

CHAPTER I

INTRODUCTION

1.1 General Description of PT Shopee Indonesia

Shopee is mobile platform under Garena (changed its name to SEA Group), an internet company in Southeast Asia under the leadership of Chief Executive Officer (CEO) Chris Feng.

Table 1.1 Shopee Company Profile

Company Name	PT Shopee Indonesia
Company Address	Wisma 77 Tower 2 11 Floor Jl. Letjen. S. Parman Kav. 77 Slipi, Palmerah, Jakarta Barat, 11410
Business Field	Marketplace (E-commerce)
Telephone & Fax	(021) 80647100
E-mail	support@shopee.co.id
Facebook	https://www.facebook.com/ShopeeID/
Twitter	https://www.twitter.com/shopeeid
Instagram	https://www.instagram.com/shopee_id/
Website	www.shopee.co.id
Working Hour	Monday- Friday, 09.30 a.m. – 18.30 p.m.

Source: (www.shopee.co.id, were accessed on November 14, 2019)

Running a C2C mobile marketplace business, Shopee was officially introduced in Singapore in 2015, followed by Malaysia, Philippines, Taiwan, Thailand, Vietnam and Indonesia, which offered fun and reliable online trading transactions via mobile phones. (Shopee Indonesia Website). Shopee provides a variety of products and services categories to meet consumer needs, are as follows:

Table 1.2 Products and Services Shopee

No	Products and Service Categories
1	Men's wear
2	Women's Apparel
3	Mobile & Gadgets
4	Beauty & Personal Care
5	Computers & Peripherals
6	Kids Fashion
7	Toys, Kids & Babies
8	Home & Living
9	Men's Shoes
10	Men's Bags
11	Women's Shoes
12	Women's Bags
13	Watches
14	Electronics
15	Fashion Muslim
16	Health & Wellness
17	Camera & Drones
18	Jewelry & Accessories
19	Hobby and Collection
20	Food & Beverage
21	Sports & Outdoor
22	Automotive
23	Books & Stationery
24	Payment & Top-Up (Credit & Package data, Vouchers, Bills and others)
25	Souvenirs & Parties

Source: (www.shopee.co.id, were accessed on November 14, 2019)

From the table above, Shopee provides various products and services categories for men and women. Shopee offer products that are trending in the market at affordable prices, quality and the best service to enhance online shopping experience. Shopee provides chat features, Shopee Mall, ShopeePay, Shopee coins can be used to facilitate the transaction process between sellers and buyers. Shopee provides the right tools to support online sellers in selling by using full features at Shopee such as Shopee Seller Center service to organize products, track shipments, arrange orders, and measure the performance of online stores. (Shopee Indonesia Website).

Shopee is known by people of Indonesia with free shipping promo. This promotion is valid with a minimum spending requirement of IDR 90,000 to IDR 120,000 (help.shopee.co.id, were accessed on November 14, 2019)

1.1.1 Company Logo



Figure 1.1 Shopee Logo

Source: (www.shopee.co.id, were accessed on November 14, 2019)

1.1.2 Company Vision, Mission, and Value

Shopee as a company engaged in the e-commerce business industry, especially marketplace. Quoted from the official site of the Shopee Indonesia marketplace, the company has vision, mission, and value, as follows:

- a) Vision
"Become number 1 mobile marketplace in Indonesia"
- b) Mission
"Developing an entrepreneurial spirit for sellers in Indonesia"

c) Value

- We Serve

Customers of Shopee are the sole determinant of the value of Shopee products and services. Shopee strives to meet the needs of the customer.

- We Adapt

Rapid change is the only constant in this digital age. Shopee embraces change, celebrates and always tries to be the leading thinker who influences it.

- We Run

Shopee is in a constant race for success. Shopee moves faster, better and more precisely every day.

- We Commit

Shopee's work is Shopee's commitment. Shopee commit to Shopee values, institution, customers and partners. Shopee commit to each other. Above all, Shopee commit to do the best Shopee can and being the best Shopee can.

- We Stay Humble

Shopee have travelled a long way from Shopee humble beginnings and yet, Shopee never lose humility in Shopee continual quest for greater heights.

