

CHAPTER I

INTRODUCTION

1.1 Research Overview

1.1.1 Company Profile



Figure 1.1 Tokopedia Logo

Source: Tokopedia.com

Tokopedia as one of the technology companies from SouthEast Asia considered the largest and as the leading marketplace in Indonesia. Tokopedia asserts that its service allows thousands of Indonesian individuals, small and medium businesses, and other businesses to send millions of products per month to customer all throughout the country, which also creates more jobs across the country. Tokopedia is the most visited marketplace for Indonesians. Since its launch, Tokopedia's basic services can be used by everyone for free. Tokopedia's business career began with William Tanuwijaya and Leontinus Alpha Edison on August 17, 2009 the founders launched Tokopedia with a mission to equalize the digital economy (Tokopedia.Blog, 2021)

Tokopedia received its first funding from PT Indonusa Dwitama, and the following August, their website was launched. Tokopedia is growing and attracting more investors. In the following years, Tokopedia received funding from global venture capitalists such as East Venture (2010). In October 2014, Tokopedia became the first technology company in Southeast Asia to receive an investment of USD 100 million or around IDR 1.2 trillion from Sequoia Capital and SoftBank Internet and Media Inc (SIMI). In April 2016, it was reported that Tokopedia

received an investment of USD 147 million or around IDR 1.9 trillion. After Tokopedia showed its existence to be the largest online marketplace in Indonesia, Tokopedia became increasingly famous because SoftBank itself was the largest investor from Alibaba in China, Yahoo Japan, Supercell (the game company behind Hay Day and Clash of Clans). Meanwhile Sequoia Capital is an early investor in Apple, CISCO, Oracle, Yahoo Google, LinkedIn, Youtube, WhatsApp, and Instagram (“Tokopedia Blog”, 2014). Tokopedia report presents an innovation in its product offering that makes life easier for people in March 2019, namely the fast refund feature. The fast refund ticket feature for this trip is the first and only one in Indonesia. Buyers can submit and receive a refund at the same time within a maximum period of 1×24 hours from the time the cancellation is submitted. Currently, the fast refund feature applies to all domestic flights on Tokopedia. This feature is available through the Tokopedia website and application on the Android platform and will be available in the near future for the Tokopedia application on the iOS platform (Tokopedia.Blog, 2021).

Tokopedia also presents the Tokopedia “Trade-Up” feature in July 2019 To make it easier for people to sell old smartphones at a discounted price for the next smartphone purchase. How to use Tokopedia trade up is very easy and fast. Tokopedia users can sell old smartphones and get a discount for purchasing a new smartphone that can conducts at any time. The smartphone checking process is carried out easily and directly through the latest version of the Tokopedia application, both Android and iOS. With this feature, users can see the discounted price immediately after checking the old smartphone. Furthermore, the new smartphone that has been purchased will be delivered directly to the user by the courier, while the old smartphone will be retrieved (Tokopedia.Blog, 2021). With consistency and high dedication to continuing to innovate in providing the best service, the Tokopedia Care team has recently won several awards from the prestigious Asia Pacific level competition, Contact Center World, for the second time. In this competition for the best Customers’ Service practitioners in the world, Tokopedia Care managed and gained 15 charters in total. A total of six gold medals

were won in several categories, namely Best Contract Center, Best Use of Self-Service Technology, Best Community Spirit, Best Technology Innovation, Best Home Remote Agent, and Best Client Service Manager. Then, four silver certificates were also obtained in the categories Best Quality Auditor, Best Direct Response, Best Contact Center Design In addition, the Tokopedia Care team also won five bronze certificates for the Best Analyst, Best Trainer, Best Outbound Campaign, Best Incentive Scheme, and Best in Customers' Service category (Tokopedia.Blog, 2021).

