

CHAPTER I

INTRODUCTION

1.1 Background

Technological developments and globalization have caused changes in the economic culture of Indonesian people. The modern era as it is today, electronic informatics media or the internet has become one of the media used by the public in conducting communication and business. The development of business in cyberspace is now starting to be in great demand by the community in the form of Online Shop or e-commerce transactions. E-commerce transactions are a sale and purchase transaction (business) using the internet, technological developments such as smartphones are one of the supporting factors in the development of online business. The utilization of information technology has great potential in increasing people's income and also for a company. The development of online buying and selling transactions certainly cannot be separated from the increase in internet users in Indonesia.

The development of internet infrastructure by the Indonesian government in the 1980s had an impact on increasing internet users in Indonesia. This online sale and purchase transaction is certainly a cultural shift from the traditional transaction culture that we can still see in traditional markets with online buying and selling transactions. Traditional buying and selling transactions still use direct transactions and are still in small scale (local), while buying and selling transactions using the internet have no restrictions in conducting buying and selling transactions (global markets). As one of the strategies carried out by the community to gain more profit in business processes will certainly affect changes in people's behavior, this behavior change is a form of community adaptation to the modernization process.

Increased prosperity, the availability of high-speed connectivity and growing online offers will have more influence in the years ahead. With this continuing growth, e-commerce represents an extraordinary opportunity for online retailers and operator service owners to expand their consumer base.

Table 1.1
Numbers of Online Shoppers in Indonesia (in million)

| Year | 2016 | 2017 | 2018 | 2019 |
|------------|------|------|------|------|
| Percentage | 24,9 | 28,1 | 31,6 | 35,5 |

Source: Eshopworld.com,2018.

Based on Table 1.1 the number of online shoppers in Indonesia predicted to increase every year. Insights into the growth of Indonesian e-commerce with payment methods, target audiences, marketing, social media, economy and logistics all profiled by:

a. Economy Factor

The number of Indonesian people reached 261.12 million with a total GDP of 932.26 billion USD and GDP per capita of 4,195 USD, which is expected to reach 5,790 USD by 2022.

b. Digital User Insights

Presently 31.65 million e-commerce users in Indonesia, with an additional 22.24 million users expected to be shopping online by 2022. Four years from now, these 43.89 million e-commerce users will spend an average of 375.32 USD online.

The shopping lifestyle of the Indonesian people today makes it all practical and instant. With the economic transition, it also affects the consumption patterns and lifestyle of the people. Changes in people's shopping patterns that take advantage of technological developments and are also all online, will make things practical, easy, cheap, economical and fast. Various types of offers are very beneficial for consumers. Because the prices of basic necessities are always rising, people flock to meet their needs by spending as much money as possible. Shopping through online sites is also safer, because many e-commerce companies are getting more trustworthy. E-commerce has made a policy that is safe in conducting transactions and also providing quality products. There are even e-commerce companies that provide guarantees to their customers.

Table 1.2
Top 5 Consumer Goods Marketplace in Indonesia, January-June 2017

| E-commerce | Unique Visitors Januari 2017 | Unique Visitors June 2017 |
|------------|------------------------------|---------------------------|
| Tokopedia | 7,840 | 14,401 |
| Elevenia | 11,481 | 12,872 |
| Shopee | 1,303 | 11,301 |
| BukaLapak | 10,638 | 10,407 |
| Qoo10 | 1,121 | 7,689 |

Source: Multi-Platform, June 2017.

Based on Table 2.1 the highest dominance of 5 e-commerce in January-June 2017 is Tokopedia. Then followed by Elevenia. Shopee is in rank no.3. BukaLapak in the number 4. Then the lowest is Qoo10. The numbers of unique visitors from January until June 2017 are always increasing. One of the online shops that is present and favored by the Indonesian people is Shopee. Shopee is an electronic trading platform headquartered in Singapore under the SEA Group (formerly known as Garena), which was founded in 2009 by Forrest Li, also was first launched in Singapore in 2015. Shopee expanded its reach to Malaysia, Thailand, Taiwan, Indonesia, Vietnam and also Philippines. Shopeebe the top 3 of 5 e-commerce in Indonesia. Shopee is visited by more than 1,303 visitors in 6 month. Shopee growth 767%. Amazingly, the Shopee application ranks first, both in the Apple Store and the Google Play Store. In December 2018 Shopee has 56.6 thousand Twitter followers, 1.7 Million on Instagram followers, and 13 million followers on Facebook. Because the mobile elements are built according to the concept of global electronic commerce, In 2017 Shopee become one of the 5 most disruptive e-commerce startups published by Tech In Asia.

Shopee also offering so many product categorized start from fashion product, electronic, computer or accessories, make up, bags, shoes, health needs, and so on. Shopee give more benefits for consumers such as; give guarantee the lowest price, free delivery, cash back and voucher, coin shopee, and etc. Shopee has a superiority which is “Shopee Mart”. Shopee Mart is a product and service that offered by shopee. Shopee Mart tends to be aimed at people who like to shop for their daily needs. The most target market for Shopee Mart is housewives, people who live in boarding houses, and many more. Also the most product that offered are household needs, and basic items or daily necessities.