1.2 Research Background

Along with the development of this rapid era, the era of globalization has a very broad impact in all aspects. It is undeniable that instruments in the daily routine of community activities also develop following the digital era. Information technology and the internet are the impacts of the current era of globalization.

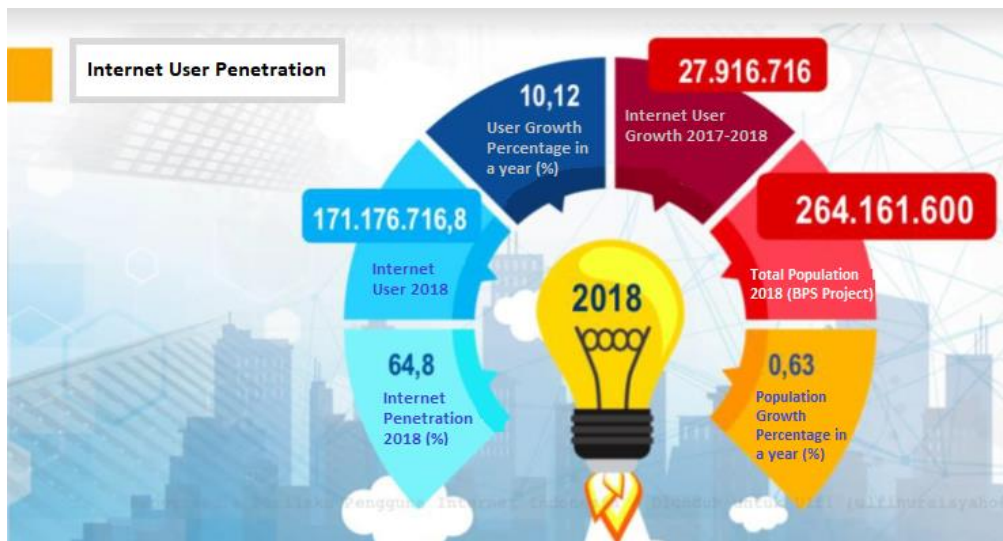


Figure 1.2 Penetration of Internet Users In Indonesia 2018

Source: (www.apjii.or.id, were accessed on November 15, 2019)

There is an increase in internet usage in Indonesia. The growth of internet users based on the data above is an opportunity for businesses to expand their target market through the internet network. This is one of the causes that businesses shift from conventional business to modern business.

According to the data obtained from the survey results of the Association of Internet Service Providers in Indonesia (APJII, 2018), the most contribution of internet users is in Java reaching about 55,7 percent of 171 billion internet users.

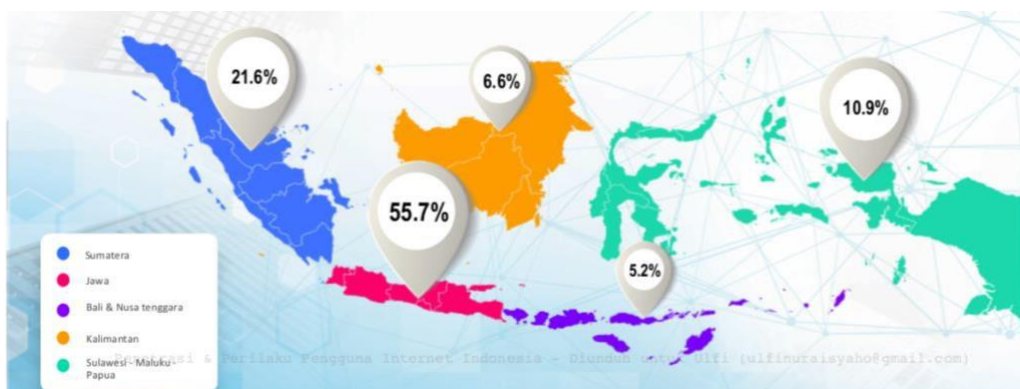


Figure 1.3 Contribution of Internet Users per Region of all Internet Users

Source: (www.apjii.or.id, were accessed on November 15, 2019)

