 2019 marked as the official opening of Sociolla's first physical flagship location at Jakarta's Lippo Mall Puri. The Sociolla website and the SOCO application may be accessed straight from this physical store, which has a number of interactive exhibits.

Maskuri, et.al (2019) mentioned that trust, ease of use, and electronic word-of-mouth all have influence on purchase intention. Electronic commerce, or e-commerce, is a new industry in the digital age that many entrepreneurs utilize to

market and sell. In e-commerce platforms, electronic word-of-mouth, simplicity of use, and trust can all influence purchase intention.

The phenomenon in Soco by Sociolla Application is the decline in purchase intention. A well-presented application provides several benefits and effectiveness, such as ease of accessibility (24 hours), providing convenience for customers, having more effective and easy-to-manage marketing costs, a website as a representation of an online business, can build credibility (trust through ratings and reviews), and can generate higher sales due to increased web traffic visited by consumers. The presence of many digital platforms today also has a negative influence on development of Soco by Sociolla Application. The many options make customers switch to make purchases from other applications.

The total visits to the application in August 2024 decline 7.52% as seen on pro.similarweb.com as follow:

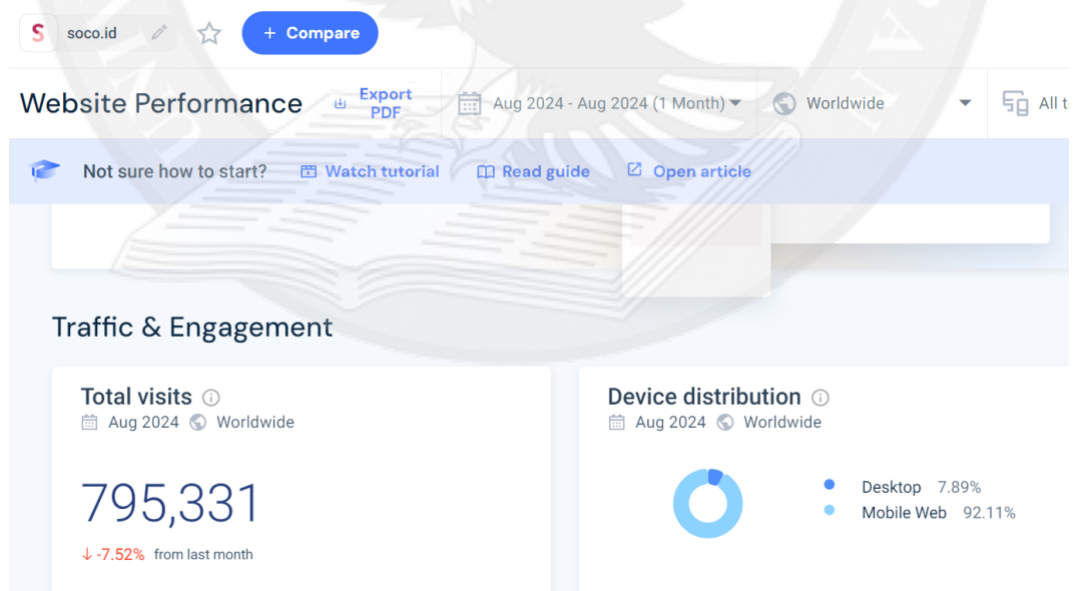


Figure 1. 1 Traffic and Engagement of Total Visits of Soco by Sociolla
Source: pro.similarweb.com

The decrease in the number of visitors can indicate a decrease in purchase intention on the application. This is because not visiting the application means not making a purchase, or the possibility of impulse buying is low. Customers are less interested in buying products. The number of visits to the platform is greater than the number of purchases. So, it can be concluded that customers only browse but do not check out. Customers are less willing to recommend using the platform to purchase cosmetic products, because currently it is still difficult to invite people to make purchases online, especially when offline stores are available. In some cases, customers who have made purchases do not write reviews in the comment's column. As a result, it will be detrimental to the platform if in fact customers who do not write comments are customers who are satisfied with their experience.

E-Word of Mouth is among the elements that can have influence on purchase intention. E-Word of Mouth is a comments, whether favorable or unfavorable by previous or current consumers about product, company or service that is available to the general public via internet. Based on some comments on the application, it can be seen that users complained about several things related to shipping, slow application response and long refund process. These negative comments can give a bad image and negative influence on the company because potential new users can cancel their intention to download the application, while old users uninstall and no longer use the application.

e-WOM in this research related to concern for others, expressing positive feelings, helping the company and advice seeking. There are many negative reviews related to the programs and products on Soco by Sociolla, but the admin's

reply seems to come from an automated answering machine, so it is less satisfying to customers. In addition, the answer is only a request from the admin to submit questions and problem details via email, so there is no clarity on how to solve the problem. Criticism conveyed by other customers on the platform creates a bad impression for Soco by Sociolla when other customers read it. The problem will get worse when other customers who have experienced the same thing then write about their experiences, thereby indirectly confirming that the negative things are true and often happen.

e-WOM is a platform for customers to find information related to products that interest them. When customers do not get a positive impression of the goods they are looking for, it will become a source of negative information. This source of negative information will not only influence them not to buy certain products, but can also cause a loss of trust in all products from a particular brand. Customers who are used to reading e-WOM make it a habit and cannot make a decision to make a purchase before reading the review. Customers are only sure that the product is good when they read the review and get positive reviews from other customers. This makes the platform have to really pay attention to the content of customer reviews and provide solutions immediately when there is negative criticism to build customer trust. e-WOM influences the level of customer confidence in deciding to purchase a product. The active role of the company is needed to collect positive customer testimonials and put them in a position that is easier for customers to read, thus providing confidence in buying the product.