1.2 Product and Services

The Tokopedia marketplace provides the most diverse selection of products in Indonesia. Almost all categories are available in this marketplace, from product to services it has over 11 million merchants and 550 million products, by offering official stores and many logistic and payment partners to bring their customer the best experience, and provides various official stores and shipping services partners, as well as payment to provide a safe and comfortable online buying and selling experience (Tokopedia.com, 2021). The categories of products and services provided by Tokopedia can be observed from the table below:

Table 1.1 Product Tokopedia

No	Category Product and Services
1	Fashion (men's, women's, and kids)
2	Beauty care
3	Mom and baby equipment
4	Automotive equipment
5	Electronic
6	Food and health
7	Home and living
8	Hobbies
9	Handphone
10	Household appliances
11	Travel and entertainment
12	Office and stationery
13	Souvenir and gift

14	Bill payment and top up (pulsa, paket data, e-money, BPJS, listrik PLN, air PDAM, kartu kredit, donasi, saldo tokopedia, asuransi)
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Source : Tokopedia.com

Of the many excellent features and services from Tokopedia, certainly, being aware and responsible to customer, one of the programs is Tokopedia Care. Tokopedia moderates stores that are deemed to have violated the terms and conditions. Tokopedia is located to close stores/user accounts either temporarily or permanently if violations and conditions are found. If the user commits a violation repeatedly, the store will be subject to policy sanctions in the form of permanent account closure (Tokopedia.Com, 2021)

1.2.1 Awards and Achievements

Tokopedia has received several awards and achievements during its business career which have made it the largest online marketplace in Indonesia to grow very rapidly with high consistency and dedication to continue to innovate in providing the best service (Tokopedia.Blog, 2021) such as following:

1. Markplus Inc: Marketers of The Year in E-commerce Sector 2014
2. Indonesia Digital Economy Award 2016: Best Company in Consumer Industry
3. World Economic Forum: Tokopedia's CEO as The Young Global Leader in Asia Pacific
4. Google play store: Best Chosen Application in 2018
5. BrandZ 2019: Top 50 Most Valuable Indonesian Brands
6. Contact Center World Competition 2019: The Best in Customer Service, Best Use of Self-Service Technology, and Best in Technology Innovation
7. Tokopedia's CEO as The EY Indonesia Entrepreneur Of The Year in 2019

8. Tokopedia's CEO Selected in Business Insider's List of 100 People Transforming Business in Asia 2020
9. HR Asia Awards: The Best Company to Work for in 2020
10. HR Excellence Awards 2020
11. CX Asia Excellence Awards 2020: The Best Social Media Experience, Best Use Of CX Technology, Best Omni-Channel Experience Categories, Best Brand Experience and Best CX Personality Categories
12. Contact Center World APAC 2020: Best Service Customer Excellence
13. Best of Twitter 2020: The Best Brand Voice
14. Powering Asia's Future: Tokopedia's COO The Most Inspirational Leaders Across Various Fields in 2020
15. Baznas Award: Best Online Zakat Collections Partner 2020
16. Indonesia Enters Deloitte Technology Fast 500™ Asia Pacific 2020: Fastest Growing Technology Company in Southeast Asia.

1.2 Research Background

Advances in technology and information in this modern era have provided many changes and influences in various aspects of life. People tend to prefer activities that are practical, easy, efficient, and fast. In this digital era, everyone can use a cellphone to make their activities easier. There are many things that people can do only with communication devices that are connected to the internet, such as ordering cinema tickets with applications without having to queue, ordering food with applications without having to leave the house, and many more benefits from technological advances, and information that will make it easier for consumer to meet their daily needs and wants. The expansion of the e-commerce industry cannot be separated from the desire of Indonesian consumer for speed in buying, and the majority of Indonesian consumer are familiar with the use of the internet and smartphones.

People who have started to enjoy online shopping have actually provided benefits for several producers in the community, including those who sell products or services online without having to open a shop as a place of business, enabling them to promote their products or services to consumer at any time and from any location. In terms of marketing, they do not need to spend money on promotion because by using the internet they can promote their products or services widely to the public by using the internet. The advantage is the ease of purchasing processes and transactions made online for consumer themselves. The e-commerce platform is one of the backbones of public consumption in the midst of a pandemic that has lasted more than one years in Indonesia.