Shopee Mart interest to be analyse because compared with one of the competing companies that also engaged in shopping services have not been able to offer convenience and efficiency in shopping to consumers. Consumers need to write a description of product that they want to buy and consumers must write the estimated price of the product. Researcher think that the service is not effective because customer have to find the nearest driver to receive shopping orders, then the driver needs time to search for product needed first, and it takes approximately 90 minutes to be able to send orders to consumers.

Shopee Mart is more economical, efficient, effective. It can make customer easier to shopping because customer only search of product category and choose which product that they need to buy. Because at Shopee Mart has given details product including prices. Plus promotions are given and shipping costs or even free delivery cost. Shopee Mart also offering many shipping method which is cash on delivery and 24 hour Shopee express. So it will be more attractive Shopee Mart's intention to use what they want, based on the performance expectancy of the products, effort expectancy that makes customer easier to get products, and the social influences felt by using other people when Shopee Mart services with facilitating conditions that provided by shopee Mart.

Shopee Mart is one of the technology platform specifically designed to provide an easiness, safe and fast online shopping experience with a strong payment system and logistical support. Shopee Mart has a goal to continue and develop into the main e-commerce choice in Indonesia. Shopee Mart offers goods with a more

interesting concept that is by giving many advantages and conveniences to buyers. Shopee Mart provides many discounted product promos for example by packaging products such as one free buy one, buying two discounted items, daily flash sale, buying needs with large quantities like 1 box will get a special price. The price comparison offered is very competitive in the market because it becomes more economical and easier to obtain. Also Shopee Mart provide various types of payment technology because Shopee company has made a policy that is safe in conducting transactions and also Shopee companies provide guarantees to their customers.

Author is using Unified Theory of Acceptance and Use of Technology (UTAUT) model as a Grand Theory. UTAUT is one of the latest technology acceptance models developed by Venkatesh, et al. UTAUT combines the successful features of eight leading technology acceptance theories into one theory. UTAUT theory of which is the theory of reasoned action (TRA), technology acceptance model (TAM), motivational model (MM), planned behavior (TPB), combined TAM and TPB, model of PC utilization (MPTU), innovation diffusion theory (IDT), and social cognitive theory (SCT). UTAUT proved to be more successful than the other eight theories in explaining (Venkatesh, et al, 2003).

UTAUT is a model for explaining user behavior towards information technology Venkatesh, et al, 92003). This model is a combination of eight models that have been successfully developed before. The UTAUT model shows that the intention to use of the technology can influenced by performance expectancy, effort expectancy, social influence, and facilitating conditions. Fourth these factors are moderated by gender, age, experience and voluntary use. Many empirical studies that adopted this model have been carried out, and have mixed findings. In this research study author will be discussed the influence of performance expectancy, effort expectancy, social influence and facilitating conditions on intention to use toward Shopee mart. But to adjust to the situation and conditions of the research environment, in this study author did not use moderator variables.

Therefore, UTAUT as a latest technology acceptance models it supports that Shopee Mart which is the latest service from Shopee e-commerce as a technology can provide a lot of convenience to customers. Through its technology online shopping, Shopee Mart provides many discount product, one of which is by daily flash sale. The price comparison offered is very competitive in the market because it becomes more economical and easier to obtain. That will be very helpful for consumers who don't have much free time. Consumers can shop at home, at work or anywhere and consumers do not have to go to supermarkets or malls and moreover they do not need to queue to pay for their groceries. Because only through the internet and enough with the smartphone can already buy an many products in their free time.

Based on the title of author use, there are various kinds of factors that influence a person's intention to use through Shopee Mart. The variables are consist of performance expectancy, effort expectancy, social influence, facilitating condition, and intention to use. First of all the influence of someone's intention to use Shopee Mart is based on performance expectancy.

Performance expectancy is defined as how far a person is individuals believe that using the system will help customers to achieve benefits in improving performance. According to the expectation confirmation theory, when users' expectation is confirmed, they will be satisfied (Bhattacharjee, 2001). Thus performance expectancy will affect user satisfaction. Previous research has also noted the effect of perceived usefulness (similar to performance expectancy) on satisfaction (Bhattacharjee, 2001; Lee et al., 2007a). In addition, performance expectancy will also affect continuance someone's intention to use. Performance expectancy is important to be analyse for Shopee Mart because to measure the performance provided by Shopee Mart can affect someone's behavioral intention in using Shopee Mart. It can be a supporter that Shopee Mart is a technology system that will help customers to achieve benefits and makes easier in shopping activity. Because only through the internet and smartphone customer can looking for a many product that they needs or wants and to do the price comparison at the same time.

Effort expectancy is defined as the level of ease associated with system usage. Extant research has revealed the influence of perceived ease of use (similar to expectations) on user satisfaction Lee et al., (2007) and sustainable use (Shin et al., 2010). Effort expectancy is important to be analyse for Shopee Mart because to measure the extent which Shopee Mart provides convenience to help customers in shopping activity and affect someone's intention to using Shopee Mart. Customers feel effortless to fulfill their needs through Shopee Mart because customers does not need to go in and out of the store, consumers can find information of the detail product, price of products by touch on the smartphone screen. Shopee Mart also give discount delivery costs or even free delivery, so it can help the customer to shop without go to the shopmart.

