

CHAPTER I INTRODUCTION

1.1. Background

In this modern era, peoples' life becomes very dependent to the technologies. This is because technologies are considered to be capable in making peoples' work and daily needs easier through the advantages being offered by the technologies itself. This is the reason why, engineers always try to do improvements on the qualities of the existing technologies and even inventing new technologies that will become the leading innovation to make peoples' life easier. Previously, on the past era, if people want to buy something, they still have to go to the physical store that takes a lot of time and energy.

At first, people try to solve this problem to find the way on how they can buy something but without going to the physical store. So, people decided to use telephone to call the seller and make an order then the seller will ask their courier to deliver that order to the consumer's address. But this solution still has several weaknesses for example; consumers can only use this method with the sellers whom they knew. Besides that, this method uses only a small scope on which the range is only within the same areas of the sellers and the buyers itself.

Today's many people already used smartphone and internet connection that are accessible, so the entrepreneurs try to create a new innovation through this situation by creating online shop. This thing is very useful because when people want or need something all they need to do is take their smartphone, connect to the internet, and they can start their shopping via online. This allow people to choose everything that they need on the shop and the courier will deliver that product to their house, so they can save their time and energy because they do not need to drive and got trapped on the street because of traffic jam. Aside from that, people can also choose among varieties of products and can compare prices easily through online shop.

In addition to that, the emergences of virtual money that are used for transaction are becoming more visible through online shops. This enables the buyers and the sellers to do transaction without having cash. Moreover, the online shops are not only for sellers that can make them keep on selling their products and the buyers that can keep on buying products. But the emergences of online shops also open up the opportunities for the buyers to open up their own online shops (also known as customer to customer e-commerce). This allows flexibility among the buyers and the sellers even though they do not know each other and comes from different areas or regions. Due to all the advantages offered by online shops (as mentioned above), many and many more people are getting more attracted to do shopping and transactions through online shops. This can be proven in Figure 1.1 on which the transaction of e-commerce in Indonesia increases year by year. This then leads to the increasing sales of online shop in Indonesia.

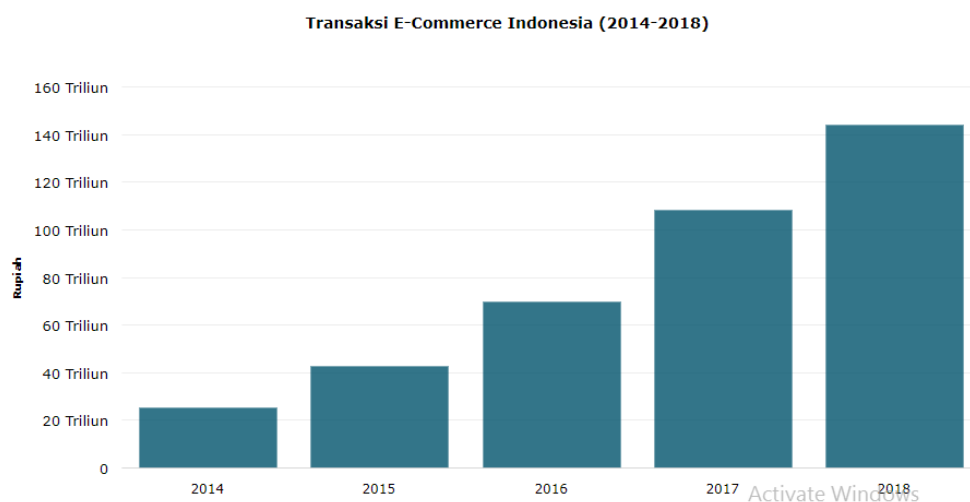


Figure 1.1
Transaksi E-Commerce Indonesia (2014-2018)

Source: <https://databoks.katadata.co.id>

The picture shown above also proves that e-commerce in Indonesia are gradually increasing. These causes tighten competition in the sector of business itself. Due to this increasing amount of e-commerce, many retail shops like for example Matahari store has to close down some of their stores. This is because the consumers no longer wanted to come directly to the physical store as they preferred shopping through online shop. This is off course due to the advantages that have been mentioned previously.

