# CHAPTER I

1.1   Tokopedia Overview

Figure 1.1 Tokopedia Indonesia Logo

Tokopedia Indonesia was launched on 17 August 2009 by Leontinus Alpha Edison and William Tanuwijaya. Tokopedia is the largest online market place in Indonesia which is a combination of brand principals, retailers, and authorized distributors for products ranging from smartphones, clothing, and groceries, etc. Tokopedia has leveraged the platform to be 60% improved for application user retention, and 20% grown for their first conversion transaction (KAMATH, 2019) .Tokopedia started as consumer to consumer (C2C) marketplace but have evolved to business to business consumer (B2C) by on boarding brands to sell on its platform. Tokopedia also has slogan as used in advertising that Tokopedia as a market place is the most beautiful business model in the world which aim to reach achievement in the business marketplace by making individuals and their business successful.

Tokopedia has received $100 million funding injection from Softbank and Sequoia Capital in 2014 (TechinAsia, 2014). In purpose the injection was for supporting the company to strengthen its place as a leading player in Indonesia's

increasingly tight market with fellow Indonesia's e-commerce unicorn such as Bukalapak as well as Shopee, an ecommerce business from Singapore. Based on the interview with William Tanuwijaya at Tempo, he explained that from that received funding, all the entrepreneurs who use Tokopedia can register for free of charge through the website and free of service. Softbank is a large Japanese investment first and have a large stakes in companies such as China based e-company, Alibaba.com. Currently Tokopedia has 4 million merchant from all over Indonesia. Tokopedia has many kinds of features toward its website either for the merchant and customer (Tokopedia.com). The features of Tokopedia's electronic service which are shopping cart, payment service, policy, help center, promo, and product category. In addition to provide ease of transaction, Tokopedia also provides various promos and discounts to make buyers interesting with the product and services.
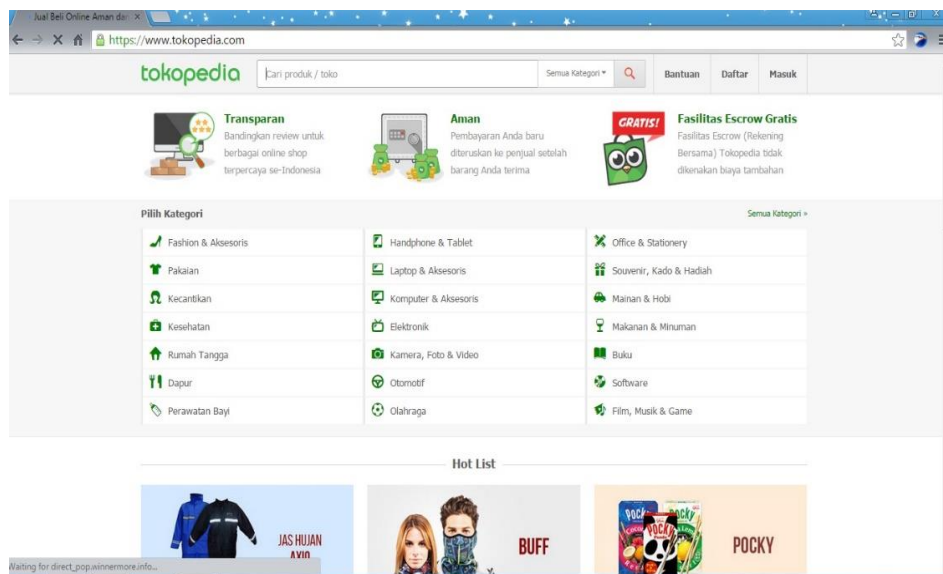

Figure 1.2 Front Page Tokopedia Indonesia Website

Source : Tokopedia Indonesia (2019)

Currently Tokopedia has been transformed into a unicorn, that is affecting Indonesia and southeast asia. Unicorn is a term for startup with a value of over $1 billion US dollars or equivalent to 14 trillion rupiah. Tokopedia has received award from IDC Digital Transformation Awards 2018 as the talent accelerator of the year for digital product development and payment with a highly efficient team.