The other factor that can influence purchase intention is ease of use. Ease of use in this research related to ease of learning, controllable, clear and understandable, flexible, easy to become skillful and easy to use. Based on some comments on the platform, it can be seen that consumers complaint about the slow response of the application, poor ability to store address and payment data, and other errors that make it hard to use the application. When making purchases through the application, consumers want ease of use of the application, so that shopping will be as easy as just clicking. This is not found in the Soco by Sociolla Application. Based on user comments, it can be seen that users have difficulty saving shipping addresses, difficulty using several payment methods and the absence of a help center that provides a quick response.

The application is complicated to use because the search engine is not yet optimal, making it difficult to search for/filter the required products. The process of purchasing goods is difficult to do, due to limited payment method options. There are several payment methods such as bank transfers without virtual accounts that require a longer time to verify. As a result, the delivery of goods is also late because it is waiting for the payment verification to be received by the system.

The other factor that can influence purchase intention is trust. Trust is the consumers' willingness to rely on an object, its attributes and benefits and have confidence in it. Trust in this research is related to reliable, good reputation and security. The issue of trust in the Soco by Sociolla Application is still low, there are some payment issues and trust in promotional programs created by the

company. Price transparency and the absence of hidden fees are also crucial factors in building customer trust. The shopping history contained in the application is often lost so that users cannot track their purchases.

Based on some comments on the platform, it is also revealed that the trust problem is also about the product quality. Some consumers comments about the originality of the products as well as the expired date. The conformity between what is written and the goods sent has a very big influence on the level of trust. When the consumers feel dissatisfied with the products, their level of trust will also fade. The reputation of the application is questionable. There are defects in the product in the form of products that have changed color so that the authenticity and quality of the product are doubtful. In addition, the promotional program in the program is less reliable considering that there is no clarity on the quota limits and how much quota is left so that when customers choose the promotional program, they cannot/reject it. Transaction security is questionable because transaction history is often difficult to track. The question process that requires users to submit questions via email causes disappointment because they feel it is complicated and ineffective.

The trust issue surrounding e-commerce platforms in Indonesia is a significant challenge, as supported by several data sources. Many Indonesian consumers prefer cash-on-delivery (COD) payment methods due to concerns about online transaction security and a lack of trust in e-commerce platforms (Cube Asia, 2023). This preference not only complicates logistics but also increases the risk of non-payment for businesses. Additionally, privacy and

security concerns further undermine consumer trust. A survey in January 2023 revealed that approximately 25% of male respondents identified inadequate customer protection policies as a key issue when shopping online (Statista, 2023).

The quality of products and services is another critical factor. Research indicates that poor product quality negatively impacts customer satisfaction, which in turn affects repurchase intention and customer loyalty (ResearchGate, 2022). Consumer complaints about e-commerce transactions have also risen dramatically. In 2021, complaints related to e-commerce accounted for 95.3% of total consumer grievances, with a tenfold increase compared to previous years (AASMR, 2021). This trend reflects widespread dissatisfaction and trust issues among consumers.

Moreover, data breaches on major e-commerce platforms have eroded consumer trust significantly. For example, a 2020 data breach at Tokopedia affected over 15 million users and raised concerns about data security on e-commerce platforms. Such incidents highlight the vulnerabilities in transaction security and customer data protection, further reinforcing the need for robust mechanisms to build consumer trust.

These insights provide a strong foundation for understanding the challenges faced by e-commerce platforms in establishing and maintaining consumer trust. They also underscore the importance of addressing issues such as product quality, transactional security, and transparency to improve customer experiences and perceptions.

Sociolla, as one of Indonesia's leading beauty e-commerce platforms, has faced declining visitor numbers and purchase intentions in recent years. Reports indicate that in 2019, Sociolla attracted around 4 million visitors, but this number drastically dropped to only 2 million in 2020, placing the platform in the 9th rank among beauty e-commerce platforms (Widiyanti & Alinda, 2021).

Several factors are believed to contribute to this decline, including issues with e-service quality and the impact of negative electronic word-of-mouth (e-WOM). Consumers have expressed dissatisfaction with the services provided, leading to lower repurchase intentions for beauty products on the platform (Fitriani & Ardiansyah, 2023). Furthermore, the perception of ease of use plays a crucial role in consumer purchase intentions. Studies reveal that ease of use refers to how effortlessly technology can be utilized, encouraging trust and continued engagement with the platform. Sociolla's decreasing online store visitors year after year highlights the urgent need to address ease-of-use issues to regain consumer interest (Ramadhani & Sari, 2022).

