CHAPTER I

INTRODUCTION

1.1 Background

Along with the advantages of technology, we don't need to go outside to buy something. We can use our mobile phone to order products or services that we need. The rapid improvement of technology changes the trend of shopping. Based on data from databooks.katadata.co.id, around 88% of internet users in Indonesia already using e-commerce, according to the We Are Social survey in April 2021 this percentage is the highest in the Coupled Couple with the pandemic situation, purchases will be higher than before. Along with the increasing of internet perform, the E-commerce also gets more consumers with the increasing of development the internet. E-commerce is backed by internet technology and information technology, because without the internet, e-commerce would not exist (Laudon & Traver,2016)
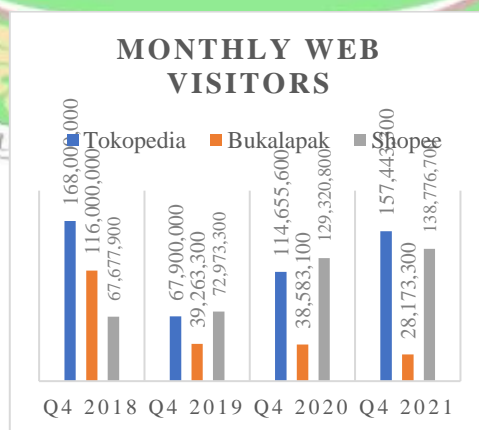

Figure 1. 1

Monthly Web Visitors

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Referring to the data collected by iPrice, from 2018 to 2021, Tokopedia became the E-Commerce with stable web visitors compared to Bukalapak and Shopee. In 2018, Tokopedia in first place alongside Bukalapak. But in 2019 until 2021 Bukalapak cannot compete they web visitors with Tokopedia and Shopee anymore. It might be happened because of Bukalapak cannot fulfill the customer needs like Tokopedia doing. Tokopedia also become the E-Commerce with the most web visitors in 2021 and beat Shopee from first place.

Alongside the increasing number of visitors, the number of transactions in e-commerce can represent the number of users that doing purchase and repurchase e-commerce. According to *Momentum Works* 2020 Gross Merchandise Value (GMV) of e-commerce in Indonesia reach US$ 40,7 Billion. Shopee and Tokopedia compete in first the position with value of transaction Rp. 23 billion in one hour and Rp. 22,7 Billion in one hour. While Bukalapak have transaction value Rp. 4,9 billion in one hour. That number in line with the number of web visitor at Figure 1.1 that show in 2020 shoppe slightly different with Tokopedia, based on the number of web visitors, prediction of the GMV of Tokopedia in 2021 will be bigger than Shopee. That proves that the development of technology is very fast and rapid. This is because the use of the internet has changed the way people think about shopping for products online.

Therefore, companies must evolve with the times to be able to compete in a very tight business market, because technological changes will affect consumer buying interest This thing makes the e-commerce have to think the way attract the customer.

One of them by increasing quality of website. One of the elements that make Tokopedia stay compete on the top of that table is the quality of their website. Website quality in e-commerce is one of the keys to success and can bring sales benefits (Sharma & Lijuan, 2015).

Making an attractive design of the website will increase sales, create consumer trust and as a store image. To increase sales there are It's good if the online business has an attractive website design and adjusts the criteria market. According to Kahar et al., (2005) mentioned that the character of the website design is a dominant factor and can influence consumer perceptions in online shopping. Customer will be more interested with e-commerce that have attractive website design because they will be more enjoyed to used. Its mention by Ha et al.,(2021) the user-friendly UI (User Interface) of the website will increase the intention of purchasing via online. Caused of that thing, website design quality is crucial factor. That proved by Rochman,(2020) found Tokopedia has more usefulness, ease of use and ease of learning website compared to Bukalapak. That is related to the number of web visitors in 2020 that show us the big gap between Tokopedia and Bukalapak. Website design of Tokopedia have been improve year by year. A good website will make the customer easy to find and buy product that they want, and that will make customers have intention to doing repurchase like research that found by Aren et al., (2013) easy to use website and the understandable and clear website will influence people to making repurchase. Also, research conduct by Ahmad, (2018) the website that provide easy access and provide

clear information influence student in Malaysia to doing repurchase on the same e-commerce or website.