1.2   Background

According survey result from internet penetration in Indonesia is 64,8% of the the total Indonesian population (Indonesia A. P., 2018). In 2018 internet users in Indonesia is 171.1 million Indonesian people are connected with internet. If it is compared to the year 2017 which is 143,26 million. The year of 2018 is higher than 2017 (Kominfo, 2018). Based on we are social that Indonesia is on 4th position after India for internet penetration.
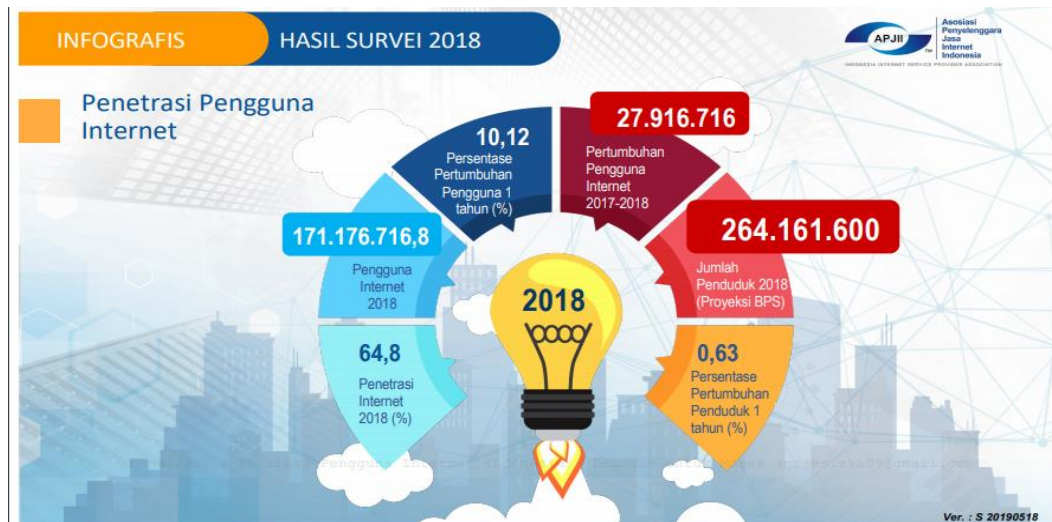

Figure 1.3 Indonesia Internet Users Penetration in 2018

Source : APJII Survey Result 2018, available on : http://apjii.or.id/survei

The accretion of internet users in Indonesia affects to the online shopping growth in Indonesia. The existence of internet itself and its technology impacts to

online business greatly which have changed the concept of traditional commerce into electronic commerce or e-commerce. This type of business allows people to enjoy various product and range. With the ecommerce trade involves digitally which interact electronically rather than by physical exchange or direct physical contact and become popular all over the world, hundred of websites and applications are being created and developed every year to meet this increasing demand of comfortable online shopping trends. Online shopping had been commonly used for convenient shopping. One of the advantage of online shopping is to provide the consumers with completed information and multiple choices, thus they can compare products and price online (Butler, 1998).

The growth of e-commerce in Indonesia is potentially for economic growth. According to census data from The Indonesian Central Statistics Agency or Badan Pusat Statistik Indonesia (BPS), Indonesian e-commerce has increased 17% in the last decades with 26,2 million technopreneurs. In 2018 the use of electronic commerce or e-commerce continues to increase, with reflected in the increase at small medium enterprise in Indonesia, therefore many e-commerce provide free charge of service and free register for the seller. Electronic commerce or e-commerce in many countries has the benefit to give many opportunities in an unprecedented way with technological advancement, that can be influencing on trade, investment , business transaction, and market penetration (Wresch, 2011). The population of internet users in Indonesia is more than 100 million users, as one of the booster e-commerce growth.
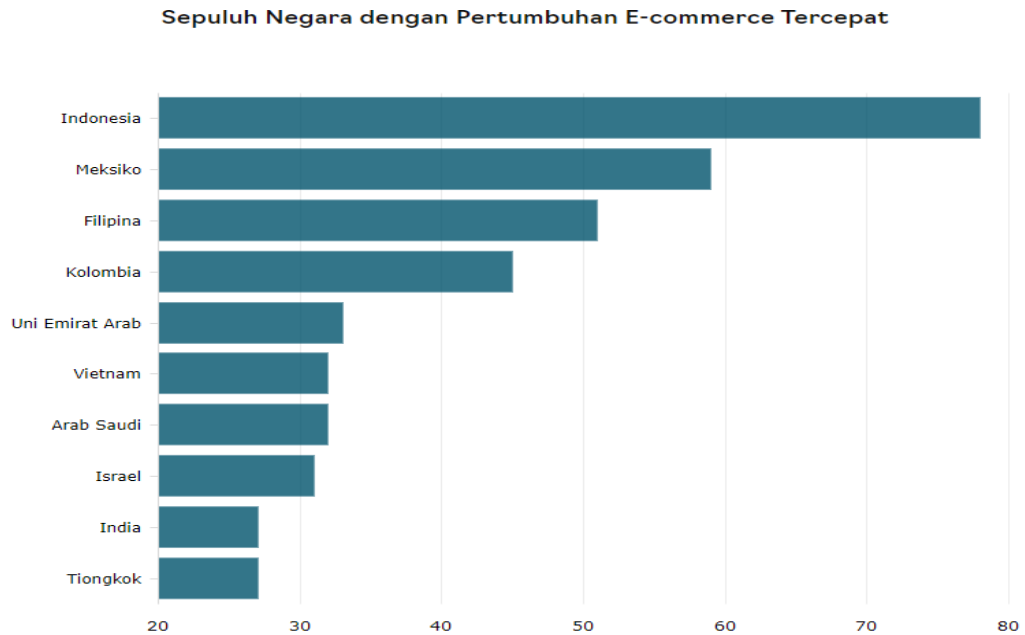
Figure 1.4 Ten Countries with The Fastest Growing E-commerce

