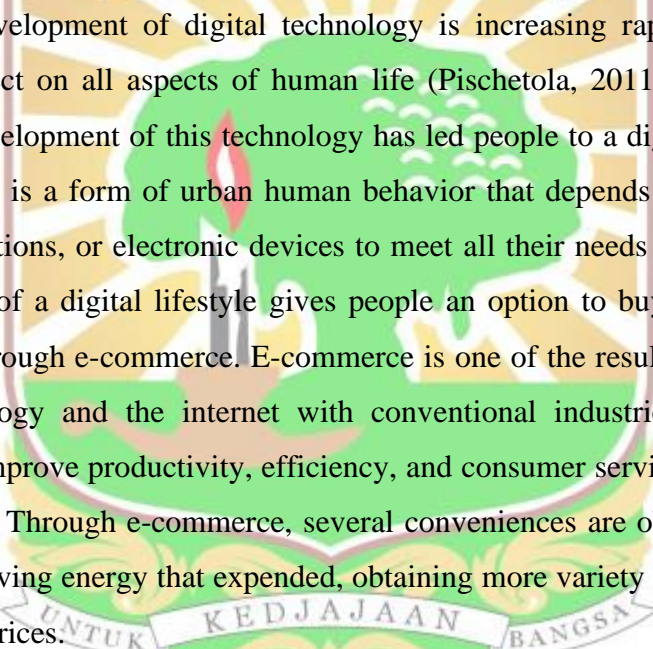# CHAPTER I

INTRODUCTION

This chapter explains the research background, the problem formulation, the objectives of the research, the scopes of the problem, and the final project report outline.

1.1   Background

The development of digital technology is increasing rapidly and has a significant effect on all aspects of human life (Pischetola, 2011; Gultom et al., 2017). The development of this technology has led people to a digital lifestyle. A digital lifestyle is a form of urban human behavior that depends on the internet, mobile applications, or electronic devices to meet all their needs (Wijaya, 2018). The existence of a digital lifestyle gives people an option to buying and selling transactions through e-commerce. E-commerce is one of the results of combining digital technology and the internet with conventional industries and aims to significantly improve productivity, efficiency, and consumer services (Prasetyo & Sutopo, 2017). Through e-commerce, several conveniences are obtained, such as saving time, saving energy that expended, obtaining more variety of products, and getting lower prices.

According to David Baum, as quoted by Kasmi and Candra (2017), E-commerce is a dynamic set of technology, applications, and business process that link enterprises, consumers, and communities through electronic transactions and the electronic exchange of goods, service, and information. E-commerce can also be defined as a business process using electronic technology to intermediary and connect the companies, consumers, or society (Vermaat, 2007). In this transaction, we use computers with graphics-based World Wide Web (WWW) services to carry out business processes such as distributing, purchasing, selling, and marketing goods and services (McLeod, 2008). Everyone who can access a computer

connected to the internet and has a way to pay for the goods and services can participate in e-commerce. Shopping through e-commerce becomes an alternative for consumers because it is more convenient than direct shopping associated with crowds, anxiety, traffic jams, limited time, and limited space (Yulihasri et al., 2011).