Social Influence reflects the effect of opinions on the behavior of individual users Zhou (2011). According to the theory of social influence, someone's opinion change are important Bagozzi and Lee (2002). Social Influence is important to be analyse for Shopee Mart because social influence that had a significant effect on intentions to use Shopee Mart. After someone feels the benefits and satisfaction gained after using Shopee Mart, they don't hesitate to influence and make other people interested in participating in using and shopping at Shopee Mart. Vice versa, someone who has never used and shopped at Shopee Mart will also be interested by seeing a review and receiving interesting information from someone about Shopee Mart.

Facilitating condition is defined as the level that indicates that an individual believes that an infrastructure, organizationally and technically, already exists to support the use of technology-based information system Venkatesh et al. (2003). The findings of Venkatesh et al. (2003) showed that the facilitating condition has a significant effect on the someone intention to use of technology-based information systems. Facilitating conditions are also important and interesting to analyse because, facilitating condition has a direct and significant effect on the use someone intention to use Shopee Mart. An example Shopee Mart provides facilities such as

various payment methods, various kinds of shipping facilities such as Cash on Delivery, Shopee 24 hours express delivery, etc.

The intention to use is the tendency to keep using technology. The level of use of technology in a person can be seen or predicted from the attitude of attention to technology. According to Triandis C (1979) the intention to use technology represents self instruction to behave in a certain way. This represents desires to behave. Intention to use is also important and interesting to analyze because to find out someone's intention in using and shopping at Shopee Mart based on the performance expectancy, effort expectancy, social influence, facilitating condition that given by Shopee Mart.

The effect of intention to use of technology-based information systems that appears in UTAUT model Venkatesh et al. (2003) is also modeled in the Theory of Reasoned Action (TRA), Technology Acceptance Model (TAM), Theory of Planned Behavior (TPB) and the updated D and M Information systems success models. So, by the performance expectancy, effort expectancy, social influence, facilitating condition can influence intention to using Shopee Mart

Based on the above phenomenon and background, the researcher is interested to analyse the influence of performance expectancy, effort expectancy, social influence, facilitating condition on intention to use toward Shopee Mart. This research that the author is doing aims to find out and prove that performance expectancy, effort expectancy, social influence, facilitating condition can influence someone intention to using Shopee Mart.

1.2 Research Questions

According to the background, the problems can be formulated as follows:

1. Does performance expectancy affect intention to use on Shopee Mart in Indonesia?
2. Does effort expectancy affect intention to use on Shopee Mart in Indonesia?
3. Does social influence affect intention to use on Shopee Mart in Indonesia?

4. Does facilitating condition affect intention to use on Shopee Mart in Indonesia?

1.3 Objectives Study

This study is aimed to:

1. Analyze the raise direct influence of performance expectancy to intention to use on Shopee Mart in Indonesia.
2. Analyze the raise direct influence of effort expectancy to intention to use on Shopee Mart in Indonesia.
3. Analyze the raise direct influence of social influence to intention to use on Shopee Mart in Indonesia.
4. Analyze the raise direct influence of facilitating condition to intention to use on Shopee Mart in Indonesia.
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1.4 Significance of Study

The objectives study obtained is as follows:

1. For the author

As a tool to practice the theories that we got from marketing course and add practical knowledge of the problems faced by the company.

2. For Academics

To state out the relationship among the performance expectancy, effort expectancy, social influence, and facilitating condition. To measure the relationship between customer positive feedback and intention to use for new customers.

3. For Shopee Mart

This research is expected to be a consideration for Shopee company to be able to pay more attention to the importance about expectancy of the customers, also facility of the Shopee Mart that considerations in order to maintaining customer by intention to use and give the positive feedback to

the Shopee Mart, so that it can be utilized in increasing consumer repurchases in Shopee Mart.

1.5 The Writing Systematic

The authors will present a systematic sequence of the introduction to the conclusion, so hopefully the reader can understand the material we wanted to convey. The systematics are as follows:

CHAPTER I: INTRODUCTION

This chapter provides the background of the study, research question, objectives of the study, significance of the study and writing systematics.

CHAPTER II: LITERATURE REVIEW

This chapter contains of the theoretical basis, previous research, hypothesis development, research model or conceptual framework.

CHAPTER III: RESEARCH METHODOLOGY

This chapter contains of the rules of the research design, variable identification, operational definition of variable, variable measurement, type and source data, samples and sampling techniques, also the data analysis technique.

CHAPTER IV: ANALYSIS AND DISCUSSION

This chapter provides an analysis respondent characteristics, data description, data analysis results which are using Lisrel testing, hypothesis testing, indirect effect testing and the discussion of research discovery.

CHAPTER V: CONCLUSIONS AND SUGGESTIONS

As the final stage of the study, this chapter's content is the conclusion of result and suggestions which may be useful for Shopee Mart's management also the future research.