10 Negara dengan Persentase Penggunaan E-Commerce Tertinggi di Dunia (April 2021)

Sumber : We Are Social, 21 April 2021

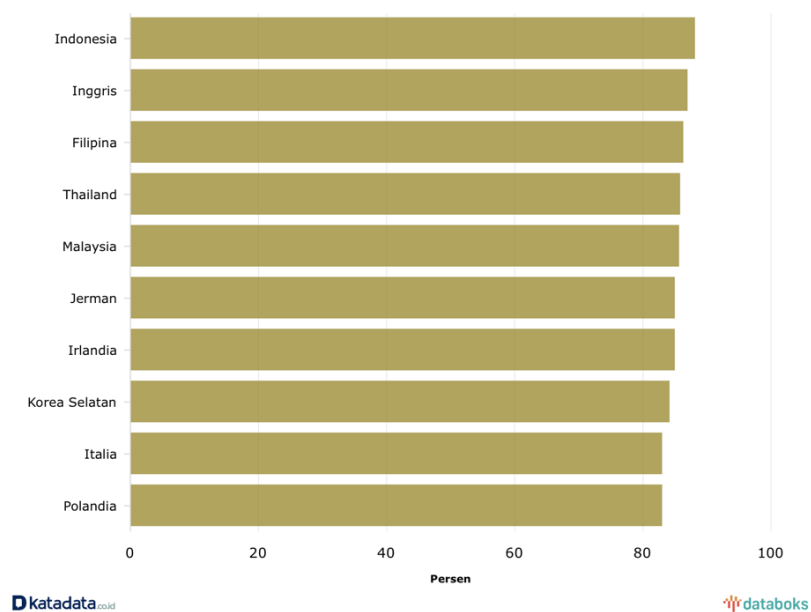


Figure 1.2 E-Commerce with Highest Monthly Website Visitors (Quarter I-2021)

Based on data from Databoks in Figure 1.2 shows that Indonesia has the largest percentage of e-commerce usage in the world which is 88.1%, it proves

through supporting studies that Indonesia is the country with the highest rate of e-commerce adoption. Nevertheless, users in Indonesia have used e-commerce services to buy certain products in the last few months. This percentage is higher than the average global e-commerce adoption, which is 78.6% results from surveys that conducted by We Are Social (2021).

Understanding online consumption behavior can be divided into two stages. The first stage focuses on how to get customer to buy online, while the second step focuses on getting them repeat purchase. Regular customer spend more money and make more profit than new consumer (Patel, 2014). As a result, e-commerce companies are more concerned than ever before with how to retain existing consumer and encourage them to make repeated purchases (Johnson et al., 2008). Jeon & Jeong (2017) stated that customer emotional attachments and repeated purchasing activities appear to be indicators loyalty.

The expectation refers to the consumer expectation of what they will receive Kim et al. in Chiu & Cho (2019). Following that, there is an initial perception upon receiving the product, followed by a judgment based on a comparison of the pre-purchase perception and the perception of the first use of the product. The level of Satisfaction with the service provider, and the product purchased is then determined. Finally, a consumer level of Satisfaction determines whether they intend to purchase from the service provider again or not.

