

# **CHAPTER I**

## **INTRODUCTION**

### **1.1 BACKGROUND OF THE STUDY**

Nowadays, technology and globalization are developing that make almost everything use technology to help people life more productive, more flexible, more efficient and easier. In this digital and modern era, the growth of technology is developing rapidly. Along with the growth of digital technology, many changes happened. One of the significant changes is internet and online media. Recently, many of traditional (offline) retail developing their businesses into e-tail or online retailing.

When shifting from offline to online, the loyalty evolves into e-loyalty. This is defined as “feelings or attitudes that prompt a positive memory and thus make a customer to re-visit a website for information, communication or entertainment purposes, or to re-purchase a particular product or services from an online business” (Li H. et al., 2015).

The internet has become the foundation for technology-enabled relationship management (Ratnasingam, 2005). The internet, furthermore, is considered the primary source of communication, information and entertainment. It is also a new marketing tool that can be used to tailor products and services on websites and to extend this to e-business (Wong et al., 2014).

In recent years, internet has a profound impact on the subject of marketing. Recently most of the consumers feel comfortable buying products through online

mechanism (Muhammad et al., 2014). The internet and web development have been the most exciting developments in the field of information and communications technology in recent years (Eid, 2011). The Internet is known to provide businesses with new ways of doing business transactions in an increasingly sophisticated and competitive environment (Dubihlela & Grobler, 2013). The internet together with the implementation of innovative business practices plays a fundamental role in the development of e-commerce (Liao & Shi, 2009). E-commerce has become a pervasive business phenomenon in the world. By making business more competitive and productive, e-commerce is important for both developed and developing countries in strengthening their economies and in supporting national economic development (Zhu & Thatcher, 2010).

The open market is a market place where individuals and businesses can interact directly as buyers and sellers. Many online transactions occur in open markets with the adoption of internet, communication, and digital technologies. Although many studies have examined the issue of transaction intentions in the context of e-commerce, few have explained the factors influencing the adoption of open markets (Ha et al., 2014)

The enormous online market growth has led to a rapid increase in the number of online retailers and shoppers, causing scholars to focus on how to improve the online shopping experiences of internet users, especially in terms of loyalty intention (Lu et al., 2013). Several studies have examined customers' loyalty and have identified the need to 'delight' customers (Valvi & West, 2013) and to deliver superior value originating from excellent services and quality products (Valvi & West, 2013) as key

elements in success. Nevertheless, the identification of factors that might affect online loyalty (commonly termed as ‘e-loyalty’) has yet to be identified (Valvi & West, 2013). Therefore, it is important to understand the variables involved in online shopping, and in particular, to model how customers’ e-loyalty will be impacted by different factors (Bhaskar & Kumar, 2016). E-loyalty is “the customer’s favorable attitude towards an electronic business, resulting in repeat purchasing behaviour” (Valvi & Fragkos, 2012).

Online and offline environments present different shopping experiences, even for identical products. For the former, customers must interact with online businesses in a virtual space that consists of a technical interface, rather than with employees in a physical space, as with the latter (Lu et al., 2013).

The objective of this study is to contribute to the existing limited knowledge on how female e-tail shoppers develop their e-loyalty by answering the preceding research questions and by proposing and testing a model of female customer e-loyalty in the context of e-tail stores. Specifically, this study investigates the impact of e-tail experience on e-satisfaction and e-trust on e-loyalty development.

Perceived trust of online disclosure is conceptualized as the degree to which internet users believe that online companies and marketers will use their personal data properly and the laws will protect their online privacy (Yang, 2013). Research on gender has revealed an imbalance in favour of men in the use of technology due to socio-economic differences due to technical skills and due to interest in novelty (Forgas-Coll et al., 2013).

