CHAPTER I

INTRODUCTION

1.1. Overview of the Object Research

1.1.1 Type of Business, Company Name, and Company Location

Shopee was founded by Chris Feng in 2015 in Singapore. PT Shopee Indonesia is an e-commerce that offers various needs of women and men from producers and resellers to offer its products in applications. Shopee application users can find some goods, make payments or sell a product without any time limit determined. Shopee's business model was initially on Customer to Customer (C2C), but Shopee developed its business model into Business to Customer (B2C) and launched Shopee Mall as a new feature. Shopee has a presence in several countries in the region of Southeast Asia, such as Indonesia, Singapore, Malaysia, Vietnam, Philippines, and Thailand. Shopee facilitates sellers to sell quickly and equips buyers with highly secure payment processes and integrated logistics arrangements and also Shopee has many features to reach customer satisfaction. Shopee's head office in Indonesia, located in Jakarta, precisely Jl. Jend. Sudirman No.52-53, RT.5 / RW.3, Senayan, Kec. Kebayoran Baru, South Jakarta City. Shopee started to enter in Indonesian market at the end of May 2015 and began operating at the end of June 2015.

1.1.2 Logo Company

FIGURE 1. 1 THE LOGO OF SHOPEE

Source : Shopee Website

1.13 Vision and Mission

a) Vision Shopee

"To become Indonesia's top mobile marketplace"

b) Mission Shopee

" Creating an entrepreneurial spirit among Indonesian sellers"

1.2 Research Background

The development of digital technology is growing rapidly. Technology can be obtained easily and can be a solution to human problems, so that technology becomes inseparable from human life in carrying out their activities. Many innovations are created as the technology developed. One of the most developed innovations is the internet as a part of digital technology. The development of digital technology in Indonesia, especially the internet. Internet is a digital technology that has the most users.

Number of online users in the Asia-Pacific region in 2021, by country or region (in millions)

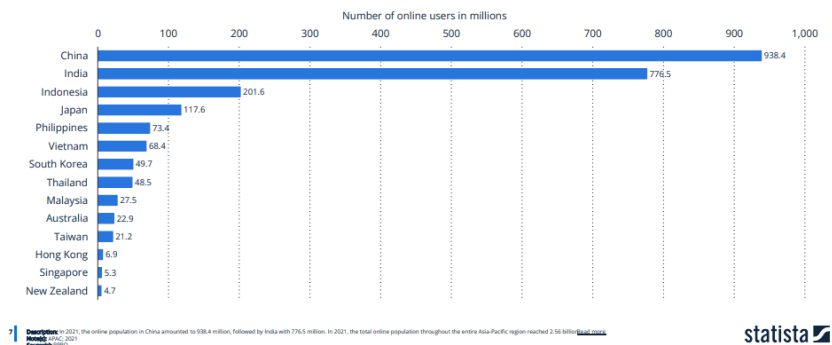Online population APAC 2021, by country or region

Number of online users in millions

Country	Value
China	938.4
India	776.5
Indonesia	201.6
Japan	117.6
Philippines	73.4
Vietnam	68.4
South Korea	49.7
Thailand	48.5
Malaysia	27.5
Australia	22.9
Taiwan	21.2
Hong Kong	6.9
Singapore	5.3
New Zealand	4.7

FIGURE 1. 2 INTERNET USERS IN ASIA-PASIFIC REGION

Based on statistics (2021) it is stated that Indonesia is ranked 3rd as the most internet users in the Asian Pacific region. Internet penetration in Indonesia also increases every year and reaches 72.82%, while internet users in Indonesia reach 201, 37 million (Statista, 2021). Internet is beneficial in this COVID-19 pandemic condition who has to do work from home. This condition has made people very dependent on the internet to carry out their daily activities. In

addition, doing work and doing business can be done at home only by relying on the internet. According to Dewi & Candiwan (2020), the effect of internet growth is disruptive business transformation, which offers businessmen new possibilities. The internet user represents a potential customer base for the company. Business actors have the chance to use online marketing to develop new methods. Internet so drives the emergence of e-commerce, which is now finally upon us and also with internet humans can reduce physical activity, and other aspects such as financial transactions continue to growing rapidly. Physical money has begun to be replaced with non-physical or non-cash. People have started to rely on online transactions to make a transactions. This transaction activity is usually carried out on the application platform. This opportunity makes E-commerce companies continue to develop their business to make it easier for users to make transactions when shopping.