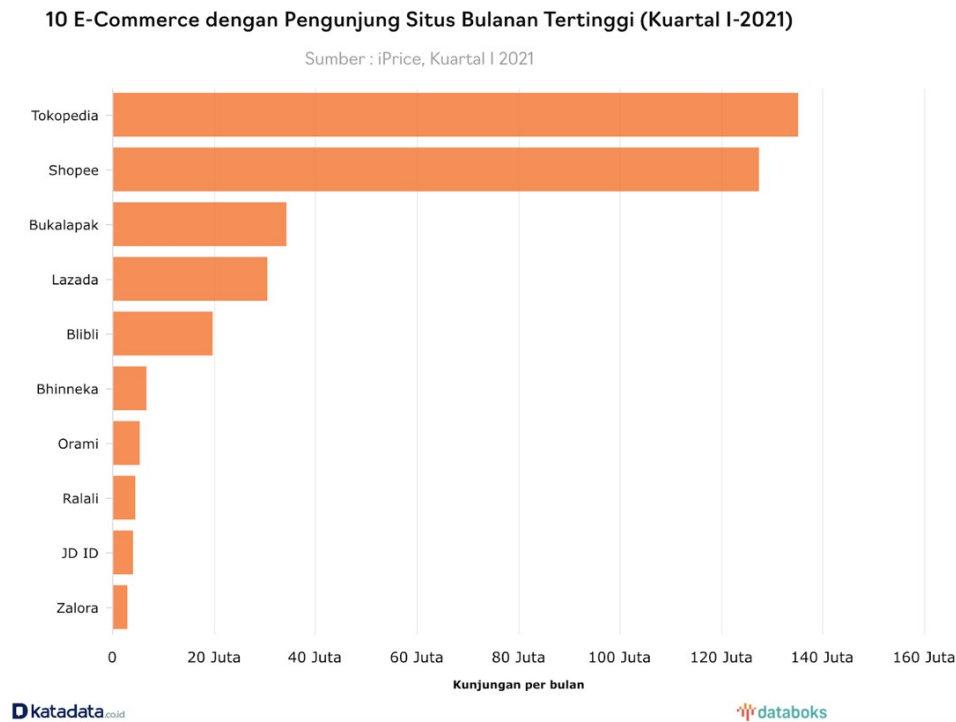


Figure 1.3 E-Commerce with Highest Monthly Website Visitors (Quarter

I- 1)

Source: Databoks (2021)

Based on research Tokopedia became the e-commerce site with the highest monthly website visitors in Indonesia in the first quarter of 2021, as shown in Figure 1.3 Databoks is an online media, data and research company in economics and business that released the information. The number of Tokopedia visitors was recorded at 135.1 million in the first three months of this year. Compared to Shopee and Bukalapak, the number of Shopee visitors was recorded at 127.4 million in the first quarter of 2021. Bukalapak is next in line because it has a total of 34.2 million visits in the first quarter of 2021 (Databoks, 2021).

10 E-Commerce dengan Pengunjung Web Bulanan Tertinggi (Kuartal II-2021)

Sumber : iPrice, Kuartal II 2021

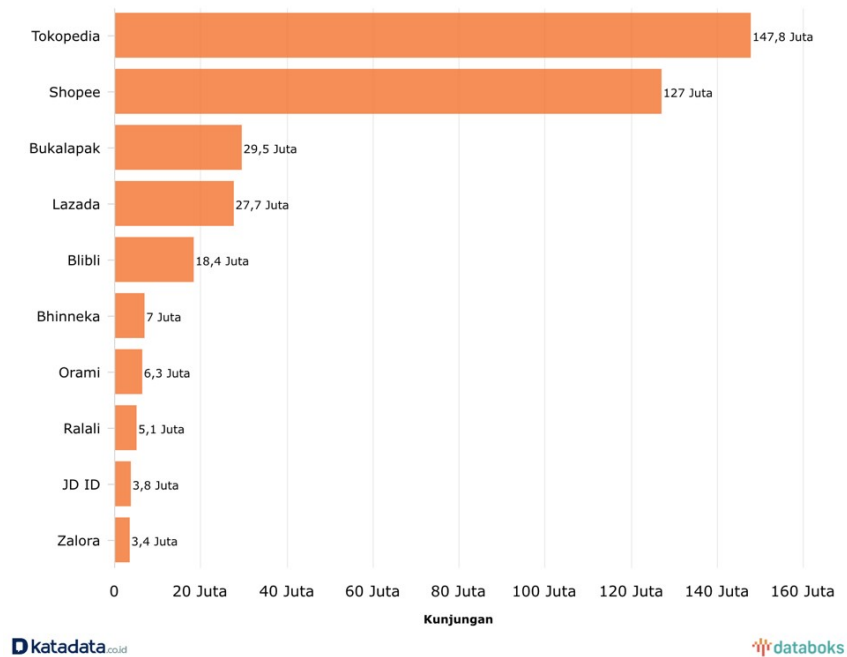


Figure 1.4 E-Commerce with Highest Monthly Website Visitors (Quarter II-1)

Source: Databoks (2021)

Tokopedia dominates the Indonesian visitors for two consecutive quarters. Tokopedia's maintain position becomes first ranked of monthly web visitors reached 147.8 million in the second quarter of 2021. The above Figure 1.3 increased 9.4% from the previous quarter of 135.1 million visits. Then, compared to other e-commerce, there is a significant disparity in the number of visitors. Bukalapak is in the third position with 29.5 million visitors (Databoks, 2021).