Based on the Asosiasi Penyelenggara Jasa Internet Indonesia (APJII) survey, there was a significant increase in Indonesia's internet users within ten years. In 2008, there were only 25 million internet users, but in 2018, they reach 171.18 million users. In line with the increase of internet users, the level of digital buyers in Indonesia also increases every year. According to Statista data (2017), the number of Indonesian digital buyers in 2018 is 31.6 million and projected to increase to 43.9 million buyers in 2022. The increase of internet users and digital buyers in Indonesia can be seen in **Figure 1.1** and **Figure 1.2**.
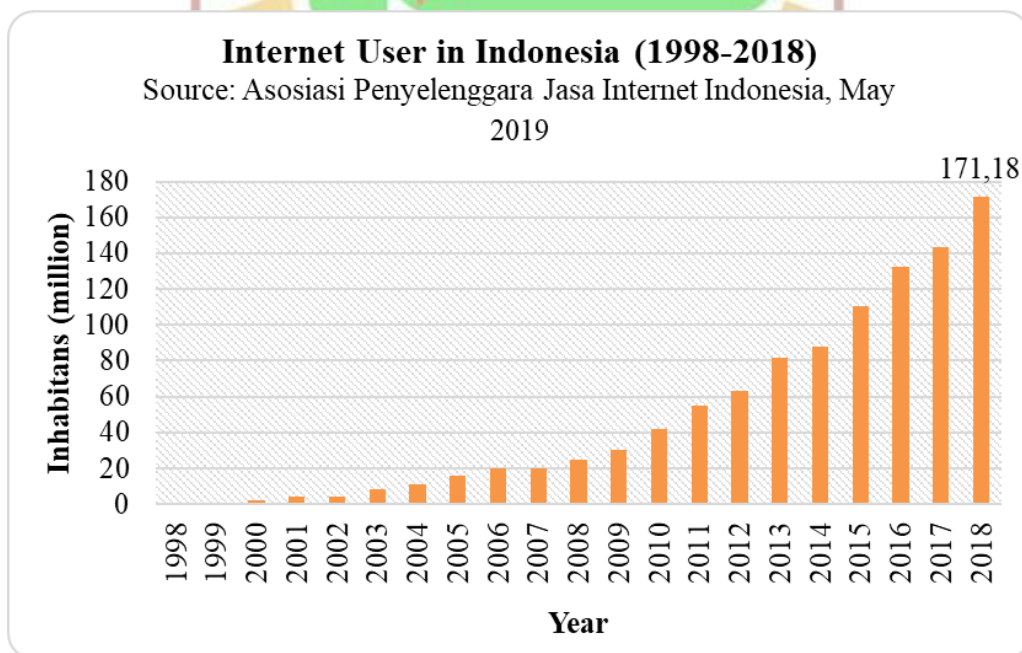

Figure 1.1 Internet User in Indonesia
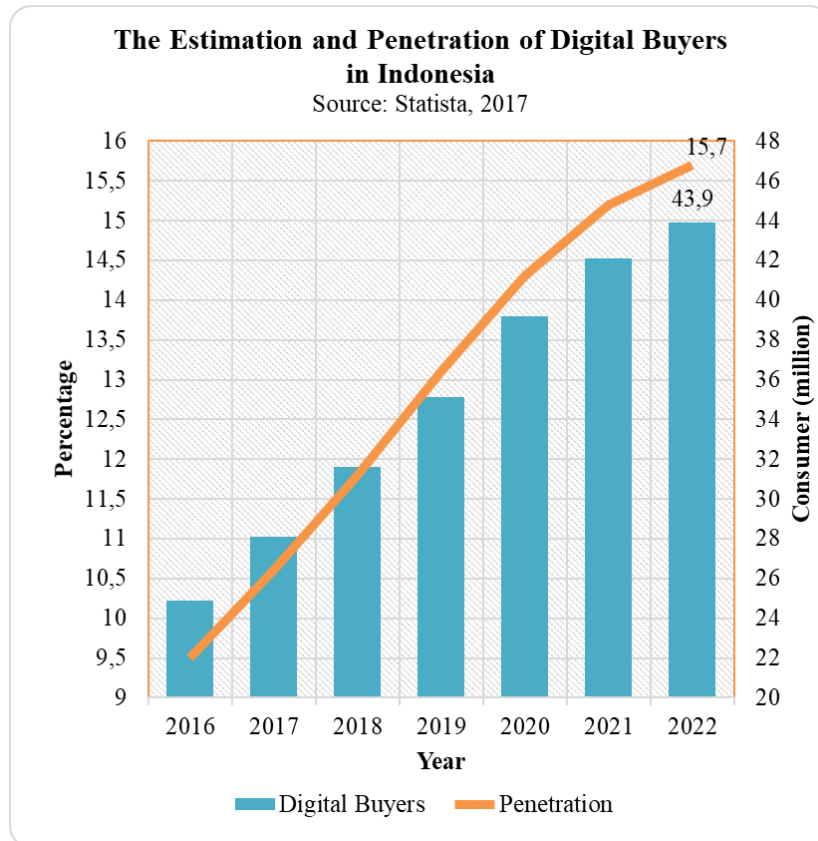(Source: www.databoks.katadata.co.id)

Figure 1.2 The Estimation and Penetration of Digital Buyers in Indonesia
(Source: www.databoks.katadata.co.id)

Online sales increase since the Covid-19 pandemic happens. Due to the government's policy to implement social distancing and PSBB, people have to stay home and buy their needs through e-commerce. As claimed by the financial planner Prita Ghozie on the www.wartaekonomi.co.id, the Corona virus's existence makes people prefer shopping through e-commerce. Then on the big data review report on the impact of Covid-19 2020 by Badan Pusat Statistik (BPS), online trading during this pandemic has increased sharply compared to online trading in January 2020. In March 2020, sales increased 320% of total online sales at the beginning of the year and even higher in April 2020 by 480% from January 2020. Later on, Badan Pusat Statistik (BPS) also conducted a social demographic survey of the impact of Covid-19. Based on the study, 9 out of 10 respondents did online shopping activities. Complying with government recommendations to stay at home during this Covid-19 pandemic made people change the style to buy their daily needs. The survey showed that as many as 31% of respondents experienced an increase in online shopping activities during Covid-19.