SOCO by Sociolla, a prominent beauty e-commerce application in Indonesia, currently holds a rating of 3.9 on the Google Play Store. User reviews highlight several issues contributing to this rating, including slow loading times, frequent crashes, and errors during the checkout process. Additionally, users have reported dissatisfaction with recent updates, citing increased instability and reduced functionality. These technical challenges have led to frustration among users, negatively impacting their overall experience with the app.

In comparison, other beauty e-commerce platforms in Indonesia have garnered higher user satisfaction. For instance, Shopee, which offers a wide range of beauty products, maintains a higher rating on the Google Play Store. Users frequently praise its user-friendly interface, reliable performance, and efficient customer service. Similarly, Lazada, another major competitor, has received favorable reviews for its seamless shopping experience and responsive app design.

The disparity in user ratings and reviews suggests that while SOCO by Sociolla is a significant player in the beauty e-commerce sector, it faces challenges in app performance and user satisfaction compared to its competitors. Addressing these technical issues and enhancing user experience could be crucial steps for Sociolla to improve its standing in the competitive Indonesian beauty e-commerce market.

This writer will determine the influence of e-Word of Mouth, Ease of Use and Trust towards Customer Purchase Intention on research entitled “**The Influence of e-Word of Mouth, Ease of Use, Trust towards Customer Purchase Intention on Soco by Sociolla Application.**”

1.2. Problem Limitation

This research will take place on Soco by Sociolla Application. It is an application by PT.Social Bella Indonesia. PT.Social Bella Indonesia is located at Grand Aries Niaga Jalan Taman Aries Blok E1 / 2Q West Jakarta and finally

decided to move to St. Moritz Office Building, Unit # 1502, Jl. Puri Indah Raya, Kembangan, West Jakarta.

The problem limitations in this research are e-word of mouth, ease of use, trust and purchase intention. The writer will use some indicators to describe the research variables. E-Word of mouth will use the indicators of concern for others, expressing positive feelings, helping the company and advice seeking (Ahmad, et.al., 2022:112-113). Ease of use will use the indicators of ease of learning, controllable, clear and understandable, flexible, easy to become skillful and easy to use (Yudawisastra, et.al, 2024:235). Trust will use the indicators of reliable, good reputation and security (Maskuri, 2019:145). Customer purchase intention will use the indicators of attention, interest, desire and action (Tirtayasa, et.al., 2024:223).

A questionnaire will be used in this study to collect data from participants. Only clients who applied within the last three months would be allowed to respond. The estimated data collection process will be carried out in October 2024, while the data processing will be carried out in November 2024.

Here is the research timeline:

Table 1.1 Research Timeline

No.	Description	August				September				October			
		1	2	3	4	1	2	3	4	1	2	3	4
1	Research title submission	■											
2	Proposal Preparation		■	■	■								
3	Data collection					■							
4	Proposal						■	■	■				
5	Questionnaire Distribution									■	■	■	
6	Data Processing											■	
7	Skripsi Preparation												■

Source: Prepared by The Writer (2024)

1.3. Problem Formulation

The following are the problem formulation in this research:

1. Does e-Word of Mouth partially influence Customer Purchase Intention on Soco by Sociolla Application?
2. Does Ease of Use partially influence Customer Purchase Intention on Soco by Sociolla Application?
3. Does Trust partially influence Customer Purchase Intention on Soco by Sociolla Application?
4. Do e-Word of Mouth, Ease of Use and Trust simultaneously influence Customer Purchase Intention on Soco by Sociolla Application?

1.4. Objective of Research

The following are the research objective:

1. To know the partial influence of e-Word of Mouth on Customer Purchase Intention on Soco by Sociolla Application.
2. To know the partial influence of Ease of Use on Customer Purchase Intention on Soco by Sociolla Application.
3. To know the partial influence of Trust on Customer Purchase Intention on Soco by Sociolla Application.
4. To know the simultaneous influence of e-Word of Mouth, Ease of Use, and Trust on Customer Purchase Intention on Soco by Sociolla Application.

1.5. Benefit of the Research

The following are the research benefits:

1.5.1. Theoretical Benefit

The following are the theoretical benefits of the research:

1. To learn more about e-word of mouth, ease of use, trust and purchase intention.
2. To get information about the advantages and disadvantages of Soco by Sociolla application.
3. To learn how crucial it is to preserve e-word-of-mouth, ease of use, and trust in order to increase purchase intention.
4. To contrast the research's hypotheses with the company's real-world occurrences.

1.5.2. Practical Benefit

The following are some practical benefit that can be described:

1. To offer suggestions for company about the weakness of the application so that the company can repairs on it.
2. To explain advantages and disadvantages of each variable of this research so that to be consideration for company in making decision.