Specially, prior studies have found that in decision-making situations (e.g. online purchasing decisions), male shoppers tend to be more assertive and self-confident with their decisions than females, resulting in overconfidence and risk-seeking behavior (Chou, et al. 2015). For example a survey from PriceGrabber (2008) that investigated 1,850 online shoppers indicated that 74% of female shoppers browse for online shopping, compared to 64% of male shoppers. Internet usage has become more popular among females in these days, and the population of female Internet users is increasing to the level of male users. In addition, females tend to be more active shoppers in the offline shopping environment, and as such, it is reasonable to expect that they can become as involved online shoppers as males currently are (Soonyong & Taesik, 2011). Women may seem to be more rational shoppers than men because the purchase decisions they more frequently make are better served by an optimizing rather than a minimizing strategy. Sex differences in online behavior may depend on the kinds of products purchased as they do on contrasting information processing styles (Shukla, 2016). Female shoppers have greater spending power and have great influential power in altering others' purchase decisions. They are in general good communicators who like to share positive or negative word-of-mouth feedback to influence the purchasing decisions of their friends, families, and colleagues, which can help grow or contribute to damaging an online store (Huddleston & Minahan, 2011).

## **1.2 Problem Formulation**

Based on study background about, the researcher has decided research problems that arise in this study, they are:

1. Does perceived delivery efficiency positively influence e-satisfaction?
2. Does web site design positively influence e-satisfaction?
3. Does web site design positively influence e-trust?
4. Does perceived online privacy positively influence e-trust?
5. Does perceived online security positively influence e-trust?
6. Does e-Satisfaction positively influence e-trust?
7. Does e-Satisfaction positively influence e-loyalty?
8. Does e-Trust positively influence e-loyalty?

### **1.3 Limitation of the Study**

The researcher has some limitations while conducting this research:

1. This research focused on specific gender (female) online shoppers.
2. This research only focused people who already know, register, use, and experience *Shopee* account as the respondent.
3. There were some respondents that did not know about e-tail or online retail.

### **1.4 Research Objectives**

Below are the research objectives based on the explanation above:

1. To explain whether perceived delivery efficiency positively influence e-satisfaction.
2. To explain whether web site design positively influence e-satisfaction.
3. To explain whether web site design positively influence e-trust.
4. To explain whether perceived online privacy positively influence e-trust.
5. To explain whether perceived online security positively influence e-trust.
6. To explain whether e-Satisfaction positively influence e-trust.
7. To explain whether e-Satisfaction positively influence e-loyalty.
8. To explain whether e-Trust positively influence e-loyalty.

## **1.5 Research Contributions**

### **1.5.1 Theoretical Benefits**

This research helps to explain an overview of what is possible, practical, and can be done by the marketers in terms of e-loyalty, e-satisfaction, e-trust, female online shoppers, perceived online privacy, and perceived online security.

### **1.5.2 Practical Benefits**

This research helps a company and organization, especially the senior in a company and organization to consider about the concept of how to make an effective and efficient consumer relationship of Shopee users in terms of experience, trust, satisfaction and loyalty. Marketing managers can interpret these results as helping to justify expenditures on customer

related marketing activities that create such long-term effects on consumers as experience, trust, satisfaction and loyalty. Besides that, it helps the marketing department to be more aware and realize the importance of customer relationship to getting closer with the consumers. Thus, it can obtain easier and more accurate information.

## **1.6 Systematical Writing**

This thesis consists as five chapters, as follows:

### **Chapter I: INTRODUCTION**

This chapter discusses the background of the research, the formulation of the problems, the limitation of the study, the purpose of the study, the contribution of research, and systematical of writing.

### **Chapter II: LITERATURE REVIEW**

This chapter exhibits the theoretical foundation of the e-loyalty, e-satisfaction, e-trust, female e-tail shoppers, perceived online privacy, and perceived online. In addition, there are researches hypotheses and the framework of the research.

### **Chapter III: RESEARCH METHOD**

This chapter explains the models and methods used in this research, population, and sample, sampling technique, the variables of the research and the testing methods used.

### **Chapter IV: DATA ANALYSIS AND DISCUSSION**

This chapter shows data analysis and discussion of the results obtained from statistical calculations using theoretical concepts and interpretation of research on theories that are already exist.

## Chapter V: CONCLUSIONS AND RECOMMENDATIONS

This chapter contains the conclusions on the results of the analysis and calculation of data obtained from the research. In addition, this chapter will also describe the weaknesses of the research conducted and for future research.