Source : KataData (2018)

Based on Merchant Machine research institution has released the list of the fastest growing e-commerce countries in the world. From many countries in the world that Indonesia is the fastest growing e-commerce from top 10 countries on the list.

In Indonesia there are seven types of e-commerce which are business to consumer (B2C), business to business (B2B), consumer to consumer (C2C), consumer to business (C2B), business to administration (B2A), consumer to administration (C2A), and online to offline (O2O). In this research, the author choosed business to consumer (B2C) and consumer to consumer e-commerce (C2C). There are eight consumer to consumer e-commerce in Indonesia which are Tokopedia, Bukalapak, Shopee, Horee, Jualio, Jualo.com, Kudo, and Laku6. According katadata Tokopedia the consumer to consumer (C2C) platform is the main

5

business of Tokopedia with a transaction value of US $ 56 billion, while business to consumer (B2C) is only US $ 148 million. (Databoks, 2019)

Figure 1.5 Top 3 C2C E-commerce in Indonesia

Source : EcommerceIQ (2018)

But from these eight consumer to consumer (C2C) e-commerce in Indonesia, only three consumer to consumer (C2C) e-commerces have the most website visitors in Indonesia which are ; Tokopedia, Bukalapak, and Jualo (Figure 1.4). And Tokopedia is the most visited consumer to consumer (C2C) e-commerce in Indonesia.

According to kompasiana.com, since the establishment of Tokopedia in 2009, Tokopedia has been selling and buying through website (Kompasiana, 2009). As time goes by, Tokopedia website is widely used by many customers for transactions. With the highest amount of Tokopedia website visitors, Tokopedia has won three times from bubu awards as the best e-commerce website in Indonesia. After 5 years Tokopedia is well known by many people , Tokopedia was started to build a mobile application in 2014. However, Tokopedia websites is still used by many customers for transactions.

According to Tech in Asia news, William Tanuwijaya as the CEO of Tokopedia said that from 2014 until 2016 many Tokopedia website visitors from mobile devices has increased from 56% to 80% (Asia, 2016). Tokopedia website visitors is still widely used by many people because of Tokopedia marketing channel.

Based on Iprice Insight.com that there are top 5 e-commerce with the most website visitors in Indonesia which are Tokopedia, Lazada, Bukalapak, Shopee, and BliBli. E-commerce as the largest increase in Indonesia with the most website visitors from 2017 until 2019 (Insight, 2020).