Website of the e-commerce give space for consumer to review product or service and discuss about vendor or Tokopedia. On that place consumer can give feedback in form of review and rating that influence credibility of that vendors and influence customer decision making to purchased or not. Product or vendor who have many reviews and rating will be on top when customers find product related to that store and product.
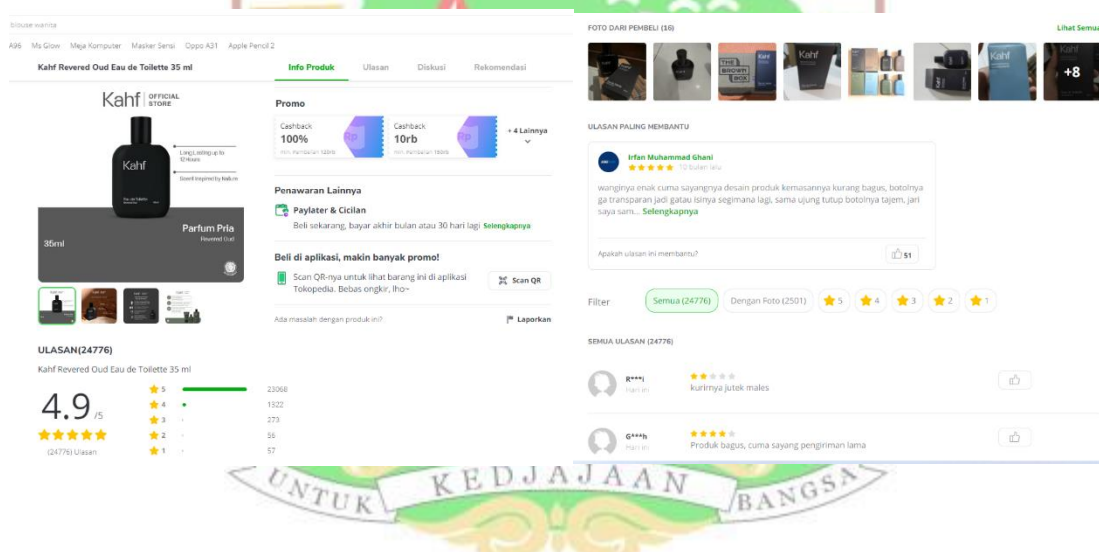

Figure 1. 2
Review product at Tokopedia

As we can see form Figure 1.2, consumer put their review and rating about product that they buy on the website. It kind of EWOM today, according to Beneke et al., (2016) information and review about product and vendor influence behaviour of consumer and purchase intention because it like more credible and believable. That review could be

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information for other consumer to make them determine their purchase decision. As a vendor, build a positive electronic word of mouth has a big role to determine sustainability of the vendor and e-commerce. EWOM can be more empathetic, credible, and relevant to customers than marketers can create sources of information on the web (Arif, 2019). Refers to data form *Brightlocal*, 77 percent of consumer always or regularly read the reviews for local business. Is show us, how review relay affect consumer purchasing decision and trust. EWOM have significant and positive influence toward repurchase intention and have mediating influence on trust toward repurchase intention (Matute et al., 2016).

Consumer when they want to shop online, the trust factor greatly influences his actions. Because before deciding to buy a product, consumers first look for information related to the product. Usually external impulses from consumers, along with stimuli. Marketing and the environment can influence consumer considerations in buying products or services. Trust, as the basis for building relationships in e-commerce, can greatly deciding future behaviour of consumer and repurchase intentions. In electronic commerce, the absence of a salesperson and face-to-face interpersonal contact with customers cannot be easily replaced (Papadopoulou et al., 2001)

There are studies that have included trust in online vendors or website usability as crucial variables to explain customer behaviour in online contexts (Chen & Chou, 2012) The establishment of trust between any party is an important precondition. The importance of online trust is, in part, driven by empirical findings that found a

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relationship between consumer trust and their purchase intention (Harris & Goode, 2010) where the repurchase intention is main determinant of purchase action. Trust is important because there is risk (McKnight et al., n.d., 2002)

Consumer when have desire to repurchase at a place or an item, they must have a reason. web design quality and electronic word of mouth are some of the reasons causes repurchase intentions. In Chinese e-commerce industry repurchase intention affect more by service quality compared to website design quality (Zhou et al., 2009). Moreover, in Indonesia e-commerce industry, web design quality and quality of service has positive and significant impact on customer intention to repurchase (Wilson et al., 2019)

Besides that, build a trust in consumer mind also an important thing to do by e-commerce company to determine a successful and sustainability of the company (Gefen, karahanna, & Straub, 2003). Trust has a role as mediator of website design quality on intention of repurchase (Gregg & Walczak, 2010). Also has a role as mediator of electronic word of mouth and repurchase intention (Matute et al., 2016)

People will choose product that suitable with their income and place will make the price of the product different also, male and female have unique needs of product and service. Student is one of the individuals did not have their own income. They might be affecting their purchase decision.

