

CHAPTER 1

INTRODUCTION

1.1 Background

Technology in this era of globalization is developing very rapidly, resulting in the formation of new behaviors in the world community. Current technological developments also affect the development of online business. Sophisticated technology supports the formation of marketing where the way of buying and selling transactions is online transactions or it can also be called E-commerce. E-commerce in Indonesia has great potential to grow in the future. From Ernst & Young's analysis data, it can be seen that the growth in the value of online business sales in the country increases by 40 percent every year, there are around 93.4 million internet users and 71 million smartphone device users in Indonesia (Kominfo, 2015). At the end of 2014 alone, the business value of the Indonesian e-commerce industry reached USD 12 billion (Kominfo, 2015).

E-commerce in Indonesia is predicted to continue to grow considering the high consumptive behavior of the Indonesian people. Online buying and selling transactions can be done through applications or websites that can be downloaded via smartphones, one of the most well-known E-commerce applications is Tokopedia. According to databoks.id research (Jayani, 2021) Tokopedia is still the most visited e-commerce in the third quarter of 2021. IPrice reports this is seen from the number of monthly web visitors which reached 158.1 million visits, up 7% from the previous quarter when as many as 147.8 million visits beat other E-commerce such as Shopee, Bukalapak, Lazada, and others. From the results of the research that has been done, it can be seen that the public has higher interest and trust in Tokopedia than other E-commerce applications.

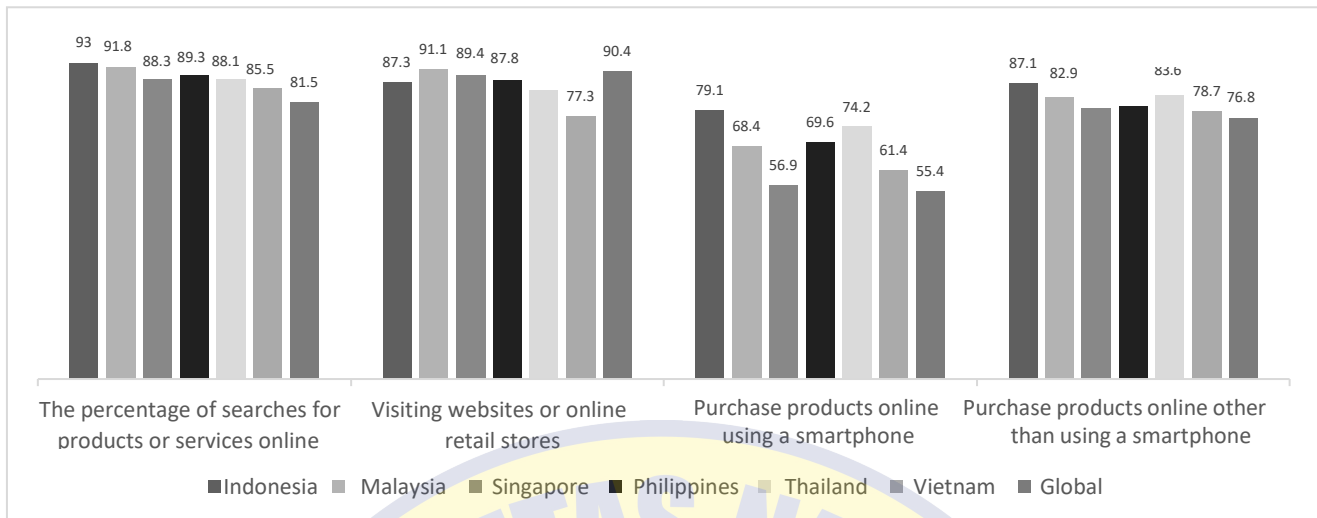


Figure 1.1 Adoption of the Digital Economy of E-Commerce in Southeast Asia (%).

Source: DataReportal,2021

The data in the Figure can show the behavior of the Indonesian people in adopting e-commerce digital economic technology in Indonesia. Indonesian people are starting to become familiar with searching for products or services online to make their choices and purchasing products online using smartphones or other devices such as tablets or via PCs and the like. Even though online purchases by Indonesian people are high, visits to sites or online retail stores are still below the global average, namely from 87.3% of the global average of 90.4% (DataReportal, 2021). This can happen because Indonesian people are more comfortable with searching/purchasing products through social commerce. E-commerce maximizes efficiency with sophisticated search, purchase, virtual catalog strategies (Carroll, 2008). Meanwhile, social commerce is oriented towards social goals, such as networking, collaborating, and sharing information, with a secondary focus on shopping (Wang & Zhang, 2012).

