

CHAPTER I

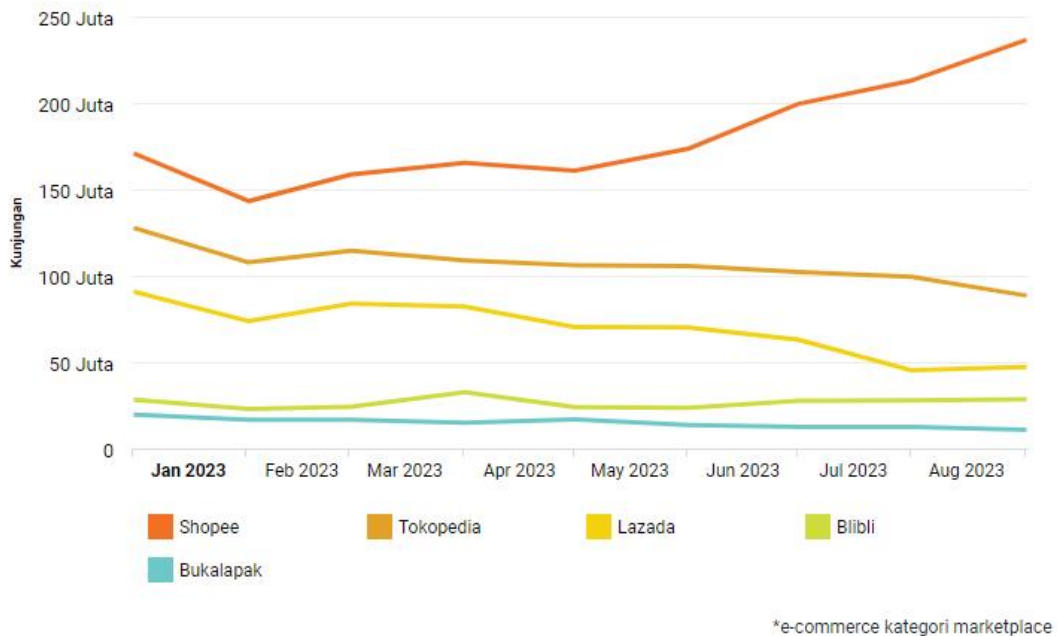
INTRODUCTION

1.1 Background

The development of Internet technology has long been a factor in the growth of online commerce from text and images to multimedia. These days, social commerce is a crucial part of online buying. Businesspeople in Indonesia are currently forced to act rapidly in order to reach customers, which includes using e-commerce given the expanding trend of e-commerce. E-commerce, which focuses on business transactions utilizing the internet, is the purchasing and selling of various goods, services, and information electronically. 88.1% of Indonesian internet users have purchased a product through electronic commerce in the past several months (Lidwina, 2021).

Shopee is a popular e-commerce platform in Indonesia, and a lot of research has been done on the site's functionality. The e-commerce industry in Indonesia is still dominated by Shopee and other large firms. In Singapore, Shopee debuted in 2015. Since launching Shopee Mall, an online retail platform for the distribution of well-known goods, Shopee has changed from being a customer-to-customer (C2C) marketplace to a hybrid C2C and B2C business model. Hidayanti, Nuryakin, and Farida (2018) assert that brand is essential to the company's ability to maintain commercial continuity.

Figure 1.1 E-commerce users in Indonesia on 2023



*e-commerce kategori marketplace

Source : databoks.katadata.co.id

In September 2023, the Shopee site was recorded to have received 237 million visits, up around 38% compared to the position at the beginning of the year (year-to-date/ytd). Shopee's visitor growth far exceeds its main competitors, namely Tokopedia, Lazada, Blibli and Bukalapak. Of the 5 largest e-commerce sites in the marketplace category in Indonesia, only Shopee saw visitors grow significantly, followed by Blibli visitors which increased slightly. Meanwhile, the number of visitors to the Tokopedia, Lazada and Bukalapak sites in January-September 2023 tends to fall sharply, as can be seen in the graph.

Fedri and Indrayani (2021) stated that in the city of Padang, Shopee was the largest site of choice for the competition between the three largest online applications in Indonesia, based on an initial survey of 80 people in the city of Padang, which was then followed by Tokopedia and then Lazada. The rise of electronic commerce (e-commerce) in recent years has led to the need for research on the factors that influence customer loyalty and satisfaction in online shopping.