MarkPlus (2021) also stated from the survey of research on the role of e-commerce. The results show Tokopedia to be a popular e-commerce. It was revealed that 51% of respondents chose Tokopedia as the most popular e-commerce. The reasons respondents choose Tokopedia, based on various programs to supports local products, their services, features, good quality, variative products,

discounts or promo, and innovations that offering are considered by consumers'. This statement proves that Tokopedia for three quarters has always maintained the position of the greatest visitor and most accesible e-commerce in Indonesia.

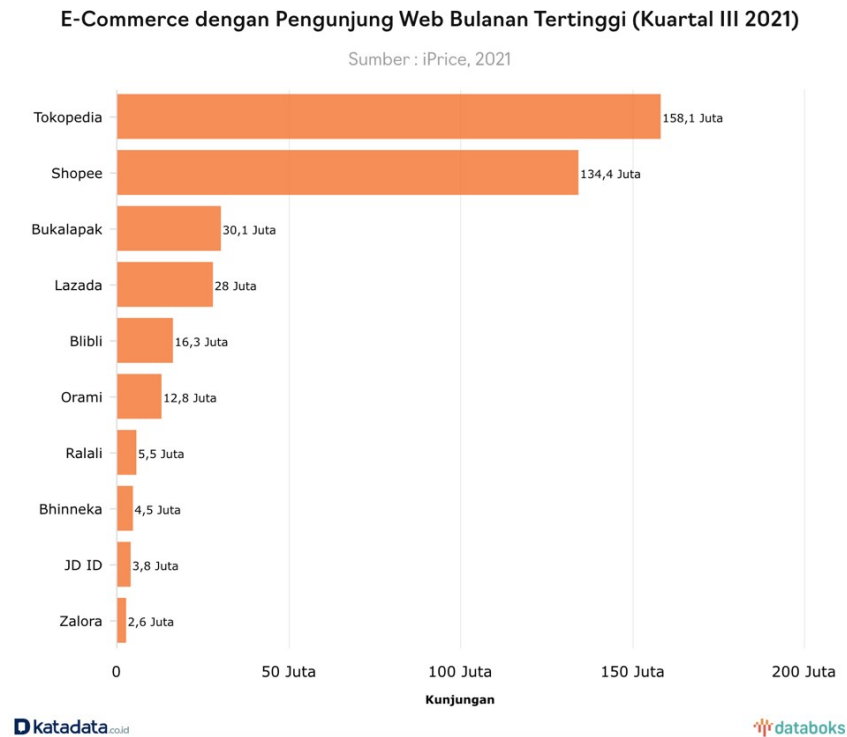


Figure 1.5 E-Commerce with Highest Monthly Website Visitors (Quarter III-2021)

Source: Databoks (2021)

Tokopedia is still the most visited e-commerce in the third quarter of 2021. This proves from the latest data in Databoks can be seen in previous Figure from the number of monthly web visitors which reached 158.1 million visits, up 7% from the previous quarter which was 147.8 million visits. In second place was Shopee with 134.4 million visits. Visits to the Shopee site rose 5.8% from the second quarter of 2021, which was 127 million visits. The third position is occupied by Bukalapak, which had 30.1 million visits in the third quarter of 2021, up 2.3% from the previous quarter (Databoks, 2021).

The current phenomenon, it has been identified that Tokopedia has become the top online shop. Based on this phenomenon, shall Tokopedia become an online shop with measure the dimensions of Brand Leadership, namely, (Perceived Quality, Perceived Value, Perceived Innovativeness, and Perceived Popularity), do the consumer valuation and customer experienced shall the Tokopedia always provide the best service to consumer and user.



