

## CHAPTER 1

### INTRODUCTION

#### 1.1 Background

Recently, in this era of globalization, technology has become the flesh of blood that cannot be separated from daily life. Technology is growing rapidly by offering convenience, speed, security, and various other advantages. No matter how old they are, ranging from children, teenagers, adults and parents, whatever their status, from kindergarten students, elementary to middle school students, college students, fresh graduates, workers, even grandparents also uses technology in their daily life. The most rapid growth of technology is information technology. As mentioned by Hylving and Schultze (2013) Not only digital technologies and automobiles are used simultaneously but they are also merging more and more into new digital innovations. According to Gunter, Rowlands and Nicholas (2009) The rapidity of information technology has made relation of the society being unlimited. Information technology provides an easier way for people to find and get the information without any limitation, by utilizing the existence of internet.

Based on statistic data which obtained from We are Social and Hootsuite's in their Reports Digital 2019, the internet users in Indonesia are equals to 150 millions, with 56% of penetration. The annual growth of internet users in Indonesia is more than 13%, with the increase more than 17 million, counted from January 2018 to January 2019. From their survey based on the average time spent by internet user using the internet is as long as 8 hours and 36 minutes per day in Indonesia (Data Reportal Indonesia, 2019).

The rapid growth of the internet is utilized by many parties to run their businesses. According to Norhermaya (2016) Nowadays, many national and private companies in any business and any field has operating in modern market economy, by implementing online buying and selling systems. As stated by Khotimah and Febriansyah (2018) Buying and selling online is the activity of offering goods by sellers, ordering goods by buyers, and the process of conducting transactions online by utilizing the internet.

According to Kaushik, Michael, Priyanka and Khoon (2016) The number of internet users in Indonesia, provides a great opportunity for e-commerce industry players. It can be seen from many e-commerce and marketplaces which began to appear in Indonesia, such as Tokopedia, Bukalapak, Shopee, and others. Kathalina and Shellyana (2014) mentioned this is because when compared to a physical store that must provide a place to sell, provide attributes and other inventory, online stores are indeed more profitable. It does not require a physical place, supporting attributes or inventory. It can save time and costs. Furthermore, online stores can be accessed anytime and anywhere. The convenience, the enjoyment, the cheapness of online store makes it became a choice for many e-commerce industry players.

From survey which conducted by We are Social and Hootsuite's in their Reports Digital 2019, based on e-commerce activities in Indonesia, 93% of internet users were searched online for a product or service to buy. There are 90% of internet users in who visited an online retail store on the web, and 86% of

internet users were purchased a product or service online (Data Reportal Indonesia, 2019).

Not only official shopping sites, many e-commerce players use social media as a platform to implement online buying and selling systems. According to Albors et al., (2008) The existence of social media in terms of buying and selling online makes it easier for customers to find information about the new trend, up-to-date fashion style, looking for the goods which suits with their needs or wants, until doing purchase activities at online store. This system has turned into the common consumer behavior and being the proof of digitalization. According to Chaffey et al (2009) Social media are popular because individuals desire to be social and share their experiences with other people.

One of the most popular social media among society is Instagram. According to Frommer (2010) Instagram is an application where users can take photos or videos, apply filters, emoticons, animations, and other features digitally, and share them to various social networks. Instagram can be used on iPhone, iPad, iPod, Android, or any touch phone with an operating system starting from iOS7.0, version 2.2 Froyo, and Windows Phone 8. It was originally established by Kevin Systrom and Mike Krieger. But, on April 9th, 2012, Facebook took over Instagram for around \$ 1 billion. The next table will show some facts about Instagram usage, which collected by Website Hosting Rating 2019 from many various sources.

