# CHAPTER I

# INTRODUCTION

## 1.1 Object Overview

A Sea Group affiliate, Shopee made its debut in seven nations in 2015: Singapore, Thailand, Indonesia, the Philippines, Malaysia, Taiwan, and Vietnam. The mission of Sea Group is to use technology to improve small business owners' and consumers' lives. New York Stock Exchange (NYSE) will be used for marketing Sea Groups. By the end of May 2015, shopee launched on the Indonesian market. Shopee Indonesia's address is Wisma 77 Tower 2, Jalan Lieutenant General S. Parman, Palmerah, Special Capital Area of Jakarta 11410, Indonesia, and it only started operating there at the end of June 2015.



*Figure 1. 1 Shopee's Logo*

*Source:* Shopee (2023)

Shopee is an online marketplace program that makes it simple and quick to buy and sell products on a mobile device (Figure 1.1). Shopee offers a broad selection of products, from fashion to everyday essentials. Shopee is a mobile application that enables users to conduct online purchasing actions via email computer hardware without having to browse a website. With its arrival in Indonesia, Shopee will offer a distinctive shopping experience. Shopee offers buyers a secure payment mechanism, integrated shipping options, and an easy way for merchants to sell their goods. Young adults who are accustomed to doing things the simple way, like going shopping, make up Shopee's customer base. Shopee is a smartphone app that makes quick and simple shopping operations possible as a result. The focus of quick and precise categories is typically on clothing and home goods (Amaral, 2022). Kurniawati (2022) stated that Shopee Pair featured products with other products or complementary products to increase the number of product purchases. Sellers can offer cheaper purchase prices or free gifts on any given

purchase. Sellers can search for other potential products in addition to the best-selling products in the store, and provide discounts to attract buyers, by offering more competitive prices, it is possible that these products can become best-selling products. E-commerce makes purchasing more convenient, and customers like companies that offer ease. Consumers are no longer need to spend time traveling to and visiting multiple malls and specialized places. (Hidayah, 2018)

P. Verma and S. Jain stated in (Prasetyo & Dela Fuente, 2020) e-commerce needs to identify the factors needed to achieve and what criteria they should be consistent with. On a conducted research where it sought to identify features of people making online purchases shows that knowledge exploration was defined as an individual's actions in shopping online. Kaur (2018) stated that factors of online shopping include attitude and a change in customers' attitudes towards making online purchases. A study conducted examining online shopping shows that shopping experience and motivations lead to high purchase intention (Pappas, 2017)

**1.2 Research Background**

When the pandemic arrives, everyone was forced to do online shopping, with that activity been forced to do, most e-commerce company has become more success because of the online shopping. After the COVID-19 pandemic, e-commerce has been increasing from the users and the penetration rate, and Shopee is one of the e-commerce that is also involved on the increasing users and penetration rate, as shown by the Figure 1.2, this research study aims to identify the variables influencing student satisfaction with online buying at Telkom University. Chekole (2021) stated that students are looking for more convenience, cheaper price and wider selection when they shop online and most of students are doing online shopping. Hence the students at Telkom University will be the population in this research. According to Kotler and Keller (2021) customer satisfaction can be defined as a pleasure or disappointment felt by consumers after comparing the performance (or results) of a product with their expectations. Kotler and Armstrong (2020) also stated that customer satisfaction is the extent to which a product's perceived performance matches a buyer's expectations. If the product's

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performance falls short of expectations the customer is dissatisfied. If performance matches expectations, the customers are satisfied. If performance exceeds expectations, the customers are highly satisfied or delighted.



***Figure 1.2 Users and E-Commerce Penetration Rate in Indonesia***

*Source :* Databoks (2022)

From the figure above, since the pandemic starts at 2020 until 2023, the amount of users and penetration rate are increasing throughout the year. Wahyu (2021) stated that there were 12 million new e-commerce users during the pandemic in Indonesia. Andrienko also added that pandemic has a significant impact on some products, but not so significant impact on other product.
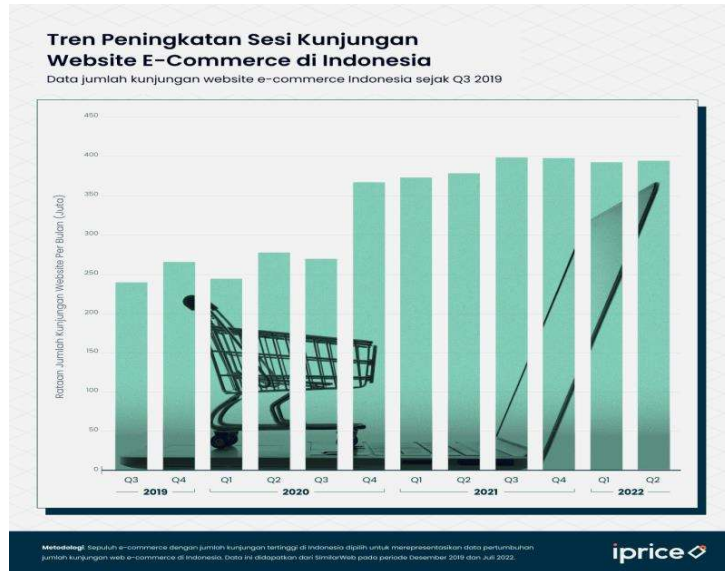
*Figure 1. 2 Increasing Trend of E-Commerce Website Visit Sessions in Indonesia*