Figure 1.6 Spending Products on the E-Commerce

As shown figure 1.6 from We Are Social (2021) presents statistical data regarding which products are most popular in e-commerce, which reveals that fashion & beauty is the most popular product category, with consumer spending \$665.6 billion on it. Clothing, cell phones, accessories, computers, mom and baby's equipment, men's fashion, electronics, photography, sports equipment, automotive, equipment, travel and entertainment, souvenirs and gift, food and health are among the items included in Tokopedia's offers concern products and services, which are followed by other sector goods. Chang & Ko (2014) stated that Brand Leadership can be determined by considering various situational factors such as internal factors (namely product characteristics) and external factors (namely industry and market conditions) author assumed that Tokopedia can be categorized as Brand Leadership do the Perceived Quality, Perceived Value, Perceived Innovativeness. In light of

this Chang & Ko (2014), considers consumer perceptions of product and service quality to be one of the most important dimensions of perceived Brand Leadership. This is proven because Tokopedia always innovates to always be agile and adapt to user needs by presenting various products and relevant mainstay features. To always meet the ever-changing expectations of users and consumer, Tokopedia does not only focus on developing product and service features, but also continues to do the best development to maintain user trust (Tokopedia.com) 2022.

One of the strategies provided by Tokopedia is to analyze user interactions when making buying and selling transactions and then measuring the customer experience after making a transaction. Analyzing user interactions while buying and selling transactions and then measuring the customer experience after making a transaction.

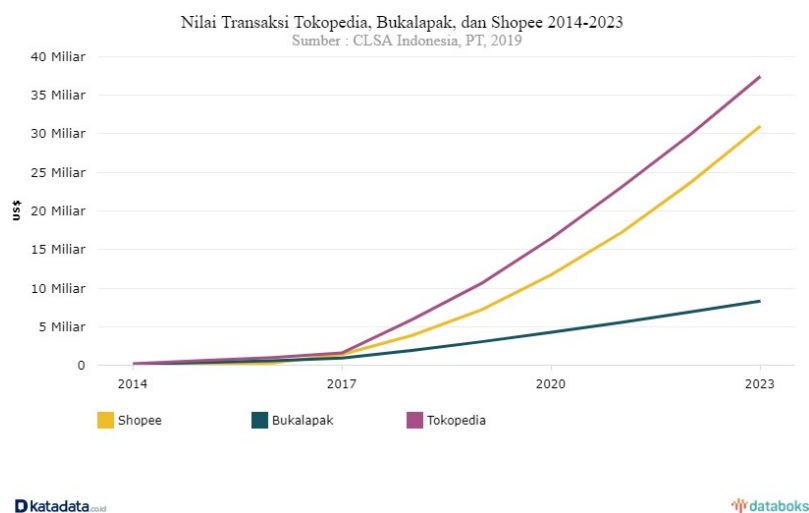


Figure 1.7 Tokopedia E-Commerce with the Biggest Transaction Value

Source: Databoks (2019)

In 2018, in comparison between Shopee and Bukalapak, Tokopedia's transaction value was recorded the US \$ 5.9 billion. The consumer to consumer (C2) platform is Tokedia's flagship business with a transaction value of US \$ 5.6 billion, while the business to consumer (B2C) platform is the only US \$ 148 million.

CLSA projects that in 2023, Tokopedia's transaction value will reach the US \$ 37.45 billion (Databoks, 2021). This discovery means that apart from being the most visited e-commerce that mention in previous figure above, Tokopedia is also being the e-commerce company with the largest transaction value, in nutshell, many users or consumer make transactions so that in 2021 it has been nominated as the largest transaction value.

To determined Customers' Satisfaction there are four stages of the conceptual model. The first stage is the pre-purchase stage, during which expectations are formed before the product is purchased. The expectation refers to the consumer expectation of what they will receive Kim et al. in Chiu & Cho (2019). Following that, there is an initial perception upon receiving the product, followed by a judgment based on a comparison of the pre-purchase perception and the perception of the first use of the product. The level of Satisfaction with the service provider, the service, and the product purchased is then determined. Finally, a customers level of Satisfaction determines whether they intend to purchase from the service provider again or not. So that consumers' can feel satisfied regards the performance and experience and delighted after exceed the expectations and intend commitment to repeated transaction or make a purchase in Tokopedia will triggered and lead to loyal.

