

CHAPTER I

INTRODUCTION

A. Research Background

In today's dynamic and fiercely competitive e-commerce environment, the success of businesses hinges on their ability to effectively cater to the evolving needs and preferences of customers. E-commerce has emerged as a pivotal arena where brands and online platforms vie for the attention and loyalty of a tech-savvy customer base. Amid this landscape, the convergence of service quality, product quality, product price, customer perceived value and customer satisfaction stands as a driving force behind the growth and sustainability of businesses (Indra, 2017).

Shopee as one of Indonesia's foremost online marketplaces, has demonstrated its prowess in capitalizing on the digital revolution. This platform has garnered remarkable traction among consumers, capturing the attention of university students who have become ardent proponents of online shopping (Luthfiyyah Khoirunissa, 2021). The success of Shopee, like other e-commerce giants, is not solely attributed to its user-friendly interface or vast product selection. It is the seamless integration of service quality and product quality that underpins its appeal.

Shopee's commitment to delivering a seamless online shopping experience, encompassing quick and reliable delivery, responsive customer support, and hassle-free returns, aligns with the moder consumer's demand

for convenience and efficiency. The intersection of service quality, product quality and product price provided by Shopee has become a crucial area of study due to its potential to influence customer satisfaction (Zikri, (2022).

Shopee is a prominent e-commerce platform that operates across several Southeast Asian countries, offering a wide range of products and services to online consumers. Shopee quickly gained popularity due to its user-friendly interface, diverse product offerings, and innovative marketing strategies (Boxme, (2020). It operates as a mobile-first platform, catering to the growing trend of mobile shopping in the region. Shopee success can be attributed to its unique features such as "Shopee Mall" that hosts official brand stores, "Shopee Guarantee" for secure transactions, and its integrated payment and logistics services (Vo Duc, 2021). The platform also incorporates social elements, allowing users to interact, review products, and participate in various community-based activities. These features contribute to an engaging and interactive shopping experience, fostering a sense of trust and community among its users (Philip, 2020).

In the context of e-commerce, product quality refers to the overall characteristics, attributes, and features of a product that determine its ability to meet or exceed customers' expectations and needs (Mazinani & Rude, (2020). In the context of e-commerce and online shopping platforms, product quality is often communicated through product descriptions, images, reviews, and ratings. Effective communication of product quality is

essential because customers cannot physically inspect the product before purchase. Positive product quality experiences contribute to customer satisfaction, loyalty, positive word-of-mouth recommendations, and overall business success thereby increasing the positive effect on customer perceived value and get the satisfied (Maryati & Khoiri,2022).

Beside, product price in (Albari & Safitri,2018) prices affect the image and brand positioning strategy hence, price is an important element. Consumers tend to associate price with product level, that is, a perceived high price reflects high quality and vice versa. Furthermore, (Buehler and Halbher,2017) stated that price is one of the factors that heighten brand image. Hence, both brand image and price are strong factors that determine purchase decisions.

Many e-commerce sites are currently competing to be able to provide quality e-services to make it easier for consumers not to come to the store directly, thereby attracting consumers' attention so they want to shop on online shopping sites, one of which is Shopee. Shopee also provides convenience in buying and selling, especially for people with an online shopping site that attracts consumers to shop more at Shopee without buying directly to the store (Mazinani & Rude, (2020). E -commerce such as Shopee makes it easier for people to find the product they want, shop, sell, and transact just by using his cell phone. Factors that can make customers satisfied in online shopping are starting from product quality that meets

expectations, The e-service quality makes customers feel comfortable shopping and also the prices given are in accordance with product quality (Rohwiyati & Praptiestrini,2019).

Shopee customer complaints sometimes indicate that the quality of electronic services or e-service quality provided by Shopee still needs to be improved. This is has an impact on the company's sustainability if e-Service quality has not been improved, therefore e-service quality is very necessary to create customer buying interest (Josua et al., 2017). However, in reality, in the midst of online business competition, many people as consumers feel that the quality of the products they buy is sometimes not in line with their expectations, the quality of e-service is still not good and it takes a long time to respond to complaints, and the price does not match the product they get so it is effective. can increase the perceived value of customers because they feel that the product meets their needs and expectations well, and it is hoped that e-service quality in business can be improved (Veryani & Andarini, 2022).

