CHAPTER I

INTRODUCTION

A. Research Background

E-commerce, one of the most significant technological advancements in the last 20 years, has brought about revolutionary change in global business, with the main advantages being the opening up of new markets, an increase in customer base, streamlined supply chains, better customer service, higher profits, and lower costs (Gregory, 2019). A supporting company that is focused on attaining superior marketing efficiency is required to support the transition from traditional markets to e-markets. Information technology offers industrial sellers a variety of chances to build specific skills that can boost buyer communications, distribution, purchasing, and supply chain efficiencies. Business-to-business (B2B) transactions require them to frequently enter new markets and manage connections while geographically distanced from their target markets.

In addition, many industries' trade operations processes have been altered and/or aided by technology, and e-commerce has changed their faces. E-commerce platforms have emerged as part of the digital economy, not just in industrialized but also developing countries (Agus et al, 2020).

Enterprises strive to streamline all of their manufacturing and business operations, including their creative and inventive endeavors. To

maintain customer preferences in today's highly competitive markets, businesses must constantly implement innovative support for their current and emerging competitive advantages (Pererva, 2021). Under such circumstances, it is sufficiently justified to utilize new, inventive forms of organization for commercial and manufacturing activities, which surely includes outsourcing. There are many examples of outsourcing, it has clear benefits for industrial businesses, and current trends strongly suggest that this organizational style of activity may become commonplace in the near future. The logistic service is among the most significant outsourcing in this situation.

The use of logistics services can help businesses gain a competitive edge and retain consumers (Kilibarda 2020). The effectiveness of logistics services and keeping them in a long-term perspective are key factors in the successful implementation of the aforementioned objectives. The significance of Logistics Service Quality (LSQ) in recent years is increasing importance. Both customers and Logistics Service Providers require LSQ. Due to the significance that logistics services play in raising customer satisfaction, they are not only considered as a cost-saving opportunity but also as a way to obtain a competitive edge (Uvet, 2020). To gain a competitive advantage, it is more important than ever to comprehend customer needs and figure out how to satisfy them. Customers today expect not only improved product quality, but also higher levels of service

excellence, which are directly tied to the ideas of behavioral intents and customer happiness.

Liu et al. (2020) said, online shopping and the online shopping population are both quickly growing as e-commerce continues to develop. As example, the rise in online transactions in China's retail sector has transformed the way of shopping and value generation, eradicating the market's regional pattern. First, customers' access to product information has vastly improved, and the structure of information asymmetry between consumers and operators is slowly shifting. People are growing more excited about engaging, sharing, and collaborating on online collaborative media in the age of social connectivity (Li et al., 2019). Second, consumers' ability to rate their purchase experience and product usage online allows information to be transmitted more quickly and to a larger audience, boosting the importance of the word-of-mouth effect significantly (Yuan & Peluso, 2019). Third, as consumers' quality preferences, customized demand, and rational consumption tendencies become more well-known, attracting customers simply by lowering product costs becomes more challenging.

Understanding the value that consumers place on things and their loyalty to such products requires a better understanding of customer perceptions and demands, which is critical information for e-commerce platforms, businesses, and brands (Liu et al., 2020). E-commerce platform-generated online customer review data is a valuable resource for gaining

insight into target client groups. Online reviews contain useful information that represents users' true perceptions and influences future buyers' purchasing decisions. When a company wants to know what its consumers think about a product that it has created or sold, it can be tough to keep track of each and every comment (Nam & Lee, 2019). A prominent research subject is how to extract usable information from enormous semi-structured, or even unstructured, comments (Dreisbach et al, 2019). Big data and sentiment analysis technologies are being developed and applied to give convenient tools for the analysis and processing of huge amounts of data. As a result, information mining of online comments on e-commerce platforms using big data technology is a topic that has to be researched further.

In the logistics service quality literature, many previous studies did not link logistics service quality with two independent factors, namely capability and service quality originating from e-commerce. In Wijaya et al. (2020) their research describes the relationship between E-Service Quality, Logistics Service Quality, Customer Satisfaction, and Customer Loyalty. While in (Toufik and Qamari, 2021) their research describes the relationship between logistics service quality, information systems, and supply chain relationships. Then citing from (Fuller et al, 2022) there are many studies on whether investment in information technology (IT) generates corporate profits (Kohli et al, 2003; Sabherwal and Jeyarah, 2015). IT capability development, defined as the ability to deploy and deploy IT resources

according to business processes, is a recurring theme in this literature (Liu et al, 2020; Saldanha et al, 2020). Organizations that can align IT capabilities with other organizational competencies must be able to develop a different base of competitive advantage from a resource-based perspective. So, we try to re-analyze the relationship between logistics service quality and e-commerce by adding new variables and trying to assess it through customer perceived value.

The main objective of this paper is to study the effect of logistics service quality as a mediating role in e-commerce capability and quality as well as in view of customer perceived value.

B. Problem Formulation

The author attempts to identify the following issues based on the title that he has conveyed:

1. How does e-commerce capability affect the logistics service quality?

2. How does e-commerce service quality affect the logistics service quality?

3. How does logistics service quality play mediating factor between e-commerce capability and customer perceived value?

4. How does logistics service quality play mediating factor between e-commerce service quality and customer perceived value?

5. How does e-commerce capability affect the logistics service quality?

6. How does e-commerce service quality affect the logistics service quality?

7. How does logistics service quality affect the logistics service quality?

C. Research Objectives

This study tries to analyze the impact of logistic service quality as a mediation between e-commerce and customers' perceived value. Furthermore, by clearly separating which aspects are favorable and which are not, as well as the degree of detail from the most to the least influential. A variable that impact the customer's perceived value was undertaken based on the formulation of the problem with the goal of:

1. To analyze the impact of e-commerce capability on logistics service quality.

2. To analyze the impact of e-commerce service quality on logistics service quality.

3. To analyze the relationship between e-commerce capability and customer perceived value mediated by logistics service quality.

4. To analyze the relationship between e-commerce service quality and customer perceived value mediated by logistics service quality.

5. To analyze the impact of e-commerce capability on customer perceived value.

6. To analyze the impact of e-commerce service quality on customer perceived value.

7. To analyze the impact of logistics service quality on customer perceived value.

D. Research Benefits

The following are the advantages that this research could provide:

1. Theoretical Benefits

   a. This study is to provide future research with information on how logistics service quality affects customer perceived value.

   b. This study can be utilized as a starting point for further research into logistics service quality and e-commerce

2. Implications for Decision-Making

   a. This research can be used to inform decision-making, particularly in terms of logistics service quality and its relationship with e-commerce