From the picture above shows that in Java, West Java Province became the region with the largest number of internet users reaching to 16,6 percent. Central Java contributed 14,3 percent, East Java 13,5 percent, followed by DKI Jakarta and Banten with 4,7 percent and Yogyakarta 1,5 percent (www.kompas.com, were accessed on December 2, 2019). This indicates that most internet users for social media, browsing, or online shop are from West Java. According to Snapcart's research, it is said that the population of Java Island has the biggest online shopper. Based on geographic data, it is said that, the most e-commerce shopper in Indonesia is West Java. One of the cities with the highest number of internet users who appreciate Shopee's online trading site is Bandung. The Mayor of Bandung, Ridwan Kamil appreciated the collaboration with Shopee's online trading site to promote local products in Bandung. By adding convenience, Kang Emil hopes that residents of Bandung can improve the quality of products sold online. According to him, Shopee has provided opportunities for the people of Bandung to open a business. (<http://tekno.liputan6.com> diakses 18 April 2020). From the explanation above, the research will be conducted in West Java.

Seeing these opportunities makes companies increasingly competing in making the latest innovations in business. An increasing number of internet users have succeeded in influencing and changing people's behaviour and lifestyles that are shifting from shopping in traditional markets to shopping online which are carried out in various media that provide online buying and selling transactions. Online shopping activities are becoming a trend now are making purchases of products and services on marketplace services. In this modern era, e-commerce companies are required to rethink their vision, business mission and marketing strategy critically to be able to compete with other competitors and to create people's interest in the online transaction. So by making online buying and selling sites, it is expected to be able to satisfy the desires of Indonesian people shopping.

E-commerce is a dynamic set of application technology and business processes that connect certain companies, consumers and communities through electronic transactions, trade in goods, services and information. (Asnawi, 2004 in Triana 2014)

Based on data from the website of Iprice Indonesia, it ranks the big e-commerce players who dominate the marketplace based on the average website

visitors in each quarter, application ranking, social media followers, and the number of employees. The latest data was collected in October 2019. This are the top 10 performance of e-commerce in Indonesia from Quarter 3 in 2019:

E-commerce	Web Visitor in a month	Appstore Ranking	Playstore Ranking	Twitter	Instagram	Facebook	Number of Employee
1 Tokopedia	65,953,400	#2	#3	257,730	1,487,740	6,241,510	3,431
2 Shopee	55,964,700	#1	#1	117,490	2,970,980	15,434,730	3,225
3 Bukalapak	42,874,100	#4	#9	174,630	903,130	2,426,820	2,651
4 Lazada	27,995,900	#3	#2	372,950	1,470,810	28,689,230	2,372
5 Blibli	21,395,600	#6	#4	492,420	884,000	8,460,730	1,559
6 JD ID	5,524,000	#7	#6	25,720	443,560	770,560	1,048
7 Bhinneka	5,037,700	#22	#16	70,690	40,420	1,035,970	597
8 Sociolla	3,988,300	n/a	n/a	1,010	653,780	6,510	206
9 Orami	3,906,400	#26	#23	6,130	105,000	357,670	143
10 Ralali	3,583,400	n/a	n/a	3,060	39,660	88,660	n/a

Figure 1.4 Top 10 Performance of E-commerce in Indonesia Quarter 3 in 2019

Source: (www.iprice.co.id, were accessed on November 15, 2019)

Based on Figure 1.4, e-commerce competition report of Quarter 3 in 2019 above shows that e-commerce which has the most monthly website visits is Tokopedia while Shopee is at the 1st place in rating mobile applications both in the AppStore and Play Store platforms and has many followers in social media such as Instagram and Facebook. Although it was only released in 2015, Shopee can compete with other competitors such as Tokopedia and Bukalapak in the top 3 positions. The following is a comparison table of the number of marketplace visitors in Indonesia during the Quarter 1 to Quarter 3 in 2019:

Table 1.3 Visitor Comparison Period Q1-Q3 in 2019

Marketplace	Period		
	Q1	Q2	Q3
Tokopedia	137.200.900	140.414.500	65.953.400
Bukalapak	115.256.600	89.765.800	42.874.100
Shopee	74.995.300	90.705.300	55.964.700
Lazada	52.044.500	49.620.200	27.995.900
Blibli	32.597.200	38.453.000	21.395.600

Source: (www.iprice.co.id, were accessed on November 15, 2019)

Quoting from Achmad Alkatiri, Shopee Indonesia's Marketing Lead, Shopee has a position as the first social marketplace (Hafiz, 2017). Since its launch, Shopee Indonesia has experienced rapid development, it can be seen that up to now the application has been downloaded by around 25 million customers (Gianov, 2017). Can be seen from table 1.4, Shopee can maintain its superiority from Quarter 1 to Quarter 3 in 2019 to be ranked 1st in both the AppStore and Play Store.