**Table 1.1**

**10 Facts of Instagram Usage**

No	Facts	Sources
1.	In June 2018, Instagram reported a landmark. Instagram now has over 1 billion monthly active users (MAUs). This grew from 800 million MAUs in September, 2017.	<i>Business.instagram.com</i>
2.	Worldwide 500 million plus Instagram users are active every single day.	<i>Business.instagram.com</i>
3.	55 of the most popular and active brands on Instagram, post 1.5 times per day, on average.	<i>Blog.bufferapp.com/how-often-post-social-media</i>
4.	Every month there are 16.6 million Google searches for “Instagram”	<i>trends.google.com</i>
5.	Instagram is growing 5 times faster than overall social network usage in the United States	<i>mobilemonkey.com/blog/2018/01/25-amazing-instagram-statistics</i>
6.	72 percent of Instagram users say they have purchased a product they saw on the app.	<i>Businessinsider.com/instagram-rolls-out-shoppable-posts-for-more-merchants-2017-10</i>
7.	Instagram has 58 times more engagement per follower than Facebook.	<i>Ecommerceceo.com/why-brands-should-embrace-instagram-instead-of-facebook</i>
8.	98 percent of fashion brands use Instagram.	<i>Statista.com/statistics/305292/worldwide-instagram-brand-adoption-rate-category</i>
9.	Instagram mobile advertising revenue is close to 7 billion dollars in 2018.	<i>Statista.com/statistics/448157/instagram-worldwide-mobile-internet-advertising-revenue</i>
10.	69 percent of Instagram users are younger than 35 years of age	<i>statista.com/statistics/248769/age-distribution-of-worldwide-instagram-users</i>

Source : <https://www.websitehostingrating.com/instagram-statistics/>

Based on the data provided above regarding to the fact of Instagram usage, it can be concluded that Instagram has a very rapid growth from time to time. This can be proven by the growth on number of Instagram users which in just 9 months, can increase by 200 million users. In addition, with 500 million more active users every day, with 72% of 1 billion users who ever shopped online



through Instagram, already made Instagram as a giant digital market with hundreds million of markets in it. In addition, 98% of the fashion brands in the world use Instagram as a buying and selling platform, and with total revenue from advertisements on Instagram reached almost 7 billion dollars, Instagram being a hot selling tool used by business people and e-commerce players.

One of thousand sellers which utilized social media Instagram as their platform is Adorable Project. Adorable Project is one of e-store based in Bandung, that focused on developing the handmade product with local craftsman since 2008. At first, they realized that there were many classy products sold by reputable or famous brands, which in fact, actually those products was made in Indonesia. Next, they try to utilized sources and human resources from Indonesia, creating products with a good quality offered to the customer, with 43 craftmans under their brand. They only sell necklaces, bracelets, rings and earrings at first. Then, in 2009, they started to utilize Instagram as a platform to promote their product. Since 2010, they already sold many woman stuff, such shoes, wallet, clothes, accessories, and so on.

Currently, e-Store Adorable Project has been produced more than 120.000 pairs of shoes, 99% local and 1% oversea, with 100% handmade. Their followers on Instagram are reaching more than 1 million, with 1926 posts. In 2019, they will launch a mobile application under their brand on Google Playstore (Instagram, 2019).

The very interesting things from e-Store Adorable Project are, first, it is an online store that have their own style in selling their products. This can be seen

from the amount of information provided in the Adorable Project account, starting from the complete information about the product, the availability of guidance on how to order, how to do the payment, CSR contacts, how to view products, how to maintain purchased products, booking security tips, estimated delivery time, until tips for customers who are out of stock. Then, they offer good quality products and up-to-date models.

Next, e-Store Adorable Project provides an account page that is designed according to consumer needs and is interesting to see. In addition, they are also a customer-friendly online store, by trying to accommodate the aspirations, criticisms and suggestions from customers. This can be proven by their posting about criticism and suggestions completed with owner's contact, which always showcased at the end of the feeds post, their willingness to exchange the product that have been purchased by customer if do not fit with the size, and provide a guarantee for 14 days after the product is received.

This strategies makes them being reputable and famous. The purpose of this research is to identify the factors that influence attitude towards purchase online as the intervening variable and intention to purchase online as dependent variable on e-Store Adorable Project, by e-Store Usefulness, e-Store Enjoyment, e-Store Ease of Use, e-Store Trustworthiness, e-Store Style, and e-Store Familiarity as the independent variables. Related to the background, the researcher was interested to conduct this research with the title **“Factors that influence Attitude Towards Purchase Online and Intention to Purchase Online on e-Store Adorable Projects”**

## **1.2 Problem Statement**

1. How does the e-Store Usefulness influence Attitude Towards Purchase Online on e-Store Adorable Project at Andalas University student ?
2. How does the e-Store Enjoyment influence Attitude Towards Purchase Online on e-Store Adorable Project at Andalas University student ?
3. How does the e-Store Ease of Use influence Attitude Towards Purchase Online on e-Store Adorable Project at Andalas University student ?
4. How does the e-Store Trustworthiness influence Attitude Towards Purchase Online on e-Store Adorable Project at Andalas University student ?
5. How does the e-Store Style influence Attitude Towards Purchase Online on e-Store Adorable Project at Andalas University student ?
6. How does the e-Store Familiarity influence Attitude Towards Purchase Online on e-Store Adorable Project at Andalas University student ?
7. How does the Attitude Towards Purchase Online influence Intention to Purchase on e-Store Adorable Project at Andalas University student ?

