

CHAPTER 1

INTRODUCTION

1.1. Background

Nowadays, online shopping has become the norm and consumers are adopting it as it has many advantages. On consumers' perspective, online shopping provides low and transparent prices, comprehensive assortment of goods and services and a much more convenient shopping alternative that has eliminated such traditional shopping inconveniences of squeezing through crowds, stuck in long queue at cashier counter, battling for parking spaces at a busy mall.

Online shopping as defined by Master Card Worldwide Insights (2008) is the process of purchasing goods and services from merchants who sell over the internet. Generally, it is also known as internet buying, electronic shopping, online purchasing or internet shopping. Kim (2004) further defined internet shopping as examining, searching for, browsing for or looking at a product to get more information with the possible intention of purchase on the Internet. By looking at other perspective, Chiu et al (2009) considered online shopping as an exchange of time, effort and money for receiving products or services.

The First is Product Quality. In general, quality can be defined as a measurement of goods or services offered by buyers or companies. According to Kotler and Amstrong (2008:283), product quality is the ability of a product in performing its function such as durability, reliability, accuracy, easiness, and the other attributes. If a product can perform its function well, then it can be said that product has a good quality. A good quality product will make consumers tend to do re-purchasing. But if the quality of a product does not suitable with the

expectations, then the consumer will move their purchase intention to other products. Quality of a product or service can be valued differently depends on each consumer's perceptions. Therefore, companies are trying to focus on quality products and compare them with the products offered by competitors.

The Second is Price is the amount of money a business demands in exchange for its offerings (Elliott, 2012:23). Pricing is a complex marketing decision that must take account of many factors such as production, communication, and distribution cost, required profitability, competitor's prices, and many more. Price is the defining factor that influence the consumer purchasing decisions. Perception about price which is often comes to consumer's mind is a high price reflects a high quality, and so the vice versa. Also, consumers often assume that there is a positive relationship between price and the quality of a product, so consumers will compare one product with another product with that comparison. And In order to keep exist in the global market. Periplus provide books with a cheaper price than other store.

The Third is Service Quality Electronic service, or e-service, is defined as the provision of service over electronic networks (Rust and Kannan, 2002). E-service has attributes such as responsiveness to customer enquiries, security, fulfilment processes, customisation and personalisation, and interactivity (Ba and Johansson, 2008). E-service quality can be assessed as the overall consumer judgment and assessment of e-service delivery in the online marketplace (Santos, 2003). Researchers have claimed that, in comparison to offline service, e-service has the capability of serving consumers' needs more efficiently. Moreover, the literature has begun to acknowledge the

effects of e-service quality Zeithaml (2000) and asserted that its derived objectives are relevant to e-commerce Keeney (1999)

All of those three variables above are the main factors that affect consumer's Online Buying Behavior. Before purchasing, each individual consumer must have a set of preferences about the title of books which he or she wants to buy.

Periplus is one of the largest imported books store in Indonesia always giving satisfaction to their loyal customers. Also Periplus is known as the cheapest book store for imported books. And they have over 45 physical store and e-commerce, which is periplus.com. They have more than 2 million loyal customers. And they always give rewards for their loyal consumer. So, their customers always buy books that they want from Periplus.

Periplus also sells Magazine, News Paper, even College book, which is cheaper than other online books store. They also have classic books such as Jane Austen and Jane Eyre. As we know there is a lot of people who are looking for classic books, and Periplus can provide any of the classic books that we want or are looking for.

Consumer Buying Behavior in online shopping and in traditional shopping is very different. Both include social, cultural, personal and psychology etc. factors but traditional shopping is much more influenced by these factors as compared to online shopping. The reason is that online consumers are restricted with social cultural environment and psychological factors. Online shopping is basically based on individual thinking point of view and his personal perceptions. Online shopping makes its own character for its development Na Wang (2008)

1.2. Problem Statement

Based on the background of the research, the following research question can be purposed

1. Does Product Quality have positive effects on the consumer Online Buying Behavior in Periplus.com?
2. Do Prices products have positive effects on the consumer Online Buyer Behavior in Periplus.com?
3. Does e-Service Quality have positive effects on the consumer Online Buyer Behavior in Periplus.com?

1.3. Objective of the Research

Based on the research, the following objective could be concluded:

1. To examine and analyze the positive effect of Product Quality on the consumer Online Buying Behavior in Periplus.com
2. To examine and analyze the positive effects of Prices on the consumer Online Buying Behavior in Periplus.com
3. To examine and analyze the positive effects of e-Service Quality on the consumer Online Buying Behavior in Periplus.com

1.4. Significance of the Study

1.4.1. Theoretical Benefit

The result of this research can be used as the reference to the one who do the similar study research or continual study especially about the impact Product Quality, Prices, and e-Service Quality on consumer's Online Buying Behavior in Periplus.com

1.4.2. Practical Benefit

This result of this research can give information for the company or institution who want to identify about the consumer purchasing decision of online shopping behavior by understanding the impact of Product Quality, Prices, and e-Service Quality on Online Buying Behavior in Periplus.com