Customer satisfaction is an indicator used to measure the customer's interest in online shopping. Customer satisfaction is the customer's feeling happy after using or consuming a product from a company (Kotler, 2009). Several factors influence customer satisfaction. The first factor is website quality, according to research conducted by Puspitaningrum (2017), website quality has a significant relationship to customer satisfaction. In line with that research, Mona et al. (2013) also stated that customer perceptions of website quality base on features on the website that meet customer needs and illustrate the website's absolute advantage. Then the second factor that affects customer satisfaction of e-commerce is safety shopping. Research conducted by Noviarni (2018); Ishak (2012) conclude that security or safety shopping, especially those related to payment processing and customer personal data, affects customer satisfaction when they shop in e-commerce. The next factor is the price of a product. Research by Mediti (2020); Anita (2019); Susanti (2016) indicate that price of a product affects customer satisfaction. And then, the quality of the online shop's product also affects customer satisfaction. According to research conducted by Lestari (2018); Nandhasari (2015); and Susanti (2016), product quality has an important role or has a significant relationship with customer satisfaction. Product quality affects the product's performance or service, closely related to customer value and satisfaction (Kotler and Armstrong, 2014).

Based on the explanation above, it is known that customer satisfaction of e-commerce influence by various factors, website quality, product quality, product price, and security. But the effect of those factors on e-commerce customer satisfaction was studied separately. Several studies have measured customer satisfaction only from the website's appearance, how easy to access it, and how the information is provided. Meanwhile, other studies focus on product price, product quality, and safety shopping to measure customer satisfaction. This research will combine the four factors from previous research and determine how far each factor influences customer satisfaction. The type of e-commerce that will be used in this research is Customer to Customer (C2C). Customer to customer (C2C) is a type of online transaction between customer and customer. In this type of e-commerce, individual customers can sell or buy products from another customer. The example

of C2C customer is Tokopedia, Bukalapak, and Shopee. Thus, the result of this research can use as a suggestion for e-commerce sellers to develop or improve their services to fulfill their customer's satisfaction. And also, this suggestion will increase the number of sales turnovers and make e-commerce a sustainable business.

1.2   Problem Formulation

According to the background above, the problem formulation in this final project is how the influence of website quality, product quality, product price, and safety shopping on customer satisfaction of e-commerce.

1.3   Research Objectives

This research conducted to reach the following objectives:
1.   Determine the influence of website quality, product quality, product price, and safety shopping on customer satisfaction of e-commerce.
2.   Determine the significant factors that influence e-commerce customer satisfaction.
3.   Determine the differences in each factor studied in each e-commerce.

1.4   Scopes of The Problem

The following describes the scopes of this research:
1.   The research was conducted on residents in Padang who met the criteria as respondents according to the topic.
2.   Respondents who will fill out the questionnaire have used an e-commerce platform more than once and made transactions on e-commerce in the last six months.

3.   The C2C e-commerce studied is Shopee, Tokopedia, and Bukalapak.

1.5   Outline of Report

The outline of writing this report is as follows:

CHAPTER I   INTRODUCTION

This chapter explains the research background, the problem formulation, the research objectives, the scopes of the problem, and the final project report outline.

CHAPTER II   LITERATURE REVIEW

This chapter contains a collection of theories relating to and supporting this research from various sources such as books, journals, previous research, and the internet.

CHAPTER III   RESEARCH METHODOLOGY

This chapter explains the steps or stages used in conducting this systematic research. The research methodology consisted of a preliminary study, literature study, problem formulation, method selection, data collection, data processing, analysis, and conclusion.

CHAPTER IV   DATA COLLECTING AND PROCESSING

This chapter describes collecting data using a questionnaire, which will be processed using the statistical method of multiple linear regression to obtain the objectives to be achieved.

CHAPTER V   DISCUSSIONS

This chapter discusses the result of this research by referring to the literature and theory related to the topic.

CHAPTER VI   CONCLUSIONS

This chapter contains a summary of the research that has been done and suggestions for further research.