Research from (eMarketer, 2021) in Figure 2 projects that e-commerce sales in Indonesia are the largest in Southeast Asia. Total e-commerce retail sales in six Southeast Asian countries (Indonesia, Thailand, Malaysia, Vietnam, Singapore, the Philippines) are estimated to reach US\$ 45.07 billion in 2021. Of this amount, as much as US\$ 20.21 billion comes from sales in Indonesia. Thailand occupies the second position with projected retail sales through e-commerce of US\$ 7.84 billion. After that, sales through e-commerce in

Malaysia, Vietnam, Singapore each amounted to US\$ 7.4; US\$ 4.38; US\$ 3.47 billion. The projected retail sales through e-commerce in the Philippines is US\$ 1.76 billion, and the Philippines is estimated to have the highest growth in retail sales through e-commerce in Southeast Asia this year, which is 20%. In comparison, e-commerce retail sales in Indonesia and Malaysia grew by 15% (eMarketer, 2021) With the combined large population of the six countries, the potential for growth in the retail e-commerce business is still wide open.

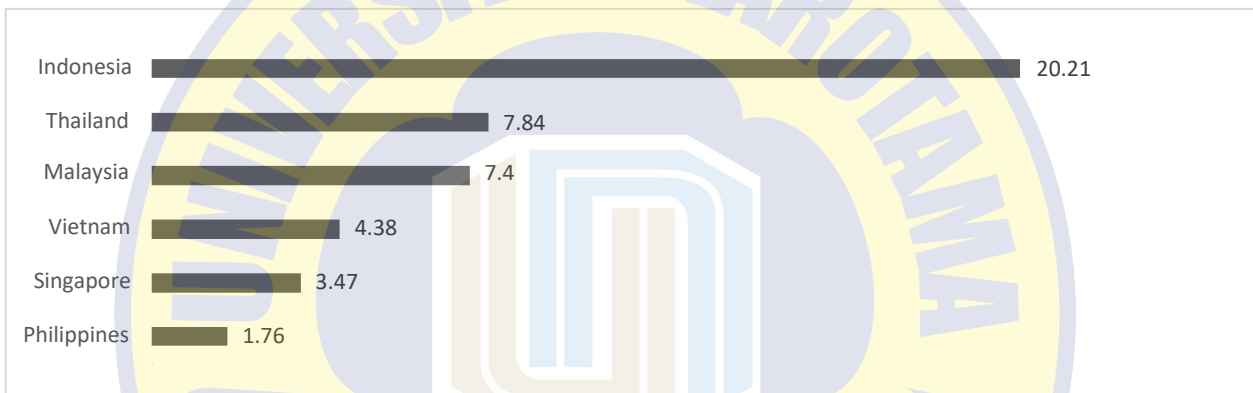


Figure 1.2 Projected Retail E-Commerce Sales in Certain Countries in Southeast Asia in 2021 (US\$Billion).

Source: eMarketer, 2021

The 2019 coronavirus disease (Covid-19) has caused major economic shocks especially for small businesses (Bartik, Bertrand, & Cullen, 2020). It is the small business actors who bear the heaviest burden because they are at the lowest level. The people's purchasing power has decreased due to being expelled from the company and business closures have occurred, only a few weeks into the pandemic crisis which has made it difficult for business actors to survive let alone develop their business. In a pandemic situation, small, micro, and ultra-micro business groups are most vulnerable to being affected. The business sector that was hardest hit, especially in the food and beverage sector, was because people felt it was risky to buy ready-to-eat food and chose to cook for themselves in order to maintain health and save household expenses. The social distancing guidelines proposed by the respective governments and health departments to the public have resulted in the closure of schools and businesses

and left the public confused in the face of an unprecedented level of change (Komalasari, 2020).

In the midst of a pandemic, digitalization can restore the economy as well as make Indonesia equal with other countries in the independent sector in 2040. Even so, the pandemic also certainly has its own impact on startups, one of which is. During the pandemic, it had an impact on shifting consumer habit patterns, namely that digitization was happening in Indonesia so fast. This shift is in the form of sales and consumption of personal health care, and goods to support working and studying from home, so it can be said that there is also an impact on the improvement of the pandemic as well as positive sales results.