In online purchasing behavior, location, gender, income have significant influence. According to Yahya & Sugiyanto, (2020) Online buying behavior is greatly influenced by a person's income, gender, access to internet and place in the household. Individuals who are living in urban areas or big city doing more online purchases than those in rural areas (Beckers et al., 2018). Padang City also one of big city in Sumatra, Indonesia. Besides that, Z generation is a generation that mostly doing purchasing via online. Generation Z is generation whose transformation and knowledge of digital world is very fast which has become inseparable part of their lives, it can be compared with their abilities with their parents who cannot be as fast as they are (Beckers et al., 2018)

Figure 1. 3
Consumer Tokopedia Based on Age

Refers to Similarweb (2021) the age distribution of consumer Tokopedia come from age 18 – 24 years old. That was the age range of the Gen Z. According to that

data, indicates Gen Z was important consumer of Tokopedia. Student of Andalas university come from Z generation also student of Andalas university based at Padang City. Student of Andalas university have the characteristics of Generation Z that really care about technology. They pay attention about the improvement of technology because that will make their life to be easier, and e-commerce is one of the improvements of technology and internet.

Factors that make this generation doing repurchase in some website or e-commerce if the website has easy to use and trusted like research result that found by Rezaei & Amin, (2013) that found usefulness and ease of use website also trust influence online repurchase behaviour intention among the student in Malaysia. Student of Andalas university nowadays is Z generation, where this generation really adapted well with technology that use in daily lives, value, life experiences, motivations and purchasing behaviour in general (Moreno et al., 2017). Cause of that thing, which make student of Andalas university would find the e-commerce that have good feature website, trusted and believable to making purchase and repurchase.

Based on phenomenon and situation above, the researcher wants to take research about **The Influence of Web Design Quality, and Electronic Word of Mouth toward Repurchase Intention on Tokopedia with Trust as Mediating Variable (Study Case Undergraduate Student Andalas University)**

1.2 Problem Statement

The problem in this research is how web design quality, electronic word of mouth affect trust and how trust impact on repurchase intention. For that, authors formulate the problem as follows:

1. How does web design quality affect trust of the customer to doing repurchase at Tokopedia?

2. How does EWOM affect trust of the customer to doing repurchase at Tokopedia?

3. How does trust affect repurchase intention of the customer at Tokopedia?

4. How does trust mediated the relationship between website design quality and repurchase intention at Tokopedia?

5. How does trust mediated the relationship between EWOM and repurchase intention at Tokopedia?

6. How does web design quality affect repurchase intention at Tokopedia among undergraduate student of Andalas university?

7. How does EWOM affect repurchase intention at Tokopedia among undergraduate student of Andalas university?
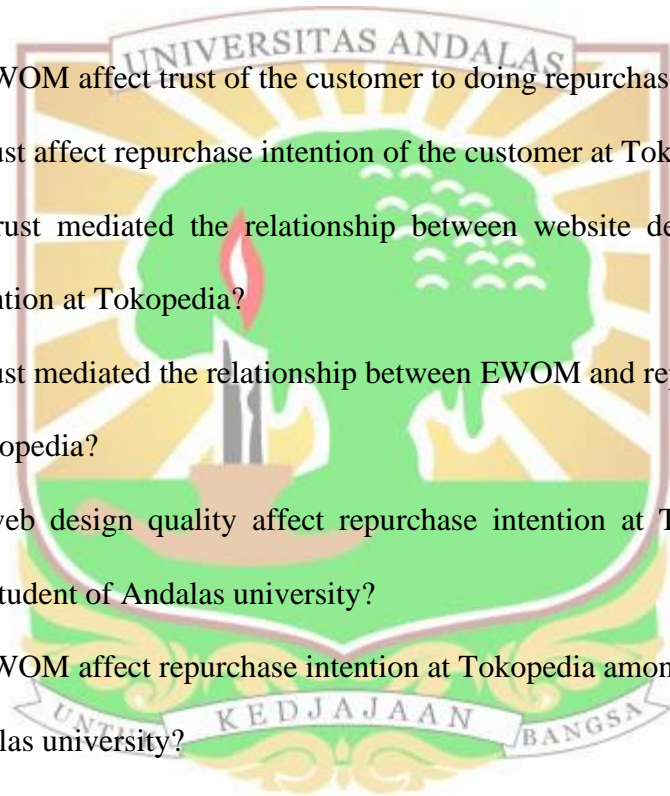
1.3 Research Objective

The objective of this research to answer the research problem that is:

1. To analysis the influence of web design quality toward trust

2. To analysis the influence of EWOM toward trust

3. To analysis the influence of trust toward repurchase intention

4. To analysis the influence of website design quality toward repurchased intention that mediated by trust

5. To analysis the influence of EWOM toward repurchase intention that mediated by trust

6. To analysis the influence of web design quality toward repurchase intention

7. To analysis the influence of EWOM toward repurchase intention

1.4 Contribution of research

There is the contribution of this research:

1. Academic

The outcome of this study is expected to ad in broader insight and knowledge about web design quality, electronic word of mouth, trust and repurchase intention at Tokopedia among the student of Andalas University.