Source : iprice (2022)

Based on the Figure 1.2, the first half of that time period, which was the time of the COVID-19 pandemic's initial wave, saw the majority of this rise. Instead of going down, the wave keeps on rising until 2022. According to Kotler and Keller (2021) customer satisfaction can be defined as a pleasure or disappointment felt by consumers after comparing the performance (or results) of a product with their expectations. Customer satisfaction is critical in a commercial environment, businesses must enhance every area so they can satisfy consumers' requirements and wants, as their satisfaction is crucial to the success of the business. Kotler and Armstrong (2020) stated that buying decisions are stages in the buyer's decision-making process where consumers actually buy. Pulungan also stated in (Arzan Alawi, 2022) that a purchase decision is defined as the final action a consumer can take in response to their needs through a series of assessment processes and partial choices. Consumers in considering purchases must have gone through a series of processes before making a purchase (Bucko & Ferencová, 2018). A study suggests that the price, availability, scarcity, product details, conditions, and social media affect buying decisions, Kalyani and Reddy (2017) also mentioned that in an

empirical examination conducted in online shopping towards customer satisfaction, the result revealed that loyalty, price insensitivity, quality, time, and information availability significantly affect satisfaction. adding to that, Jose (2017) says the journey of change from conventional devices to modern devices with super speed data helped the marketer to reach consumers of all ages and satisfy their needs. With the help of technology marketer can be connected with the consumer whether the consumers are online or offline. Technology makes the whole world a one community and that helped the company to reach all consumers easily and quickly. On the contrary, Lining Jiang (2021) shows that technology increased the perceived value of customers by enabling service providers and customers to interact in a variety of unique experiences, for this research, the factors that are going to be analysed in this study are: Technological Factors, Operational Factors, Consumer Factors, Product/Services, Pricing.

## 1.3 Problem Statement

E-commerce is being used many times in Indonesia, Shopee is one of the platform that is used the most behind Tokopedia in Indonesia iprice (2022), this makes shopee more success than before, the research from Prasetyo and Dela Fuente (2020) that has a title of "Determinant Factors Affecting Customer Satisfaction among Filipinos in Lazada Online Shopping during COVID-19 Pandemic: A Structural Equation Modelling Approach" has a result of products/services, pricing, consumer, and technological were significantly influenced the consumer buying decision which also affect customer satisfaction. Surprisingly, operational was found not significant as a predictor for buying decisions and customer satisfaction.

Now that the pandemic is over, the question is that does the factors that are mentioned above still affecting the condition after the pandemic or still the same. To answer the question above, this study comes up with 5 questions:

1. Does the Price Factors have a significant impact towards Buying Decision?

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2. Does the Product/Services Factors have a significant impact towards Buying Decision?

3. Does the Consumer Factors have a significant impact towards Buying Decision?

4. Does the Technological Factors have a significant impact towards Buying Decision?

5. Does the Operational Factors have a significant impact towards Buying Decision?

6. Does Buying Decision have a significant impact towards Customer Satisfaction?

## 1.4 Research Objectives

The objective of this research is to find out and analyse:

1. Price Factors has a significant impact to the Buying Decision for Telkom University's students.

2. Products/Services Factors has a significant impact to the Customer Satisfaction for Telkom University's students.

3. Consumer Factors has a significant impact to the Buying Decision for Telkom University's students.

4. Technological Factors has a significant impact to the Buying Decision for Telkom University's students.

5. Operational Factors has a significant impact to the Buying Decision for Telkom University's students.

6. Buying Decision has a significant impact to the Customer Satisfaction for Telkom University's students.

## 1.5 Significance of Research

According to its advantages, theoretical and practical, this research is significant, as will be discussed below:

a) Theoretic Benefit: This research is to figure out whether the Determinant Factors has an impact on Buying Decision and Customer Satisfaction of the

student in Telkom University and could serve as research literature in the future.

b) Practical Benefits: It is intended that this research will offer suggestions and recommendations for Shopee in improve the marketing strategy.

## 1.6 Writing Systematic

This study developed by systematics of writing as follows:

A. Chapter I Introduction: this chapter confers the background, problem statement, research objectives, and system of writing.

B. Chapter II Literature Review: this chapter confers a review of research literature, previous research, theoretical framework, hypotheses, and scope of the study.

C. Chapter III Research Methodology: this chapter confers a method that will be used in this research.

D. Chapter IV Research Result and Study: this chapter confers respondents' characteristics, research results, and study of research results.

E. Chapter V Conclusion and Recommendation: this chapter confers the conclusion and recommendation.