E-commerce is a process that selling and buying or trading data, goods, and services. (Turban et al., 2015:7). According to Kutz (2016), e-commerce is the exchange of goods and services between independent organizations and/or people supported by the comprehensive use of solid ICT systems and global standard network infrastructure. E-commerce is driven by Internet technology. The Internet, and information technology in general, is possibly the show's star. E-commerce would be basically non-existent without the Internet. (Laudon, 2017)

The development of e-commerce in Indonesia is currently quite fast. E-commerce has become an alternative for humans to shop for their daily needs and buy the things they want. People have needs and goals that they want to fulfill as human beings. They can achieve this by purchasing and paying for activities. The existence of e-commerce is also a support in this COVID-19 condition because consumers are required to follow government rules, namely social distancing and reducing outside activities. So people turn to e-commerce to fulfill their daily needs and use digital payments to make transactions. These things make it easier for consumers to meet their needs.

Based on data from Statista (2021), states that e-commerce users will reach 158.65 million in 2021. E-commerce itself is the most profitable business in Indonesia. According to statista.com, there are 9 of the most popular international e-commerce sites in Indonesia. E-commerce in Indonesia is very diverse, such as Shopee, Lazada, Orami, Zalora, JD.ID, Sephora, Mothercare, and so on. According to Statista, the most popular international e-commerce in Indonesia is Shopee, with 134.4 million users in the third quarter of 2021. Shopee is one of the largest marketplaces in Indonesia which is currently the most complete online marketplace to meet all user needs. Shopee's first position is influenced by several things, such as advertisements that appear on TV, Social Media, and Youtube. These three things are the source of users getting information related to e-commerce.

Shopee is an e-commerce company that becomes an online shopping mobile platform that provides a wide range of products equipped with various safe, convenient payment methods and guaranteed delivery services. Director of Shopee Indonesia, Handika Jahja (2020) said, in line with physical distancing efforts, we see a tendency for people to implement digital payments for more effective convenience and security, with less effort from the government. There are various payment methods provided by Shopee, such as Credit/Debit Cards, Bank Transfers, Indomaret, ShopeePay, Alfamart, SPayLater, OneKlik, CreditCard Installments, COD, and Akulaku. From the above payment methods, there are interesting payment methods, namely Paylater. This feature is in the form of a loan given by the company and needs to be paid within a certain period of time. With the Paylater feature, it is easier for consumers to buy urgent needs.

FIGURE 1. 3 SHOPEE PAYLATER CREDIT LIMIT

Shopee Paylater makes it easy for customers to shop or sell on Shopee. Shopee Paylater method is a Buy Now Pay Later payment method provided by PT Commerce Finance in the Shopee application. Shopee PayLater was officially launched in March 2019 and officially pocketed a registered certificate from the OJK permission. (Dailysocial.id, 2019). With Shopee PayLater, customers can make purchases in advance and pay for them in the following month, or with the installment method for several months. When customers used Shopee PayLater, each selected customer will get a credit limit with a credit value that will be adjusted to the level of the purchase transaction at Shopee. So the more often you transact at Shopee, the credit limit you receive is also getting bigger. For now, the available credit limit starts from IDR 750 thousand to IDR 1.8 million. (Shopee, 2021).

The use or conditions to be able to use the Shopee Paylater method are very easy. There are several terms and conditions that must be done before the customer uses these service features. The terms and conditions that must be fulfilled first are, the customer must have a registered and verified Shopee account from their email, already using Shopee with a minimum usage limit of 3 months, already have KTP to do the registration, the Shopee account is often used for transactions and has updated the latest Shopee application. After fulfilling the requirements above, the users can use the Shopee PayLater payment method. The terms of use are easy and the promos provided by Shopee when using this payment method are numerous, this can also be a factor in the number of Shopee users who choose to use Shopee PayLater.