Customer perceived value is an important concept in understanding customer behavior and loyalty in the context of e-commerce platforms such as Shopee. Customer perceived value (CPV) refers to the value customers place on a product or based on their evaluation of its benefits and tradeoffs. In the Shopee context, CPV is influenced by various factors such as perceived benefits, perceived product quality, product price, quality of

service provided, perceived security and privacy, and perceived trust. These factors make it safe for students to shop online on Shopee so that people contribute to the customer's perceived value of Shopee as a whole (Zietsman et al., 2019). The study by (Kee et al., 2023) found that most customers are satisfied with Shopee from the aspects of perceived benefits, perceived benefits, and perceived trust. Many people now shop online. This shows that Shopee's focus is on providing useful products and services, as well as maintaining customer trust is a key factor in customer satisfaction and loyalty so that it adds value to customers' perceptions of continuing to shop at Shopee.

The relationship between product quality, electronic service quality, product price, and customer perceived value on customer satisfaction is an important aspect in understanding customer behavior in e-commerce. The relationship between product quality, electronic service quality, product price and customer perceived value on customer satisfaction is complex and interdependent. Setting appropriate prices and providing quality products, high quality service is very important in building trust so that it becomes added value to customer perceived value and increases customer satisfaction (Rahayu et al., 2023).

Previous research results from Pandesia and Sumarauw (2017), Wijaya (2017), Novrianda (2018) show that product quality has a positive and significant effect on customer satisfaction. Different research results

from Irawati and Welsa (2017)., Bansaleng and Tampenawas (2021) show that Product quality does not have a positive and significant effect on customer satisfaction. furthermore, the effect of customer value towards customer satisfaction can be explained that the most positive perceptions of the product value will make a positive impact on the acquisition of satisfaction. The influence of the customer perceived value on customer satisfaction was adopted from the research of Hidayat (2009)., Tu, et al., (2013)., Sugiarti, et al (2013)., and Mardikawati and Farida (2013).

Based on the problems explained, there are gaps or differences in research with the results of previous research. Therefore, this research will solve the gap problem. This research was modified by changing the model and adding new variables. This research used five variables. This modification was carried out to test the effect of the effect of product quality, e-service quality, product price, customer perceived value on customer satisfaction, the intervening variable is customer perceived value.

Based on the background described previously and based on opinions regarding existing phenomena, the author is interested in conducting a case research investigation with the title **“THE EFFECT OF PRODUCT QUALITY, E-SERVICE QUALITY, PRODUCT PRICE, CUSTOMER PERCEIVED VALUE ON CUSTOMER SATISFACTION (AN EMPIRICAL STUDY ON SHOPEE E-COMMERCE USERS).**

B. Research Question

Based on the background above, it can be formulated as follows:

1. Does product quality have a positive and significant effect on customer satisfaction?
2. Does e-service quality have a significant effect on customer satisfaction?
3. Does product price have a significant effect on customer satisfaction?
4. Does customer perceived value have a positive and significant effect on customer satisfaction?
5. Does product quality have a positive and significant effect on customer perceived value?
6. Does e-service quality have a positive and significant effect on customer perceived value?
7. Does product price have a positive and significant effect on customer perceived value?
8. Does customer perceived value mediate the effect of product quality on customer satisfaction?
9. Does customer perceived value mediate the effect of e-service quality on customer satisfaction?
10. Does customer perceived value mediate the effect of product price on customer satisfaction?

C. Research Purposes

Based on the research formulation above, the research objectives are as follows:

1. To analyze the effect of product quality on customer satisfaction
2. To analyze the effect of e-service quality on customer satisfaction
3. To analyze the effect of product price on customer satisfaction
4. To analyze the effect of customer perceived value on customer satisfaction
5. To analyze the effect of product quality on customer perceived value
6. To analyze the effect of e-service quality on customer perceived value
7. To analyze the effect of product price on customer perceived value
8. To analyze the effect of customer perceived value as a mediator between product quality on customer satisfaction
9. To analyze the effect of customer perceived value as a mediator between e-service quality on consumer satisfaction
10. To analyze the effect of customer perceived value as a mediator between product price on customer satisfaction

D. Research Benefits

Based on the research purposes above, the research benefits are as follows:

1) Theoretical Benefits

This research will contribute to the theoretical understanding of consumer behavior in the context of e-commerce, this research will expand existing theories and models that explain how these factors interact and influence purchasing decisions (Nguyen, 2021).

2) Practical Benefits

a. Benefits for E-Commerce Platforms

Online platforms, including Shopee, can benefit from the research findings by gaining a deeper understanding of the factors that drive consumer satisfaction. Businesses can use these insights to strategically allocate resources to improve service quality, refine product offerings, and design targeted marketing campaigns.

b. Benefits for Educational Institutions

Educational institutions offering programs in marketing, business, and e-commerce can integrate the research findings and ensure that students are exposed to real-world insights and industry trends that enrich their academic experience and prepare them for future roles in the field.