As a result, to assess Brand Leadership as a variable X (Independent Variable) through dimensions (Perceived Quality, Perceived Value, Perceived Innovativeness, and Popularity). Based on the description and formulation of the problem above and supports research journals. The author will use Tokopedia as an object in this study. Customers' Satisfaction as variable Z (Intervening Variable, and Customers' Loyalty as variable Y (Dependent Variable). The tittle taken in this mini thesis, **“THE EFFECT OF PERCEIVED BRAND LEADERSHIP ON CUSTOMERS' SATISFACTION AND CUSTOMERS' LOYALTY IN TOKOPEDIA”**.

1.3 Problem Statement

Tokopedia has a high level of popularity compared to other marketplaces such as Shopee and Bukalapak. Tokopedia is declared as most and ranking of the online shopping market in Indonesia by showing that Tokopedia is the most accessed market on the internet. Consumer perceptions of Brand Leadership as successful, visionary, and up to date as well as the latest trends are not enough. One of the challenges faced by Tokopedia is predicting Satisfaction and loyalty, which makes Tokopedia the most popular and easily accessible e-commerce. The products offer in various marketplaces owned by Tokopedia are very diverse, with various brands, products, features and services. So many things are offered to customers'. Of course, it makes customers' more flexible in making choices. This is a challenge for Tokopedia, which has to work harder to maintain its Satisfaction and loyalty. One of them is by conducting research to measure by customers' valuation and customer experienced through the dimension Brand Leadership, this study conducted to explore how influence of Customers' Satisfaction and Customers' Loyalty on Tokopedia after Brand Leadership is formed.

Indonesian consumers are proven to be more loyal to e-commerce created by the nation's children. This was revealed from the results of the Jakpat digital survey. Tokopedia's position is above its competitors such as Bukalapak, Lazada, JDID, Blibli, and also Shopee. Tokopedia is 49% percentage of 567 respondents based on the net promoter score parameter. The Jakpat survey also stated that 91% of 567 respondents stated that they were satisfied and very satisfied when transacting on Tokopedia. Tokopedia's level of customer satisfaction is at level 4.41 from a scale of 1-5 (Satriadi, 2021).

Based on other support from Databoks revealed that Tokopedia is the most visited e-commerce platform for Indonesia for three consecutive quarters in 2021. Indef Center of Innovation and Digital Economy researcher Nailul Huda (2021) in (Satriadi, 2021) assesses that Tokopedia's user loyalty is higher than its competitors, indicating that the platform has more value than others. Some of these factors

include product completeness, price, payment system, to service delivery of goods to consumers. With other well known e-commerce in Indonesia, according to Nailul (2021) in (Satriadi, 2021), the competition for e-commerce in winning the hearts of consumers is very tight. However, from the consumer's point of view, this is very good because it has the flexibility to choose where to shop, as well as as a medium of payment for various purposes such as electricity bills, internet, credit cards, and others. For this reason, maintaining this loyalty becomes very important and a challenge. Because even though consumers are satisfied with shopping in one particular e-commerce, they still shop at other e-commerce for other needs.

Retaining loyal customer is more challenging than finding new customer. Therefore, efforts to maintain Satisfaction and Loyalty are important things that must always be done by Tokopedia. The main goal of marketers is to achieve maximum Customers' Satisfaction, but that goal has shifted because what is more important is loyalty, by having a loyal customer base is the same as obtaining certainty of achieving future revenue. Because loyal customer are expected to continue to make transactions in the future. Brand Leadership is not just a name, word, sign, design symbol, or set of terms that can be used to identify the goods or services of one person or group from those of competitors. Tokopedia's expected can make people hope to get guarantees about the quality, value, innovativeness and popularity provided by Tokopedia itself and must be able to increase Satisfaction so that customers' can be loyal to Tokopedia compared to other marketplaces.

With the increasing number of internet users in Indonesia, it will encourage the growth rate of e-commerce in Indonesia. Therefore, e-commerce business players, especially Tokopedia, must have high competitiveness and always evaluate quality, value, innovation and popularity to be able to maintain Satisfaction and trigger Customers' to be Loyal, one of which is by knowing the measurement of the consumer.