In 2020, Shopee PayLater users reached 1.27 million users with an accumulation of active borrowers reaching 67% or around 850 thousand

people. (Rahmatika, 2020). In 2021, according to Dailysocial.id, the most frequently used PayLater service until December 2021 is Shopee PayLater, with a percentage of 78.4% compared to Gopay PayLater, Akulaku, Traveloka PayLater, and other PayLater methods. With the PayLater method, it attracts the attention of users to buy the desired product which they find interesting and often cannot resist the desire. This condition is known as impulse buying. Impulse buying is defined as "a buying style characterized by an unplanned and spontaneous purchase made on the spur of the moment, followed by a strong desire and sensations of pleasure and excitement" (Verplanken and Herabadi, 2001, pp. S71-S71). The cause of people doing impulsive buying is because of encouragement from themselves or other factors. (Harmon and Novia, 2016)

One of the Shopee PayLater users, Ika Febiastuti (21). She is a Bogor Agricultural University student who uses Shopee PayLater as a payment method when she wants to transact at Shopee. Ika intends to use the Shopee PayLater method because she wants to buy skincare. The transaction occurred on February 2nd, 2022, and will mature on February 25, 2022. Ika uses Shopee PayLater because she spontaneously wants to buy skincare. There is a 2.2 free shipping promo and cashback on that day if Ika uses Shopee PayLater as a transaction method at Shopee. Ika admitted that apart from needing skincare, she was also interested in using Shopee PayLater because of the free shipping and cashback promos that Shopee provided. However, this was not Ika's plan to buy skincare with the Shopee PayLater method, but the free shipping promo that tempted Ika to buy skincare on that day. According to Ika, Shopee PayLater is very helpful when she wants to buy something urgently.

Indirectly, it can be concluded that the Shopee PayLater method helps people buy their needs first, but on the other hand, the existence of Shopee PayLater makes people unable to resist their desire to buy something. In addition, Shopee will increase the limit of PayLater when users often use Shopee PayLater, which can encourage people to use PayLater in large amounts. If the desire is not restrained, the impact will be to make poor buying habits and can lead to

unplanned shopping transactions. However, some people use Shopee PayLater based on their planned needs.

Astri Theresia (27 years old) uses Shopee PayLater to buy her business packaging needs. She always uses Shopee PayLater whenever she buys her small business packaging at the beginning of the month. Astri uses Shopee PayLater as capital to purchase packaging and prefers to use her money for her business's raw materials. Astri has calculated the plans for how she will pay her PayLater bill at the end of the month. Usually, Astri spends her PayLater limit for packaging around Rp. 300,000 - Rp. 500,000, and at the end of the month, she gets a profit from the sale and pays his PayLater bill from the profit she made. So, according to Astrid, Shopee PayLater is very helpful for her to be a substitute for capital to buy packaging. However, not many people have plans like Astri, many are only tempted by the concept of taking it first and then paying for it.

The way to register and use this payment method is effortless; many Shopee PayLater users don't think about the risks and the impacts they will face when the payment is due. They want to fulfill their desires without realizing that using the PayLater method has become their behavior and can negatively impact them. Shopee PayLater can bring up many risks if they use this method. Shopee PayLater uses interest if there is a delay in payment, and also, if it does not pay off the bill, it will be known as a blocklist from the OJK. Based on the description of the risk, Shopee users should be careful when using the Shopee PayLater feature. Still, in reality, Shopee PayLater is being used without knowing the consequences. Based on the phenomenon of the use of Shopee PayLater, this study was conducted to see the influence of the Shopee PayLater payment method on behavior intention to use Shopee PayLater. Therefore, this research is helpful for users or the public who want to shop and use the Shopee PayLater payment method wisely. This research is essential because Shopee PayLater has recently become a community trend in this COVID-19 pandemic condition.

A variety of studies on Shopee PayLater have also been conducted in the past, such as the INGGARDINI ASARILA CANESTREN study from 2021, whose research type's thesis claims that the study's findings demonstrate that trust, ease, risk, and total purchasing decisions fall into the "positive" category. When using the Shopee PayLater payment option, the results of the multiple linear regression analysis of convenience, risk, and confidence have a substantial impact on purchase decisions. However, this study does not analyze how customer behavior intention to use Shopee PayLater. Therefore, this research will analyze how the influence of the Shopee PayLater payment method on customer behavior intention, with the title. **"THE INFLUENCE SHOPEE PAY LATER PAYMENT METHOD ON CUSTOMER BEHAVIOR INTENTION"**

1.3 Problem Formulation

The emergence of digital payment especially in PayLater is still relatively new and Shopee PayLater is the most frequently used as a PayLater payment than other PayLater payment methods (Dailysocial. id, 2021). In addition, according to the Governor of Bank Indonesia, Perry Warjiyo (2021), one of the most payment methods customers use is PayLater. In Shopee, they launched Shopee PayLater as a credit payment method.