Padang City, like many other cities in Indonesia, may have experienced significant growth in the use of e-commerce platforms such as Shopee. This research can provide insights into how the growth of e-commerce has affected consumer behavior in this city. Observing consumer behavior in Padang City can provide a deeper understanding of local needs, preferences, and demands. This can be valuable information for Shopee or researchers to customize their services and marketing strategies to better suit the characteristics of the local market. The city of Padang, with its distinctive culture and traditions, can contribute to understanding how these factors influence online shopping habits and preferences of Shopee customers.

Research can look at how e-commerce activities, specifically the use of Shopee, impacts the economy at the local level. This can include the growth of small and medium-sized enterprises, employment opportunities, and the positive or negative impact that it may have on local merchants. Padang City may have accessible data, or collaborations with local communities that can enrich the research. Collaboration with local groups, universities, or local businesses can broaden the insights and better detail the research results.

Numerous studies in online marketing emphasize the pivotal role of prioritizing customer satisfaction for firms, asserting that it is a key driver of profitability (Keiningham et al., 2005). According to Sangadji and Sophia (2013), customer satisfaction not only lays the groundwork for repurchase and loyalty but also prompts positive word-of-mouth recommendations. Additionally, research by Ali et al. (2016) underscores that satisfied customers are willing to accept higher prices for the same service.

The evolution of E-service quality, or E-ServQual, as an evaluation metric for internet-based services, is highlighted as an extension of traditional Service Quality (Serv-Qual) (Chase et al., 2006). This concept is defined as a site's ability to efficiently facilitate online activities like shopping and distribution. The literature indicates a direct correlation between higher e-service quality and

increased electronic customer satisfaction, along with improvements in e-trust towards service providers (Zeithaml et al., 2002).

In the midst of escalating market competition, the customer experience becomes a crucial factor in gaining a competitive edge (Pine and Gilmore 2011). Firms translate their perspective on customer experience into tools aimed at fostering satisfaction, loyalty, and revenue generation (Frow and Payne 2007). Numerous studies, spanning realms such as online shopping, community e-commerce, and higher education institutions, have investigated the impact of e-service quality on customer satisfaction, e-trust, and e-loyalty (Leonard, 2019; Mamakou et al., 2023; Gounaris et al., 2010).

Research on consumer electronic retail in Sweden and online shopping in Indonesia have revealed a number of findings that highlight the beneficial impact of high-quality e-services on consumer behavior, satisfaction, trust, and loyalty in a variety of contexts (Mohammad Younus Hossain Mahadi Hossain, 2011; Mamakou et al., 2023). For example, research in Sweden identified e-service quality as a key determinant of consumer loyalty, crucial for business growth irrespective of the industry. In conclusion, the literature collectively emphasizes the critical role of e-service quality in shaping customer satisfaction, trust, and loyalty across various online domains. Firms, by directing efforts toward improving e-service quality, can bolster customer engagement, satisfaction, and loyalty, ultimately achieving heightened profitability and competitive advantage.

In addition, sales promotion is also an important factor that is considered by customers in determining purchasing decisions and also affects customer satisfaction. Tjiptono (2008), is a form of persuasion used to encourage consumers to buy products. Hengky et al. (2020) stated that sales promotion is one of the promotional actions used by a business to advertise the products it sells by positioning and arranging specific items so that customers can easily view and learn what products the business sells, sparking their interest and leading them to decide to make a purchase. In addition, promotional efforts are essential for informing, influencing, and reminding the target market about the firm and its

offerings, as well as for encouraging them to accept, purchase, and stick with the products that the business offers (Tjiptono, 2007). The Shopee mobile application has received 4.7 out of 5 stars based on reviews from customers who have used it as buyers and sellers. These reviews are from 1,236,210 ratings on the most recent version of the Shopee app, which was released in November 2023. This review based on Indonesian region users states that there are still many reviews that assess that the shopee application is still unsatisfactory such as, features that are still often error, cannot choose shipping services, there are still many fraudulent sellers, when opening the application the cellphone becomes slower and hotter, shopee Customer Service whose services are still widely complained about, and shopee applications that can easily be hacked. The conclusion drawn from user reviews on the Shopee application, which includes both consumers and sellers, is that there is still room for improvement in terms of the quality of service provided by the program. Thus, research is required to determine whether the Padang city population is satisfied with the application due to the high quality of the e-service.