Customer question whether shopping there is trusted, what about the quality of the goods, whether the brand is well-recognized in the community, what are the

reviews of consumer who have used their services, what are the benefits concern view on tokopedia. By paying attention to the existing phenomena and facts, it is seen that with the increasingly fierce competition in the e-commerce business, especially in Indonesia.

In term of business hopefully Tokopedia must be able to maintain its brand in order to remain a market leader by consideration to factors that can make become a leader such as Perceived Quality, Perceived Value, Perceived Innovation, and Perceived Popularity. It is hoped that to these factors, they will be satisfied when using Tokopedia, which will eventually become triggered customer it may indirectly lead to a consumer desire to remain loyal and use the Tokopedia app.

In terms of knowledge, it is hoped that Brand Leadership research on Customers' Satisfaction, as well as the addition of new variables like loyalty, can be studied and understood, as there is currently no research on the topic. Related to this phenomenon, there has been no research that examine. Based on the phenomenon above, the appropriate problem formula can be drawn as follows:

1. How much is the rate of Perceived Quality, Perceived Value, Perceived Innovativeness, and Perceived Popularity at Tokopedia based on respondents' point of view?
2. How much is the rate of Customers' Loyalty at Tokopedia based on respondents' point of view?
3. How much is the rate of Customers' Satisfaction at Tokopedia based on respondents' point of view?
4. Do the Perceived Quality, Perceived Value, Perceived Innovativeness and Perceived Popularity of Tokopedia influence Customers' Satisfaction?
5. Do the Perceived Quality, Perceived Value, Perceived Innovativeness and Perceived Popularity of Tokopedia influence Customers' Loyalty?

6. Does Customers' Satisfaction influence Customers' Loyalty.

1.5 Research Purposes

Based on the identification of the problems above, the objectives to be achieved by the researchers are as follows:

1. To know the rate of Perceived Quality, Perceived Value, Perceived Innovativeness, and Perceived Popularity at Tokopedia based on respondents' points of view.
2. To know the rate of Customers' Satisfaction at Tokopedia based on respondents' point of view.
3. To know the rate of Customers' Loyalty at Tokopedia based on respondents' point of view.
4. To know the influences of Perceived Quality, Perceived Value, Perceived Innovativeness, and Perceived Popularity of Tokopedia on Customers' Satisfaction.
5. To know the influences of Perceived Quality, Perceived Value, Perceived Innovativeness, and Perceived Popularity of Tokopedia on Customers' Loyalty.
6. To know the influences of Customers' Satisfaction to Customers' Loyalty.

1.6 Aims of Research

1.6.1 Theoretical Aspects

The findings of this study are expected to add and complement existing knowledge in the field of marketing, with some of the new findings serving as reference material for future researchers conducting research in the same field.

1.6.2 Practical Aspects

Tokopedia marketplaces can take this into consideration when developing strategies to help maximize performance, particularly in terms of consumer behavior, in order to earn and maintain Satisfaction and loyalty in order to achieve greater achievements.

1.7 Research Scope

1.7.1 Location and Object of Study

The research will be conducted in Indonesia. The population in this study are Tokopedia marketplace customer who are included in the productive age category (16 – 64 years) and have subscribed more than three times to the Tokopedia application.

1.8 Systematically Writing

CHAPTER 1: INTRODUCTION

Chapter 1 indicates a description of the research, research object overview, research background, problem statement, research question, research purposes, including research scope and research systematic writing.

CHAPTER 2: LITERATURE REVIEW AND RESEARCH SCOPE

This chapter represents the theories, previous research regarding the topic or problem, theoretical framework, hypothesis, and scope of the research.

CHAPTER 3: RESEARCH METHODOLOGY

This chapter underlines the type of research, operational variable, research stages, population and sampling technique, data gathering, type of data, data analysis technique and hypothesis testing.

CHAPTER 4: RESEARCH RESULTS AND DISCUSSION

This chapter comprises respondents' characteristics, results of research, and study of research results.

CHAPTER 5: CONCLUSION AND SUGGESTION