In Indonesia, some of the well-known e-commerce includes Lazada, Tokopedia, Bukalapak, Shopee and many more. Mostly in all e-commerce, they offered the same method to easier the life of their consumers including offering similar products and also services. Even though the e-commerce offers similar products and services but the image of every e-commerce varies from one to another. This can be proven from katadata.co.id (Figure 1.2), on which the most search e-commerce in Indonesia in 2017 is Lazada. Then the next one is Tokopedia (in the second place). Followed by Bukalapak (in the third place) and Shopee (in the fourth place).

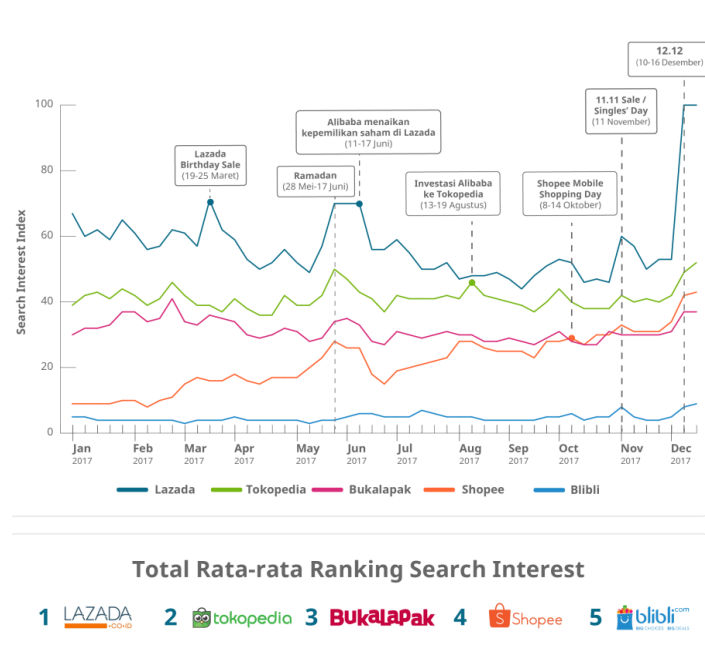


Figure 1.2
The Most Searched E-Commerce in Indonesia in 2017
 Source: <https://inet.detik.com>

Based on that diagram we know that there are five favorites e-commerce which are usually used by the consumers, it means it will hard for new e-commerce to survive and sell their services into the market because of its brand image isn't good as the top five favorites e-commerce. The increasing numbers of new e-commerce that come to the market, it also increase the level competition, even sometimes the e-commerce which derive from one agency should be compete one to each other for example like Blanja and Qoo10. Blanja is an e-commerce made by cooperation between Ebay and Telkomsel while Qoo10 is an e-commerce made by cooperation between ebay and Gmarket (marketplace from South Korea). The advantage by do shopping through Blanja application is the buyers can buy import products from ebay by using local online shopping application; it must be easier because the price of the international products will be in Indonesia rupiah. So the consumers can feels like they are shopping on international online shop but in local ways. Because the high level of competition between e-commerce, so it drives each e-commerce to release their own applications that can be downloaded through the smartphone of the consumers to make their shopping easier. By publishing this innovation, the consumers only need to take their smartphone, connect to the internet, download the application in the application store (like Google play and App store), register in the application, and they can start their shopping via application. Some of the well-known applications in Indonesia include Lazada, Tokopedia, Bukalapak, Shopee, and many more. The amount of the consumers that downloaded and visited the e-commerce itself varies. This is the reason why, every e-commerce tried to improve their application and develop several promotions that can attract and retained their consumers to keep on using their application for the purpose of shopping. The retained consumers will also increase the opportunity for the e-commerce to get new consumers to use their application for the purpose of shopping.

There are several indicators that can measure whether an e-commerce is loved by their consumers or not. One of the indicators is the number of visitors. In Indonesia itself, the most visited e-commerce is Lazada with amount of visitors

reaching 60 million. The next visited e-commerce is Tokopedia with the amount of around 52 million visitors. Then, the next one is Elevenia, followed by Bukalapak, BliBli, JD ID, and Shopee.



Figure 1.3
The Most Visited E-Commerce in
Indonesia in 2017

Source: <https://katadata.co.id>

From the two sources above (figure 1.2 and 1.3), it shows that the new e-commerce like Blanja still can't survive in the market even to include into top 10 e-commerce with the most visitors even though it came from the cooperation between two big company from America and Indonesia. Due on this situation, Blanja should have a lot of consumers because people already know and trust Ebay as a big e-commerce from America, but in reality it is not. So from this situation, the application developer of Blanja should know about what factors that can affect their consumers' continuance intention in using Blanja application.

