

CHAPTER I INTRODUCTION

A. Research Background

The Internet has become part of the lifestyle of most people in the world. This is evidenced by the significant rise in Internet usage over the previous two decades. The internet usage that become part of the lifestyle of most people in the world has altered the way businesses operate since consumers now have more options to obtain information about a company's products and services (Arilaha et al., 2021). In impact, dozens of Internet-only enterprises have emerged across a wide range of industries, while traditional businesses have embraced the Internet (Yang et al., 2004).

The process of buying and selling goods over the Internet or the process of buying and selling, exchanging products, services and information via information networks, including the Internet, is a concept of electronic commerce (e-commerce) (Widagdo, 2016). Several e-commerce platform in Indonesia that are emerged are Lazada, Tokopedia, Shopee, Bukalapak and Blibli.com (Putri & Pujani, 2019). According to CNNIndonesia (2022) Tokopedia became the most popular online shopping (e-commerce) store in Indonesia during the first quarter of 2022 with the total local e-commerce visitors reached 157 million people in January-March 2022. Meanwhile, Shopee, e-commerce, is the second most visited in Indonesia, followed by Lazada, Bukalapak and Orami. Despite being ranked second in Indonesia, Shopee is ranked first as the most visited e-commerce in Southeast Asia. In the past year, Shopee has expanded its line of business and

provides food delivery services (Shopee Food) in Indonesia, Malaysia and Thailand. Furthermore, between social media and e-commerce, it is noted that Tokopedia is the e-commerce platform with the highest Facebook and Twitter engagements, which is 145 thousand engagements. This achievement was followed by Bukalapak at 117 thousand, Shopee at 96 thousand, and Lazada at 12 thousand. Thus as the second most popular e-commerce platform based on the frequent visit in Indonesia and first in Southeast Asia, Shopee become the research object in this study.

One of the frequent user of e-commerce platform is university students. University students are a period of entering adulthood which is generally in the age range of 18-25 years, during this period, students have responsibilities for their developmental period, including having responsibilities for their lives to enter adulthood (Hulukati & Djibran, 2018). At the age of entering adulthood, they already have their own bank account and identity card so they have freedom in controlling money and life choices. According to Humaira and Murlisa (2022) various kinds of products that are often purchased by university students is inseparable from fashion such as shoes, clothes, pants, HP cases and others. University students tend to purchase online anytime and anywhere, and can even buy things that are not available in their nearest store. This is also supported by their circumstances, because in matter of cost, value, money and other miscellaneous items seem never hindering university students to do so (Shaari et al., 2020). Therefore, this study focused more on university students perception.

Along with the growing impact of the Internet on e-commerce, social

networking sites were emerged (Yang et al., 2014). The growth of the digital population driven by increased internet penetration and the affordability of smartphones, among others, has driven an increase in social media use in Indonesia. As of February 2022, Indonesia had around 191.4 million active social media users, ranking third after China and India in Asia Pacific (Wolff, 2023). This means that the number of people using social networks to share information is increasing. Information sharing includes the collection and sharing of information (Yang et al., 2014). This sharing of information takes place not only between social media users but also between brands/companies and customers. Brands/businesses can interact with customers by sharing valuable information to drive customers to share posts and expand the reach their information can reach. This can then lead to lower advertising or branding costs (Yang et al., 2014).

Online shopping is one of the industries with endless possibilities due to the Internet (e-commerce). This potential includes high service quality, which is one of the most important factors of business success (Arilaha et al., 2021). Service quality has been shown to drive customer loyalty and retention, which is important for all retailers, including online retailers (Collier & Bienstock, 2006).