Tokopedia is an internet company that allows every individual and business owner in Indonesia to develop and manage their online business easily and for free, while making online shopping safer and more convenient. In 2007 Tokopedia was present in Indonesia but still with low funding and minimal E-Commerce principles. Then in 2009, Tokopedia officially arrived in Indonesia as an internet company that connects online sellers and buyers throughout Indonesia. Tokopedia managed to get funding every year until in October 2014, Tokopedia became the first company in Southeast Asia which received funding of US\$100 million from SoftBank and Sequioa Capital to be able to compete globally. Tokopedia's vision is to build a better Indonesia through the Internet (Tokopedia, 2011).

Since the beginning of the pandemic until now, Tokopedia has added nearly 3.8 million new sellers to their system, with a total of 11 million sellers spread across Indonesia. This made almost all regions in Indonesia experienced an increase in sales during the pandemic, but those that experienced a significant increase were the provinces of West Nusa Tenggara, Central Sulawesi, and South Sulawesi which were considered to have experienced the highest sales increases. Meanwhile, for products that have increased transactions on Tokopedia, such as health products, personal care, fashion, beauty, mothers and children, vehicle accessories, food and beverages, and electronic products.

Previous research consists of many fields such as (cars, mobile phones) and some of them also present research on two variables and studies the

relationship between them. As well as in Indonesia, thus this research will be discussed in the city of Surabaya for the customers of Tokopedia, where it will study the relationship between After-Sales services and Customers Ratings Reviews, and does this leads to gain Customer Satisfaction and result in Customers Purchase Intention.

1.2 Statement of the Problem

Because e-commerce shopping means that customers cannot see the goods directly, which leads to the receipt of some goods by customers that are not compatible with the pictures posted on in the online platform. This has an effect on customer dissatisfaction due to the difference in the product received. This leads the customer to a low rating and low reviews and the customer may send a complaint to the store on the online platform to request a return or refund. When a complaint is received, the seller's response with an online platform to the problem greatly affects the rating and review that the customer will provide. If the online platform gives a good response to customer complaints, customers will do high ratings and reviews and that enhances the Customer's satisfaction which leads to not hesitate to change their intention to buy on that platform.

1. Does after-sales services quality have a significant positive effect on customers satisfaction?
2. Does after-sales services quality have a significant positive effect on customers purchase Intention?
3. Does customers ratings and reviews have a significant positive effect on customers satisfaction?
4. Does customers ratings and reviews have a significant positive effect on customers purchase Intention?
5. Does customers satisfaction have a significant positive effect on customers purchase Intention?
6. Does after-Sales services quality have a significant positive effect on customers purchase intention through customers satisfaction?
7. Does customers ratings and reviews have a significant positive effect on customers purchase intention through customers satisfaction?

1.3 Research purposes

1. To test and analyze does after-sales services quality have a significant positive effect on customers satisfaction
2. To test and analyze does after-sales services quality have a significant positive effect on customers purchase Intention
3. To test and analyze does customers ratings and reviews have a significant positive effect on customers satisfaction
4. To test and analyze does customers ratings and reviews have a significant positive effect on customers purchase Intention
5. To test and analyze does customers satisfaction have a significant positive effect on customers purchase Intention
6. To test and analyze does after-sales services quality have a significant positive effect on customers purchase intention through customers satisfaction
7. To test and analyze does customers ratings and reviews have a significant positive effect on customers purchase intention through customers satisfaction.

1.4 Benefits of research

1. Theoretical Benefits

The results of this study are expected to contribute ideas to broaden the after-sales quality with the customers reviews and ratings to the customer satisfaction and customer purchase intention.

2. Practical Benefits

This research be useful as a basis for online companies to determine strategies to improve the quality of after-sales services which enhance the customer satisfaction and gain the customers purchase intention in the midst of intense industrial competition.

3. Benefits for Writers

To increase the author's knowledge in the field of marketing. In addition, it is hoped that the author can study the problems faced by the company and find solutions by applying the marketing theory that has been studied in lecture activities.

1.5 Research Limitation:

In this study the authors set research boundaries to clarify the scope of the research, the research limitations used in this study are as follows:

1. This research is carried out for a maximum of 6 months, from March to September 2022.
2. Respondents of this study were conducted on customers who had used Tokopedia in the city of Surabaya.
3. This study was conducted to examine and analyze the effect of after-sales services quality, customer ratings, and reviews towards customers satisfaction through customer purchase intention as intervening variable: case of Tokopedia e-commerce platform in Surabaya Indonesia.