Besides of that, according the data from apps store, Blanja application have a bad rating and review from their consumers. Even though Blanja application is a e-commerce that formed from cooperation between two big and famous companies which are Ebay and Telkomsel, but it can't guarantee that the branch company of this two big and famous companies can be accepted by their consumers. So, to keep the brand image of Ebay and Telkomsel itself, Blanja application should do some fix to their application and services to make their

consumers can feel comfortable while using Blanja application, by find out what variables that can affect the Intention to Continued Usage in using Blanja application.

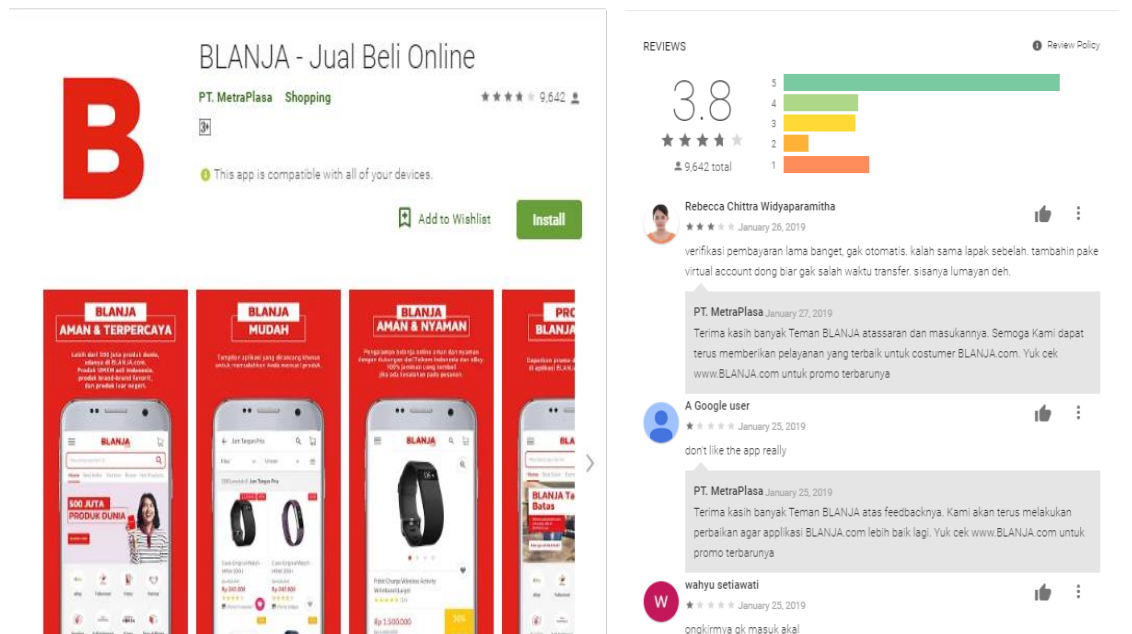


Figure 1.4
Rating and Review of Blanja application on apps sore
Source:

<https://play.google.com/store/apps/details?id=com.blanja.apps.android&hl=en>

Intention to Continued Usage is the willingness of the consumers in performing certain behaviors in owning, using and throwing goods or services. In other words, continuance intention can be defined as the interest of the consumers to do something that had become their decision in behaving. So, if the consumers loved an application so they are willing to keep on using that certain application but if the consumers dislike an application so they are unwilling to keep on using that application. This is why, it is very important for the Blanja application developer to know about the consumers' continuance intention.

There are several factors that influence the consumers' continuance intention. The first factor is effort expectancy, which can be defined by Venkatesh

et al., (2012, p. 159) as how easy and convenient someone is when using a system. This is important to identify the intention of the consumers to keep on using the application. The reason why I use this variable is because every people want to do their activity easier, like using online shopping application that can make their shopping activity easier. Then, the second factor is performance expectancy, which can be defined by Pikkarainen *et al.*, (2004) as the condition on which consumers expect that by using a certain application, it is easier for them to do or to complete certain task. This is in line with the purpose of the invention of applications on which it makes the people's life easier. The reason why I use this variable is because the consumers want to feel comfortable while using online shopping application which is easy to use and this can make them will want to use online shopping application continuously. Actually effort expectancy is strongly connected to performance expectancy, because by using online shopping application the consumers want their shopping activity to be easier that make them feel comfortable while do shopping via online, because they do not need to go to physical store anymore and the system of online shopping application also easy to use.