The quality of service received by the consumer can be known by comparing the perceived service expectations with the service actually perceived. Service quality is considered good if the perceived service exceeds the consumer's expectations, conversely, if the perceived service is less than the consumer's expectation, the service quality is poor. (Harahap and Amanah, 2018). This means that it is important for e-commerce to meet customer expectations so that it can meet the criteria for good

service quality. However, in terms of meeting customer expectations, it doesn't always go smoothly without obstacles or complaints. According to Sandi (2022), as many as 95.3 percent or 8,949 consumers made complaints in the electronic commerce/e-commerce (e-commerce) sector. The number of complaints in this sector is in line with the increasingly intensive consumer electronic transactions during the Covid-19 pandemic. Complaints in the commercial sector include the food and beverage sector, transportation services, refunds, purchases of goods that do not comply with the agreement or are damaged, goods not received by consumers, unilateral cancellations from business party, arrival times of goods not as promised, fraud online shopping, as well as use of social media applications that don't work. In Shopee e-commerce itself, there are two complaints that are often faced. The complaint is related to inappropriate delivery schedules after shopping online and the goods they purchased did not match those displayed on the online shop (Tarigan, 2017). In handling complaints, Shopee is quick to respond in handling them appropriately. Shopee handled it well and resolved it using applicable procedures. This is depicted in a news article by Andreas (2022) and Firmansyachk (2023) that the complaint has been received and is in the process of being resolved and has been handled properly. Resolving this complaints properly can give customers a good impression of the service provided by Shopee and restore customer expectations.

Previous research on service quality on the Internet has mainly focused on the interaction between consumers and websites. These studies on Internet or e-service quality provide an appropriate framework for assessing interaction with a Web site, but they do not consider the big picture, namely service quality. Electronic service is not just about how a customer interacts with a website. The quality of e-services is

related to consumers' opinions of service outcomes as well as perceptions of recovery in the event of a problem (Collier & Bienstock, 2006). As a result of this study, scholars have begun to study the concepts of e-retail services and their quality.

Previous study discovered that there is a positive association between E-service Quality, Customer Perceived Values, and Loyalty Intentions. Following correlation and regression analyses, it was discovered that there are meaningful correlations between the four sub dimensions of E-service Quality and Customer Perceived Value (Zehir et al., 2014). Improvements in website architecture and internet speed are key factors to these findings at this stage. Although there are positive association are found from those variables in the previous study, further research into E-service Quality, specialized online stores may be compared, such as websites from other nations, particularly distinct cultures, in a cross-cultural research. Furthermore, additional factors may be added in the study, allowing different consumer groups to be examined (Zehir et al., 2014).

The purpose of this study is to explore significant relationship of E-Services Quality, Customer Perceived Value, and the Social Media Sharing Intention based on modification from previous study research model by Zehir et al. (2014) with different variable included from Yang et al., (2014) research and more specific perspective. This study identified by conducting quantitative research , a research model and hypotheses for this study is based on previous study with different variable included. This study investigated the reasons of variations in Customer Perceived Value from university students while taking into account the impacts of E-Services Quality and Sites Intention. The findings of this study will aid future research, and the practical

implications will aid in the resolution of real-world business difficulties. There are limitation in this research, this research only conducted mentioned factors and variable and the subject focused only on partial university student in Indonesia. Therefore, future research might add factor or variable and broaden or specify the study subject and object to broaden the findings.

B. Research Question

1. Does e-service quality have a significant relationship with customer perceived value?
2. Does e-service quality have a significant relationship with social media sharing intention?
3. Does customer perceived value have a significant relationship with social media sharing intention?
4. Does customer perceived value have a mediating effect on the relationship between the E- Service Quality and Social Media Sharing Intention?

C. Research Purpose

1. To examine the relationship between e-service quality and customer perceived value.
2. To examine the relationship between e-service quality and social media sharing intention.
3. To examine the relationship between customer perceived value and social media sharing intention.
4. To examine customer perceived value mediating effect on the relationship between the E- Service Quality and Social Media Sharing intention.

D. Research Benefit

1. Theoretical Benefits

This research is expected to be useful in the development of knowledge in the academic field and can be used as a reference source for further research related to e- service quality.

2. Practical Benefit

The results of this study are expected to be used as a basis for reference and positive input for companies. In order to give excellent e-service quality to compete with more competitive companies in giving positive perceived value from customer. In addition, it can also be used as material for consideration in determining future company policies and strategies.