

# CHAPTER I

## INTRODUCTION

### A. Background

Technological developments in Indonesia have increased every year. One of them is the development of the internet which is often used by humans in carrying out their daily activities. Based on data from the Central Statistics Agency (BPS) released in 2022, 62.10% of Indonesia's population will have access to the internet in 2021 (bps.go.id, 2022). This is confirmed by data from a survey by the Indonesian Internet Service Providers Association (APJII), as many as 210.03 million internet users in the 2021-2022 period (dataindonesia.id, 2022).

This increase in internet users proves that there is information openness and public acceptance of technological developments that are occurring in Indonesia. Society's response to technological developments is inseparable from the benefits of using the internet itself. The internet's contribution can be felt in various areas of everyday life, including in the business world. The large number of internet users certainly opens promising opportunities for businesses to reach even larger consumers through the *online shopping system*. Moreover, based on the Global Web Index quoted from databooks.katadata.co.id, it is noted that in 2019 Indonesia is the country with the highest number of e-commerce users in the world. This creates greater opportunities for businesspeople to run their businesses online.

Meanwhile, according to the finance ministry, until now purchases through *e-commerce* are the most popular systems. Many e-commerce users come from millennials. Millennials are attached to the generation born in 1981-1996 or are currently 27 years old. This is evidenced by data showing that users between the

ages of 26 – 35 years have the highest spending intensity when compared to other ages. At that age, they can contribute around 48% of total e-commerce transactions in 2021. Meanwhile, according to the Kredivo & Katadata Insight Center, the other 23% are from the ages of 18-25 years and 36-45 years. Then the rest are users who are above 45 years. This millennial generation is a generation where all activities are still carried out directly and as time goes by, this generation is also experiencing a transition to the digital era. There are transitional changes in daily activities affecting this generation's shopping behavior. Before purchasing goods, the millennial generation considers the reviews from those around them (Utamanyu, 2022). Looking at the behavior of millennial consumers in making purchasing decisions, the trust factor plays a crucial role in this context.

The role of *e-commerce* here is as a third party that bridges between the seller and the prospective buyer by receiving payments from the buyer and ensuring that the goods are received by the buyer and then the seller receives payment for the transaction. Given the high interest of consumers in Indonesia in making purchases through marketplaces, many e-commerce has emerged. The increasing number of e-commerce makes competition between marketplaces increase. Thus, every *e-commerce* tries to maintain its existence by increasing the quality it has. Several important components must be considered in maintaining the existence of e-commerce such as growing and increasing trust, providing ease of use, improving the quality of information, and improving product appearance even better.

The use of applications in *e-commerce* is also a special attraction due to their uniqueness and ease of use so that they become tools that consumers are interested in. Several online shopping applications in Indonesia include Tokopedia,

Shopee, Bukalapak, Lazada, Blibli, and many more. Until now, Shopee has succeeded in becoming the most popular e-commerce in Indonesia. Quoted from careers.shopee, Shopee is a subsidiary of Sea Group, launched in 2015 in 7 countries such as Singapore, Malaysia, Thailand, Taiwan, Indonesia, Vietnam, and the Philippines. According to Dinaskerja.com, Shopee began entering the market in Indonesia at the end of May 2015 and began operating at the end of June 2015. The existence of Shopee has been considered successful and has attracted a lot of interest from the Indonesian people in recent years. The use of mobile applications can also make it easier for users to carry out various online shopping activities so many people tend to use applications compared to other media. This is evidenced by the results of a survey from market research company Ipsos quoted from kompas.com, which shows that almost all users, or around 98% access e-commerce through applications compared to websites. Shopee is also the *e-commerce* with the highest number of transactions within three months reaching 41% and has the largest market share of transaction value of 40%. Shopee is known as an e-commerce that offers various products such as clothing, and beauty. But now Shopee comes with the latest breakthrough. Currently, Shopee is providing a new color with the emergence of Shopee Food where this feature is a competitor to Gojek and Grab which also offers *online food delivery*. Even though it is relatively new, Shopee Food has managed to rank second as *top of mind* with 28% and is considered the platform that offers the most promos. Seeing such rapid development, it can be said that Shopee Food has managed to beat Grabfood's position, which first offered *online food delivery*.



Even though Shopee Food has succeeded in becoming *online food delivery*, of course, it cannot be separated from consumer complaints that will threaten its existence. Complaints are related to systems that often provide unclear information, customer service that is not responsive, loading takes too long, there are many conditions for using promo vouchers and many more. These complaints can of course become a Shopee Food problem which will affect purchasing decisions. When consumers start to have doubts about Shopee Food's services, consumers will think again about making purchases at Shopee Food. In addition, loading the system that takes too long makes consumers feel difficult and have to wait a long time to make a purchase transaction. The quality of the information provided by Shopee Food still needs to be improved because there is still unclear information that is quite confusing for consumers. So far, the display of products presented by Shopee Food has been good enough in offering food products based on wishes and also the location of the nearest restaurant.