Based on the phenomenon on social media many people share their experience using Shopee PayLater and mostly they are tempted to use this payment method because they can get the product that they want first and can make a purchase with payment later with installment. Many of them share their stories about how many paylater limits they use to buy the things they want, and most of them get stressed when the paylater bill comes out at the end of the month. Many of them may be impulse buying when using PayLater but when the PayLater bill comes out they are confused about paying it and the risks they will face when paying late. The average range of PayLater used is around 750 thousand; some are even 5 million. Therefore, it is necessary to analyze the things that affect the behavioral intentions of Shopee PayLater users in using Shopee

PayLater, so that in the future customers will be more prepared and wise in using this payment method.

In order to gain a useful understanding and additional knowledge that can be applied to the field of education, it is necessary to research the relevant variables that influence the Shopee PayLater payment method, namely: Performance Expectancy, Effort Expectancy, Social Influence, Facilitating Conditions, and Habit. These variables are: Performance Expectancy, Effort Expectancy, Social Influence, and Habit.

1.4 Research Questions

A research question can be developed based on the context and problem formulation previously stated, and it is as follows:

1. How big is the consumer's assessment of factors based on the modified UTAUT2 Model (Performance Expectancy, Effort Expectancy, Social Influence, Facilitating Condition, and Habit) towards Behavioral intention in terms of using Shopee PayLater?
2. How strong is the behavioral intention in the context of using Shopee PayLater?
3. Which elements (Performance Expectancy, Effort Expectancy, Social Influence, Facilitating Conditions, Habit) influence customer behavioral intention in terms of utilizing Shopee PayLater according to the modified UTAUT2 model?
4. Do age and gender differences affect the influence of the modified UTAUT2 model factors on behavior intention in the context of using Shopee PayLater?
5. Can this proposed model be used for predicting the behavioral intention in terms of using Shopee PayLater?

1.5 Research Objective
This research objective of this research are :

1. To examine customer perceptions of the UTAUT2 Model in relation to behavioral intentions to use the Shopee PayLater payment method

2. To examine customer behavior on their desire to utilize the Shopee PayLater payment mechanism.

3. To determine, using the UTAUT2 model, which variables affect customer behavioral intentions while utilizing Shopee PayLater.

4. To examine the impact of age and gender on behavioral intention to use the Shopee PayLater payment method using the UTAUT2 model.

5. To see whether this model can be utilized to forecast customer behavior with regard to adopting the Shopee PayLater payment option.

1.6 The Benefit of Research
1.6.1 Academic Aspect
This research conducted to bring significant value of applying modified UTAUT2 model. In this research will give a knowledge about PayLater payment method in Shopee Application from Shopee PayLater user's perspective. This research also expected to be used as a references about PayLater payment method adoption.

1.6.2 Business Aspect
This study will be useful for PayLater payment method in Shopee Application to explore additional knowledge about marketing management. The result can be used by Shopee as an input and suggestion in order to do further Shopee development and business strategy to perform Shopee services by involving understanding factors influencing behavioral intention and system use of Shopee PayLater users.

1.7 The Systematics of Final Project Writing
CHAPTER 1: Introduction Chapter 1 is about the description of the research, which includes an overview of the research object, research background, problem

formulation, research objective, the benefits of research, and systematically writing.

CHAPTER 2: Review of Theories and Fields of Study The ideas ultimately employed to establish the theoretical framework and research hypothesis is outlined in this chapter, together with any published research on the subject or issue at hand.

CHAPTER 3: Research Techniques The methodology, method, and technique utilized to collect and analyze the data to address or clarify the study topic are highlighted in this chapter. Research design, operational variables, phases of the study, population and sample, data collecting, types of data, data analysis methods, and hypothesis testing are all covered.

CHAPTER 4: Research Results and Discussions The statistical testing and data interpretation are included in this chapter. Moreover, the resulting problem identification will be further examined.

CHAPTER 5: Conclusion and Suggestions The result of the research findings are concluded in this chapter. Additionally, suggestions are given for the next study related to this research.