Research on the effect of e-service quality, online shopping experience, and sales promotions on customer satisfaction of Shopee users in Padang City is important because it can provide a comprehensive understanding of the factors that influence customer satisfaction on the Shopee platform. This research can help Shopee to improve the quality of e-service, online shopping experience, and sales promotions to increase customer satisfaction and, ultimately, increase Shopee's competitiveness in the e-commerce market in Indonesia. In addition, this research may also provide useful insights for other companies in the e-commerce industry to improve their customer satisfaction. Prior studies indicate that the loyalty of consumers in Padang City towards Shopee is influenced by system quality, information quality, service quality, and perceived value. This underscores the significance of comprehending the elements that impact customer behavior and satisfaction on the platform. Hence, this study has the potential to make a noteworthy contribution to advancing both the theoretical understanding and practical applications of marketing management in the Indonesian e-commerce industry. Overall, this research likely aims to contribute to the

understanding of the e-commerce landscape in Padang City, shedding light on the impact of e-service quality, online experience, sales promotion on customer satisfaction of Shopee customers in this particular geographic area. The results could offer insights that businesses can use to enhance their strategies and better meet the needs of their target audience in Padang City. So the authors are interested in conducting research with the title “*The Influence of e-service quality, online experience, and sales promotion on customer satisfaction of Shopee users in Padang City*”.

1.2 Research problem

Based on the limitations of the problem that has been stated above, the formulation of the problem in this study is:

1. How does e-service quality affect the customer satisfaction of Shopee users in Padang City?
2. How does online experience affect the customer satisfaction of Shopee users in Padang City?
3. How does sales promotion affect the customer satisfaction of Shopee users in Padang City?

1.3 Research purposes

The objectives of this research are as follows:

1. To analyze the effect of e-service quality on the customer satisfaction of Shopee users in Padang City
2. To analyze the effect of online experience on the customer satisfaction of Shopee users in Padang City
3. To analyze the effect of sales promotion on the customer satisfaction of Shopee users in Padang City

1.4 Research Benefits

1.4.1 Theoretical Benefits

1. The study's findings are meant to contribute to and broaden our understanding of the factors that will matter in e-commerce customer marketing research in the future, as well as e-service quality, online experience, and sales promotion toward customer satisfaction.
2. This study can serve as the foundation for additional research on more in-depth topics pertaining to issues in e-commerce customer marketing studies.

1.4.2 Practical Benefits

This research expected to help users, to find reference solutions in determining decisions to do customer behaviour regarding customer satisfaction to the e-commerce, hoped this research can facilitate customer with several references to make decisions by implementing e-service quality, online experience, and sales promotion.

1.5 Scope of Research

This research will be focused on e-commerce customer in Indonesia, especially those customer that use Shopee in Padang City. The theoretical aspects of this study consist three variables, namely e-service quality, online experience, and sales promotion and customer satisfaction.

1.6 Outline of Research

This research conducted consists of five chapters, using the following systematics :

CHAPTER I : INTRODUCTION

Included in this section are the justification for the title selection, the problem statement, the research objectives, the benefits of the research, the research scope specification, and the research outline.

CHAPTER II : LITERATURE REVIEW

This section offers a thorough analysis of the literature, exploring the ideas and theories behind e service quality, online experience, and sales promotion. It also looks at earlier research or studies, the creation of hypotheses, and the conceptual framework models that guide the data processing stage.

CHAPTER III : RESEARCH METHOD

The researcher examines the study's design, the population and samples being studied, the sampling strategies used, the data sources and data itself, analytical techniques, hypothesis testing, data collection strategies, operational definitions, and variable measurements in the research methodology section.

CHAPTER IV : RESULT AND DISCUSSION

The study's findings, respondent characteristics, descriptive analysis, and structural measurement of the impact of e service quality, online experience, and sales promotion on Shopee users in Padang City are the main topics of this chapter.

CHAPTER V : CONCLUSION

This chapter wraps up the analysis and research that was done earlier, noting the advantages and disadvantages of using the study and drawing conclusions on how e service quality, online experience, and sales promotion affect Shopee users in Padang City. Additionally, this chapter will offer some suggestions for additional research.