No	E-commerce	2017	2018	2019	Q1 2020
1.	Tokopedia	306,254,000	550,420,000	343,567,000	69,800,000
2.	Lazada	337,659,000	262,195,000	158,042,000	24,400,000
3.	Bukalapak	199,332,000	390,659,000	287,158,000	37,633,300
4.	Shopee	65,009,000	171,912,000	294,637,000	71,533,300
5.	BliBli	154,624,000	149,384,000	119,308,000	17,600,000

Table 1.1 Website Visitors from Top 5 Indonesian E-commerce

Source : Iprice insights (2019)

On table 1.1 shows that in 2017 Tokopedia is on the second position for website visitors, and Lazada is the first position. In 2018 Tokopedia continues to increase as the first position until 2019. But in 2019 Tokopedia website visitors decrease from 550 million to 343 million. Based on Iprice Insight for 2020 there is only for Q1 2020 that is shown on table above that Tokopedia is on the second position after Shopee.

The decreasing of Tokopedia website visitors in 2019 based on data above means that Tokopedia website have problem with the website quality. The problems as stated on figure 1.6 such as user experience, payment process, product quality , and price of item. Additionally, from Tokopedia social media such as Facebook and

Twitter, the author found that many users who use Tokopedia website complaint about the user interface. Many of them said that Tokopedia's user interface is confusing with the website design which the user need to learn how to operate the website.

	blibli.com	BukaLaPak	JD.ID	LAZADA Effortless Shopping	Shopee	tokopedia
User experience on the website	10.6%	15.8%	13.8%	11.3%	12.7%	12.9%
Time taken to deliver item	27.7%	19.9%	30.8%	25.6%	22.4%	21.7%
Payment process	4.3%	4.8%	6.2%	2.7%	4.6%	3.8%
Product selection	14.9%	13.0%	12.3%	9.8%	12.7%	13.1%
Product quality	4.3%	10.3%	7.7%	14.7%	13.4%	11.3%
Return policy	8.5%	15.1%	10.8%	16.7%	17.6%	16.3%
Customer service	6.4%	14.4%	3.1%	9.3%	11.0%	12.6%
Price of item	23.4%	6.8%	15.4%	10.0%	5.6%	8.4%

Figure 1.6 E-commerce Electronic Service

Source : DailySocial.com (2019)

Based on data shown, it explains about the comparison of the top E-commerce website quality in Indonesia. Based on DailySocial.com the percentage of user experience on the website that Tokopedia is lower than JD.ID, and Bukalapak. Then the percentage of time taken to deliver item that Tokopedia is lower than Shopee, Lazada, JD.ID, and Blibli.com. After that the percentage of payment process that Tokopedia is lower than Shopee, JD.ID, Bukalapak, Blibli.com. Continue to the percentage of product selection on Tokopedia Website is lower than Blibli.com. For the percentage of product quality on Tokopedia website is lower than Shopee, and Lazada. Then the percentage of return policy on Tokopedia website is lower than Shopee, and Lazada. For the percentage of customer service on Tokopedia website is lower than Bukalapak. Lastly for the percentage of price of item is lower than Lazada, JD.ID, and Blibli.com (DailySocial, 2019).

The decreasing of website visitors in 2019 is also because of the payment method. The data provided by dailysocial figure 1.7, shows the most popular payment

method for the top e-commerce in Indonesia which are bank transfer, cash on delivery, credit card, instalments, and pay by the counter.

Figure 1.7 E-commerce Payment System

Source : Dailysocial (2019)

Payment method with bank transfer on Tokopedia website is lower than Bukalapak. Then the percentage of cash on delivery on Tokopedia website is lower than JD.ID, Lazada, and Blibli.com. After that the percentage of credit card payment on Tokopedia website is lower than JD.ID, and Blibli.com. For instalments on Tokopedia website is lower than Shopee, Lazada, Bakalapak, and Blibli. Lastly pay by the counter on Tokopedia website is lower than Shopee, and Bukalapak. Moreover according CNN Indonesia.com that there 91 million users account on sale which regarding hacking information, cyber security, privacy, and Hackread surveillance. It is also revealed by security observer Alfons Tanuwijaya on his Youtube account.

Due to the decreasing of website visitors in 2019 and the curious author related factors affecting the decreasing website visitors in terms of website quality. The author would like to conduct a research entitled "**ANALYZING FACTORS AFFECTING REPURCHASE INTENTION THROUGH WEBSITE QUALITY ON TOKOPEDIA.COM".** The author choose Tokopedia since the e-commerce growth in Indonesia and become the fastest growing C2C e-commerce in Indonesia. The author also curious about repurchase intention toward website quality.