Table 1.4 AppStore and Play Store Ranking Comparison from Q1-Q3 in 2019

E-commerce	Q1		Q2		Q3	
	Ranking AppStore	Ranking Play Store	Ranking AppStore	Ranking Play Store	Ranking AppStore	Ranking Play Store
Shopee	1	1	1	1	1	1
Tokopedia	2	2	2	2	2	3
Bukalapak	3	4	4	4	4	9
Lazada	4	3	3	3	3	2
Blibli	7	6	6	6	6	4

Source:(www.iprice.co.id, were accessed on November 15 2019)

Shopee is a large online store in Indonesia that carries a marketplace business model, making it possible for individual and business owners in Indonesia to open and manage their online stores easily and for free. In 2020, Shopee ranked 2nd on the Top Brand Index survey conducted on topbrand-award.com.

Table 1.5 Top Brand Index 2020

Brand	Top Brand Index 2020
Lazada	41.0%
Shopee	19.5%
Blibli	13.2%
Tokopedia	8.0%
Bukalapak	5.3%

Source: (www.topbrand-award.com , were accessed on March 19, 2020)

Based on table 1.5 it can be seen that Shopee is ranked second in the Top Brand Index. With a value of 19.5%, Shopee was able to defeat its competitors including Blibli, Tokopedia and Bukalapak. This means showing Shopee has popularity that is high enough so that Shopee is on the top minds of consumers.

The author chose Shopee because Shopee is the most popular and visited online trading site in Indonesia. Shopee is one of the international e-commerce companies that has managed to equate itself with similar competitors in Indonesia that dominates “ The first ranked mobile application as the most popular shopping application on Android and IOS platforms” (according to the three quarter of 2019 Indonesia E-commerce Industry Report, E- Map commerce iPrice).

According to the results of a survey report taken from the website of dailysocial with 2026 respondents who revealed the reasons why consumers like e-commerce services are as follows:

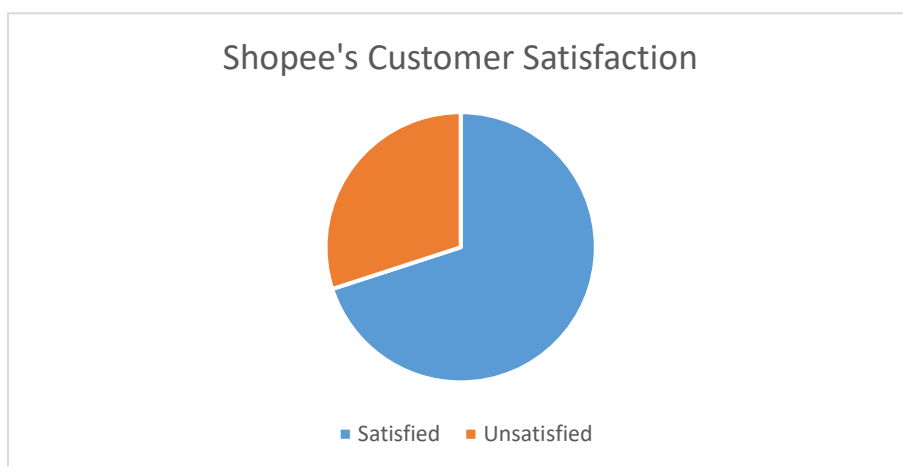


Figure 1.5 Consumer Perception of E-Commerce Services

Source: *Dailysocial.id, 2019*

From Figure 1.5 above taken from dailysocial.id shows that consumer perceptions of e-commerce services are influenced by several factors such as more affordable price, attractive promotions and discounts, variation in product and service choices, free shipping, fast delivery, other options (6,13%)

Customer experience is very closely related to customer goals for a product or company so this shows that customer experience will determine how consumers' perceptions of a company that will have a direct impact on customer satisfaction.