This research is based on two previous researches. The first previous research was done by Hamid *et al.*, (2015) which was located in Malaysia. This research is to find out about the relation between the variables of perceived usefulness and perceived ease of use towards E-Government continuance intention. This research found that performance and effort expectancy have positive effect on mobile application continuance intention. Beside of that the effort expectancy also has positive effect on performance expectancy. The next variable is price value which has a negative effect on mobile application continuance intention. Then facilitating conditions, habit, social influence, and hedonic motivation have positive effect toward mobile application continuance intention on which habit has been confirmed as the most significant driver and hedonic motivation as the second most significant variable that affect mobile application continuance intention. Lastly this journal found that the moderating

effects of gender and education level are unable to moderate the relationships among the constructs.

The second previous research was done by Bouznif (2017) which was located in Saudi Arabia. This research tries to applying UTAUT model in continuance intention toward Blackboard Usage through performance expectancy, effort expectancy, superior influences, towards satisfaction and intention to continued usage. The results from this research all of those variables have positive effect on app use and behavioral intention which confirmed habit as the strongest and social influence as a significant predictor of intention to use mobile application for shopping.

This research only focuses to explain only two of variables, which are performance expectancy and effort expectancy because those variables are the major variables that influence the consumers' continuance intention is based on the theory of the Extended Unified Theory of Acceptance and Use of Technology Model (UTAUT 2). This theory will also be used as the base of this research. So based on this theory and the background that has been shown above, this research will be titled as: The influence of Effort Expectancy, and Performance Expectancy towards Continuance Intention in using Blanja application.

1.2. Research Problems

Based on the background shown above, the following research problems can be purposed:

1. Does *Effort Expectancy* affect the *Continuance Intention* in using Blanja application in Surabaya?
2. Does *Effort Expectancy* affect the *Performance Expectancy* in using Blanja application in Surabaya?
3. Does *Performance Expectancy* affect the *Continuance Intention* using Blanja application in Surabaya?
4. Does *Effort Expectancy* affect the *Continuance Intention* through *Performance Expectancy* in using Blanja application in Surabaya?

1.3 Research Objectives

Based on the research questions, the following objectives could be to know and analyze the effect of:

1. *Effort Expectancy* towards the *Continuance intention* in using Blanja application in Surabaya.
2. *Effort Expectancy* towards the *Performance Expectancy* in using Blanja application in Surabaya.
3. *Performance Expectancy* towards the *Continuance Intention* in using Blanja application in Surabaya.
4. *Effort Expectancy* towards the *Continuance Intention* through *Performance Expectancy* in using Blanja application in Surabaya.

1.4 Benefits of the Research

This research is expected to provide significant benefits within theoretical and practical significance.

1. Academic Benefits

The result of this research can be used as a reference for those people who do similar research study or continual study related to Performance Expectancy, Effort Expectancy, and Continuance intention.

2. Practical Benefits

The result of this research can help Blanja Company to have a deeper understanding about the importance of Effort Expectancy, Performance Expectancy, and Continuance intention. Besides that, Blanja Company can also be informed about the relationships between these variables and this can be an input for Blanja to improve their consumers' Continuance intention.

1.5. Writing System

The arrangement of this research result is consisting of 5 chapters that are explained as follows:

Chapter 1. Introduction

Explain about background, research problem, research objectives, benefit of the research, and writing system.

Chapter 2. Literature Review

Explain about previous research, theoretical basis, relationship among variables, research framework, and hypothesis.

Chapter 3. Research Method

Explain about research design, variable identification, definition of variable operational, data measurement, type and source of data, tool and data collection method, populations, sample, and sampling technique, and data analysis technique.

Chapter 4. Results and Discussions

Explain about data description, data testing, structural equation, hypothesis testing, and discussion.

Chapter 5. Conclusions and Suggestions

Explain about the conclusion from previous chapter analysis and suggestion for the next research