1.3 Problem Statement

The accretion of internet users in Indonesia affects to the online shopping growth in Indonesia allows the concept of traditional commerce into electronic commerce or e-commerce. The growth of online business shopping transaction enables the online shopping trend is raising. According to EcommerceIQ report 2019 , the use of consumer to consumer (C2C) e-commerce continues to increase. Tokopedia is one of the best growth among other consumer to consumer (C2C) e-commerce, it becomes one of the largest online marketplace in Indonesia.

Since the successful of Tokopedia, there is still weakness on Tokopedia website, which affecting the number of website visitor. Along with data shown above that Tokopedia should be considered about system quality, service quality and information quality. However by identifying the existing phenomena and facts, it can be seen from the number of website visitors is decreasing in 2019 and second position in 2020, concluded that Tokopedia still on the top position. Therefore, It is necessary to analyse factors affecting repurchase intention through website quality in terms of service, system, and information.

1.4 Research Question

1. How big is the respondent's assessment toward system quality, service quality, and information quality?
2. How big are the utilitarian shopping value, hedonic shopping value and satisfaction of the customers?
3. How big is the intention of customer to repurchase?
4. How big is system quality, service quality, information quality and customer satisfaction affecting to intent to repurchase on Tokopedia.com?
5. How big is service quality, system quality, and information quality toward the utilitarian shopping value?

6. How big is the utilitarian shopping value toward customer satisfaction?

7. How big is hedonic shopping value toward customer satisfaction?

8. How big is the customer satisfaction toward intent to repurchase?

9. Do user income differences affect to system quality, information quality, and service quality toward intent to repurchase?

10. Can this proposed model be used for predicting intent to repurchase in terms of website quality dimensions (system quality, information quality, and service quality) on Tokopedia.com?

1.5 Research Objectives

The objectives of this research are :

1. To analyse respondent's assessment toward system quality, service quality, and information quality.

2. To analyse the utilitarian shopping value, hedonic shopping value and satisfaction of customers.

3. To analyse the intention of customer to repurchase.

4. To analyse system quality, service quality, information quality and customer satisfaction affecting to intent to repurchase on Tokopedia.com.

5. To analyse system quality, service quality, and information quality toward the utilitarian shopping value.

6. To analyse the utilitarian shopping value toward customer satisfaction.

7. To analyse hedonic shopping value toward customer satisfaction.

8. To analyse customer satisfaction toward intent to repurchase.

9. To test if personal income differences affect to system quality, service quality and information quality toward intent to repurchase.

10. To test whether this proposed model can be used for predicting intent to repurchase in terms of website quality dimensions (system quality, service quality, and information quality) on Tokopedia.com.

1.6 Significance of The Study

The benefit of this research are divided into two parts specifically the benefit for academic and business aspect.

1.6.1 Academic Aspect

The result of this Tokopedia research which is about analysing the factors affecting repurchase intention through website quality is expected to have a meaningful value in verifying the application of proposed model in predicting intent to repurchase in terms of website dimensions (system quality, service quality, information quality) on Tokopedia.com. And also is expected to gain more insights about marketing study as reference material for further research.

1.6.2 Business Aspect

This study will be useful for e-commerce issues especially in Indonesia to expand additional knowledge in the field of marketing management. The result can be used for Tokopedia management as a recommendation and input in order to do further e-commerce development and business strategy by understanding factors affecting repurchase intention through website quality.

1.7 Research Scope

1.7.1 Location and Object Study

The object study is Tokopedia, and for the location of the object study is conducted in Indonesia

1.7.2 Time and Period

The period of this study starts from October 2019 until June 2020

1.8   Systematic of Writing

The writing structure is composed to give a general overview about research performed with the following structure :

CHAPTER 1 INTRODUCTION : in this chapter consist of the object overview, background of the research, problem statement, research question, research objectives, scope of the research, the significance of the research in terms of academic and business aspect. Then, explaining the research scope.

CHAPTER II LITERATURE REVIEW : In this chapter contains of related theories of this research, previous researches and the theoretical framework and hypotheses are developed.

CHAPTER III RESEARCH METHODOLOGY : this chapter discusses the research methodology used in this research.

CHAPTER 1V RESULT AND DISCUSSION : this chapter presents the result of data analysis and statistical analysis.

CHAPTER V CONCLUSION AND SUGGESTION : this chapter contains of summarization of research findings, implication of the findings and limitation of the study and suggestions for this research.