The Figure 1.6 Proportion of Shopee’s Customer Satisfaction

Source: *Data Process by Author, 2019*

Based on the figure 1.6, the author distributed a questionnaire using Google form to 30 respondents in Bandung which contains 4 part of Bandung area (East Bandung, West Bandung, South Bandung and North Bandung). 21 respondents said they are satisfied after they make online transaction using Shopee and 9 respondents said they are unsatisfied after they make online transaction using Shopee.

In term of accessibility, Reny (30), one of East Bandung resident stated that the application of Shopee nowadays is difficult to log in her account in Shopee and often facing an error in Shopee's App. Likewise Steve Samuel (27) unsatisfied with Shopee's App which often errors that make the price and stock of product can't be changed. Jack (21), one of University student suggested that the new version of App need to be maintained because it needs a time to get update about shipping process. Similarly Wilson (24), a worker in West Bandung stated that the results of the item search are less relevant when he wanted to search for the product that he want to buy eventhough using filters but still often appear ads that are not searched. However, Noni (23) is loyal customer and enjoy using Application of Shopee because it can be accessed anywhere and anytime rather than using another online shop application and can easily track the shipping of the product.

Dinar Astari (23) admitted the competence of Shopee in providing the best quality and service for the customer. She felt satisfied and comfortable shopping at Shopee. All kind of products are available with a wide choice of price range which guarantees good quality. Rita (45) a housewife is always satisfied shopping at Shopee because finding everything is complete. She can shop kitchen needs and other food ingredients, fashion and even beauty essential. She does not have to come to a traditional market because she can just click and everything is there. Eliandra (26), satisfied enough with Shopee's products and services. Shopee as an online platform for buying and selling become easier. The statement above related to the consumer's perception of e-commerce service such variety of product.

Shopee as one of the most well-known e-commerce sites in Indonesia, can be seen from its marketing program that provides free shipping, promotion program and the number of users continues to increase. That success is the result of Shopee's localization strategy to provide the best and personalized online shopping experience for users in each market. (www.nextren.grid.id, were accessed on

December 3, 2019). Salsabila (22), admitted that Shopee has a good marketing strategy to attract the customer like conducting 11.11 sale, 12.12 birthday sale, beauty day, Shopee Mall Day, fashion day, super flash sale day program which shown in the Shopee's calendar. The customer can get Shopee coin every day which can be exchanged to shop in Shopee easily. This will triggers customers to open the Shopee's application every day. Likewise, Tata Rani (30) felt satisfied that Shopee offers many discount and free shipping with a minimum of purchase of Rp90.000. The statement above related to the consumer's perception of e-commerce service such as e-commerce provide free shipping, promotion and attractive discount.

Reni Mayang (18) admitted in term of helpfulness, she stated that Shopee provides all needs and the best service for consumers and recommend the best seller. On the other hand, Wani (17) said that the customer service is not well-fast responded and bad at handling complaints when she try to seek for a solution through customer service, but the customer service didn't give a solution instead ended the conversation.

In the dimension of personalization, Era Wahyuni (32) said that the price of the product in Shopee is affordable and Shopee's website is easy to use. However, Setia Putra (25) said that the display in Shope's Appication is too many advertisement that is very uncomfortable to see.

Kanadi (29) thinks that the procedures of Shopee team are too strict regardless of the core problem of the seller and buyer. The seller agreed to a refund after the item was returned because of an incorrect size but could not find an agreement on the return of goods to be charged by the seller or buyer. Then the shopee team was invited to help decide instead asking for a receipt and the packing used which does not give a solution for the seller and buyer instead of make it difficult for both parties. This is included in the dimension of problem solving.

In terms of promise fulfillment, Sugiarti (22) suggested that we have to be selective in choosing the trusted store to get a good quality. She dissatisfied with the product which does not look fit her expectation and does not same as the given information about item specification.

Furthermore, Putri (28) said that Shopee is a good choice for everyone to use as it save time and energy by using Shopee application to purchase a product that we want instead of coming to the store. On the other hand, Syifa (24) stated that the shipping time is too long and it does not followed the requirement of Shipping period

that stated in the Application. The statement above related to the consumer's perception of e-commerce service such as e-commerce provide shipping time.