2. Practice

In the future, the outcome of this study can provide an information about the influence of website design quality, electronic word of mouth toward repurchase intention that mediated by trust also can be used as reference material to conduct research development.

1.5 Scope of the research

The object of this research is the customer of Tokopedia. For research data we will collect from questioners that fill by customer among the student of Andalas University.
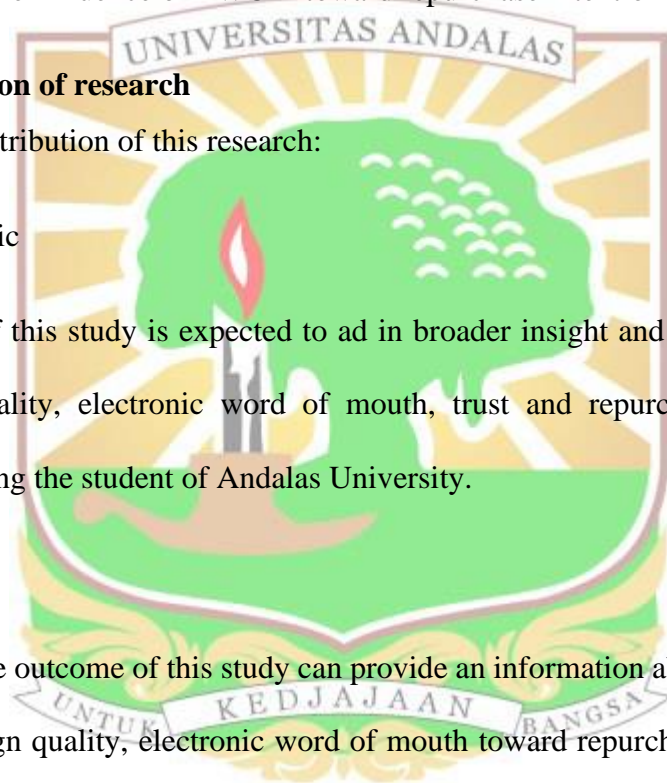
This study will have four variables, they are web quality, electronic word of mouth, trust and repurchase intention

1.6 Structure of the research

The structure of this study is made to provide an overall picture of the research. This research consists of five chapters as follows

CHAPTER I: INTRODUCTION

This chapter include background, research problem, research objective, contribution of research, scope of research and structure of research.

CHAPTER II: LITERATURE REVIEW

This chapter include the theory that be reference of this research about repurchase intention at Tokopedia. That reference comes from a book, journal, article, and internet.

CHAPTER III: RESEARCH METHODOLOGY

This chapter contains the stages in conducting research that explain about the describe the reasons for selecting object, data sources, population and samples, research variables, sampling technique and data analysis techniques.

CHAPTER IV: DISCUSSION RESULT

In this chapter, discusses the result of the process of distributing research questionnaires, general descriptions of respondents studied, and the analysis of the data used to test hypothesis.

CHAPTER V: CONCLUSION
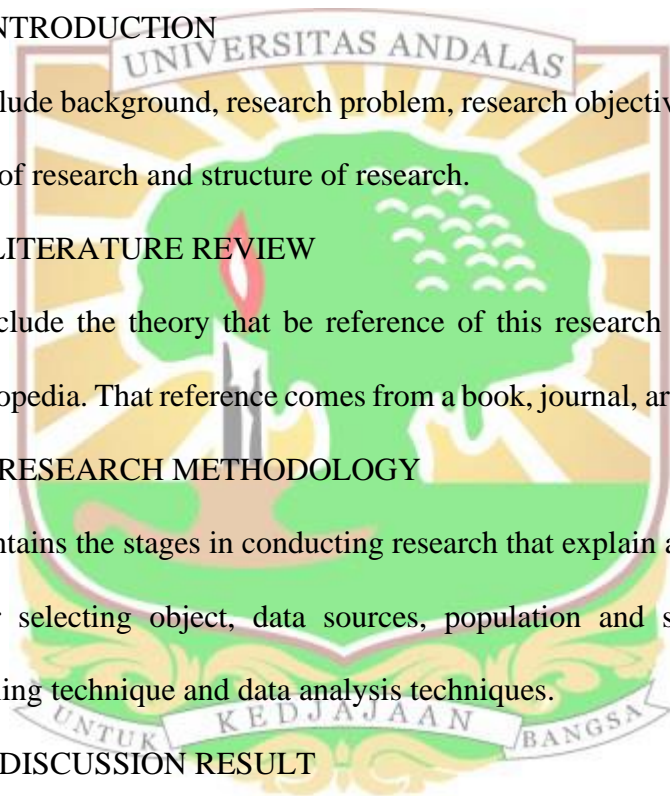
Content of this chapter are conclusions on the research that has been done, the implication of the research result, the limitation of the research, and suggestion.