The problems faced by Shopee Food can still be fixed considering that the *online food delivery feature* is still new. Thus, it is necessary to improve quality related to convenience, trust, and better information quality and still maintain a good product appearance. The existence of continuous improvements can convince consumers to make purchases on the Shopee Food feature.

This study has four independent variables including trust, convenience, information quality, and product appearance. Trust can be interpreted as a strong belief in something that has the power to influence how a person behaves (Attar, 2020). Ease of use can be perceived when users can feel that using the system is easy and does not require much effort (Davis 1989, in Maia 2018). Information

quality is the level of accuracy of data submitted by the system to users and the availability of data that affects user services (Pungpho, 2017). Product display can be defined as the act of a seller displaying various products in various quantities to make it easier for customers to find the desired item (Setianingtyas, 2020). The dependent variable of this study is the purchase decision. Purchasing decision is the buyer's decision in determining which brand to buy. Consumers will buy the most preferred brand, but two factors will emerge between purchase intention and purchase decision. The first factor is the attitude of other people, and the second factor is an unexpected/ *situational factor* (Kotler, 2017).

Several studies have been conducted before in terms of solving problems related to trust, convenience, information quality, and product appearance. Such research conducted by Subagyo (2019), shows that there is a significant influence between the variables of trust, convenience, and quality of information simultaneously on purchasing decisions. Partially (t-test) trust has a positive effect on purchasing decisions, while the convenience variable does not have a positive effect on purchasing decisions and the quality of information has a negative effect on purchasing decisions. Research conducted by Lift (2018) shows that convenience, quality of information, and trust have a positive and significant effect on purchasing decisions partially or simultaneously. Trust has a greater influence than the ease and quality of information. Likewise, the results of Mulyadi's research (2018), trust, convenience, and quality of information simultaneously have a significant effect on purchasing decisions at the Lazada *online store*. The variable that has the dominant influence is the variable quality of information.

Seeing the problems and complaints felt by consumers and there are still deficiencies in previous research, the author wants to analyze further regarding trust, convenience, quality of information, and product appearance on purchasing decisions. Based on this research background, the authors want to conduct more in-depth research with the title "Trust, Convenience, Information Quality, and Product Appearance on Purchase Decisions Through the Shopee Food Application".

The reason between the chosen of Universitas Muhammadiyah Yogyakarta is because According to Junida (2022), generation Z is one of the largest users of Online Food Delivery in Indonesia besides the Millennial Generation. Generation Z refers to the generation born in the decade after the emergence of the World Wide Web, namely between 2000 and now or it can be said that Generation Z is currently in their 20s or so. The age of around 20 years is the age for them to enter college. Therefore, the researcher chose Muhammadiyah University as the subject of this study was because Muhammadiyah University had many students, namely 25,754 students (ayokuliah.id). The researcher felt that this number was more than sufficient to find respondents. In addition, another reason is because the location is close to where the researcher is so that it will make it easier for researchers to collect data.

## **B. Problem Formulation**

Online shopping has become a trend and even most Indonesians are used to it. Online shopping has many advantages and provides many conveniences such as saving time and costs. In addition, there are several factors that consumers consider when shopping online, such as trust, convenience, quality of information, and product appearance. When an e-commerce platform does not provide trust,

convenience, and good quality information, consumers hesitate to shop on the e-commerce platform. Likewise, an unattractive product display can cause consumers to cancel their desire to shop online. That way, it is likely that consumers will switch to other e-commerce platforms that offer similar products with better advantages.

Based on the description above, the main problems that will be discussed can be formulated as follows:

1. How the trust have a positive effect on purchasing decisions through the Shopee Food application?
2. How convenience have a positive effect on purchasing decisions through the Shopee Food application?
3. How the quality of information have a positive effect on purchasing decisions through the Shopee Food application?
4. How the trust have a positive effect on purchasing decisions through the Shopee Food application?

### **C. Research Objectives**

The aims of this research are as follows:

1. To analyze the effect of trust on purchasing decisions through the Shopee Food application
2. To analyze the effect of convenience on purchasing decisions through the Shopee Food application
3. To analyze the influence of information quality on purchasing decisions through the Shopee Food application



4. To analyze the effect of product display on purchasing decisions through the Shopee Food application

#### **D. Research Benefits**

1. Theoretical Benefits:

This research is expected to be able to develop knowledge for academics, contribute knowledge, examine the effect of trust, convenience, quality of information, and product appearance on purchasing decisions through the Shopee Food application, and obtain additional literature.

2. Practical Benefits:

- a. For companies, this research is expected to provide benefits and references in assessing the influence of trust, convenience, information quality, and product appearance on purchasing decisions.

- b. For future researchers, this research is expected to develop academics, contribute knowledge, assess the impact of trust, convenience, information quality, and product display on purchasing decisions through the Shopee Food application, and obtain additional literature at the Faculty of Economics and Business, Muhammadiyah University of Yogyakarta.

- c. For researchers, this research provides knowledge related to trust, convenience, information quality, and product appearance. Thus, increasing analytical skills related to the research conducted.