From the explanation above from the customers perception, there are many complaints and suggestion to improve Shopee performances in field of accessibility, competence, customer recognition, helpfulness, personalization, problem solving promise fulfillment and value for time. It is very important for company to handle complaints which must be considered and taking action for improvement because it closely related to customers satisfaction.

Customer satisfaction is an important factor to retain customers. According to Kotler and Keller (2013: 140), retaining customers is more important than attracting customers. Therefore, there are 5 dimensions to measure customer satisfaction, such as rebuy, tell good things about the company to others and recommending them, pay less attention to brands and advertisements of competing products, buy other products from the same company, offering product and service idea to the company.

According to Wu and Tseng (2015), customer satisfaction as a result of customer evaluation is based on expectation of pre-purchase and post-purchase experience. Minh, N.V., Huu, N. H. (2016) argues that one of the main elements determining consumer satisfaction is consumer perception of service quality. The perception referred to above is the perception formed after interacting and consuming a service so that if the customer think that the consumed service can meet his needs, the customer will feel satisfied. Therefore, this perception can be formed through experience.

Customers who have a positive experience after consuming the product will certainly form a positive perception that can ultimately give satisfaction. Conversely, if a customer has a negative experience, it will certainly create a negative perception which will eventually result in dissatisfaction. Based on this, it can be concluded that customer experience is one of the factors that can affect satisfaction.

Problems that occur online shopping site is a case that is often felt by consumers. If the number of customers complain is very high means the customer has a negative experience that affects customer satisfaction. To overcome this problem, the company must improve their service quality so that it can create a positive customer experience and will simultaneously lead to customer satisfaction. Therefore

researchers interested in taking research on customer satisfaction of Shopee in Bandung.

This research is in line with conducted by Siswono Hadi Mulyono (2018) with title “Pengaruh Customer Experience terhadap Customer Satisfaction di Tokopedia” the results of this research shows that dimensions of Customer Experience have a significant positive effect simultaneously or partially on Customer Satisfaction on Tokopedia in Bandung.

By seeing the importance of a study to understand the factor of customer experience that can influence customer satisfaction of Shopee’s customer in Bandung. Based on the background above, the author is interested to do the research with a title of **“The Influence of Customer Experience on Shopee’s Customer Satisfaction in Bandung”**.

1.3 Problem Statement

Based on the research background above, the formulation of the problem raised by the author are as follows:

1. How respondent’s perception on Customer Experience of Shopee’s customers in Bandung?
2. How respondent’s perception on Customer Satisfaction of Shopee’s customers in Bandung?
3. How big is the effect of the Customer Experience dimension simultaneously or partially on customer satisfaction of Shopee in Bandung?

1.4 Research Objective

The objective of this research to answer the formulation of the problem that has be explained:

1. To find out how customers’ perceptions on Customer Experience of Shopee in Bandung.
2. To find out how customers’ perceptions on Customer Satisfaction of Shopee in Bandung.
3. To determine the effect of dimensions of Customer Experience simultaneously or partially on Customer Satisfaction of Shopee in

Bandung.

1.5 Research Benefit

The expected benefit of this study are as follows:

1. Practical Benefits

The results of this study can provide valuable information for related business namely Shopee and as input as well as additional information that can be considered to develop better strategies in competition between online shops, especially in Indonesia to improve and maintain customer satisfaction through Shopee's customer experience.

2. Theoretical Benefits

The results of this study can add insight and can be used as a reference for further research, so the results of this study are expected to be useful to strengthen theories related to customer experience and customer satisfaction.

1.6 Writing Structure

This systematics of writing is made to provide a general overview of research. Systematics writing as follows:

Chapter I Introduction

In chapter I contains an overview of the object of research, background of research, problem statement, research objective, research benefits, and systematic writing of the thesis.

Chapter II Literature Review

In chapter II contains literature review of research, previous research, conceptual framework and research hypothesis.

Chapter III Research Methods

In chapter III contains types of research, data collection tools, operational variables, stages of research, population and samples, validity and reliability testing, and data analysis techniques.

Chapter IV Research Result and Discussions

In chapter IV contains characteristics of respondents, the results of research and discussion of research.

Chapter V Conclusions and Suggestions

In chapter V contains the conclusions and suggestions regarding the results of research.

1.7 Research Period

This research will conduct within five months, starting from November 2019- March 2020.