## **1.3 Research Objectives**

1. To analyze e-Store Usefulness influence to Attitude Towards Purchase Online on e-Store Adorable Project at Andalas University student.
2. To analyze e-Store Enjoyment influence to Attitude Towards Purchase Online on e-Store Adorable Project at Andalas University student.
3. To analyze e-Store Ease of Use influence to Attitude Towards Purchase Online on e-Store Adorable Project at Andalas University student.

4. To analyze e-Store Trustworthiness influence to Attitude Towards Purchase Online on e-Store Adorable Project at Andalas University student.
5. To analyze e-Store Style influence to Attitude Towards Purchase Online on e-Store Adorable Project at Andalas University student.
6. To analyze e-Store Familiarity influence to Attitude Towards Purchase Online on e-Store Adorable Project at Andalas University student.
7. To analyze Attitude Towards Purchase Online influence to Intention to Purchase on e-Store Adorable Project at Andalas University student.

#### **1.4 Research Contribution**

1. For Academics

This research are expected can be used as a reference source at Economic Faculty, Andalas University, contribute on adding empirical evidence from previous research, can play a role in the development of studies on marketing, and can help the future research that has the same concept.

2. For Companies

This research are expected to be a consideration and input for e-Store Adorable Project, by looking at the results of this research and surveys regarding to the influence of e-Store Usefulness, e-Store Enjoyment, e-Store Ease of Use, e-Store Trustworthiness, e -Store Style, and e-Store Familiarity to Attitude towards Purchase Online and the influence of Attitude towards Purchase Online to Intention to Purchase Online, in order to help e-Store Adorable Project in evaluating and innovating in their business development.



### 3. For Other Parties

The results of this research is expected can be used in the application of knowledge to overcome problems that occur, as well as a source of information in learning the knowledge, especially in the field of marketing. This research also expected can help the other parties who have an interest to start online store.

### 4. For Researcher

This research is expected can be useful as a deepening of knowledge for researcher, especially about company problems in the field of marketing, as well as practices in the application of knowledge obtained during study at the Economic Faculty, Andalas University. This research is also the proofs of results regarding problems that researcher has been studied.

## 1.5 Scope of Research

The scope that used on this research is college student in Andalas Univeristy, who are having an Instagram account, ever been a customer of e-store Adorable Project or not, and they could reviewing the variable provided related to the e-store image and attitude towards purchase online and intention to purchase.

## 1.6 Outline of Research

Outline of the research is the drafts that simplify the work and make the process of creating an assignment much easier. It is consisted by 5 chapters, including Chapter 1 for Introduction, Chapter 2 for Literature Review, Chapter 3 for Research Method, Chapter 4 for Data Analysis and Discussion, and Chapter 5 for Closing. Here are more detailed explanation per each chapter in this research :

## **CHAPTER I : INTRODUCTION**

This chapter contains of background of the research, problem statements, objectives of the research, contribution of the research, scope of the research and outline of the research.

## **CHAPTER II : LITERATURE REVIEW**

This chapter contains of theoretical variables, previous study which support the research, hypothesis development and framework research.

## **CHAPTER III : RESEARCH METHOD**

This chapter contains of the research design, location of the research, population and sample including sampling technique, data collection method, research variables, operational definition, variable measurement, and data analysis.

## **CHAPTER IV: DATA ANALYSIS AND DISCUSSION**

This chapter explain about the result of analyzing the influence of e-Store Usefulness, e-Store Enjoyment, e-Store Ease of Use, e-Store Trustworthiness, e - Store Style, and e-Store Familiarity to Attitude towards Purchase Online and the influence of Attitude towards Purchase Online to Intention to Purchase Online on e-Store Adorable Project.

## **CHAPTER V: CLOSING**

This is the last chapter of the research, contains of explanation about the conclusion, suggestion, limitation, implication of the research and recommendation for further research.