

# CHAPTER 1

## INTRODUCTION

### 1.1. Background

In this technology era, people are becoming more dependent on online based media, entertainment, and even shops. Mostly people buy on online because of several advantages they provide for them. They provide cheaper prices than the original merchants, convenient shipping options, and online service center that will be there for consumers every time to solve any of your online shopping problems. The convenience that online shops provide gives the reason to people who are mostly busy or unable to go outside to eliminate the option to go to the mall or traditional shops.

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 (*cited in* Kanade, 2015:262). By looking at other perspective, Retailers see it as internet/online retailing, e-commerce or e-store/online store, which refers to “the sale of retail goods via online channels, valued at retail selling price” (Datamonitor, 2009 *in* Siew, 2013:252).

Chich (2012) suggests that perception of the price of products at online shopping, are: consumers trust the quality of products offered in accordance with the price offered, the manufacturer gives discounts for products marketed when compared with competitor prices, the prices charged by manufacturers reasonable, overall consumers are satisfied with the price of the product, consumers will consider information from experts of the price of the product to be purchased. In addition, according to Feick & Lind (1987), attributes the perception of prices in online shopping is: in general the price of an expensive product reflects the high quality of products, buying products with brands that most expensive price, making consumers feel classy. Marketing literature described price perception as an important factor for customer satisfaction because customers always refer to price when assessing product and service value (Fornell, *et.al.*1992 *in* Suhaily, 2017:114). Customer will give an attention to the price paid by other customers, no one is happy to pay more cash compared to other customers. 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.

Zeithaml (2002 *in* Mohammed, 2016) defines “e-service” from a service quality perspective as “the extent to which a website facilitates efficient and effective shopping, purchasing and delivering of products and services”. “E-service quality” is a standard of means by which the potential benefits of Internet are realized (Yang, 2001). Santos (2003:235 *in* Baykal, 2016:9) defines e-service quality as “overall customer assessment and judgements in relation to the excellence and the quality of e-service delivery in the virtual marketplace”. Researchers have claimed that, in comparison to offline service, e-service has the capability of serving consumers’ needs more efficiently. Moreover, this 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 *in* Mohd-Any, 2016:3).

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

Customer satisfaction is commonly related to two fundamental properties (Ostrom & Iacobucci 1995), including the customer’s judgment of the quality of the product and his evaluation of the interaction experience he or she has made with the product provider (Crosby et al. 1990 *in* Al Shibly, 2017:33). According to Hansemark and Albinson (2004) “satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the

difference between what customers anticipate and what they receive, regarding the fulfillment of some needs, goals or desire “. Customer loyalty on the other hand refers to a deeply held commitment to re-buy a preferred product or service in the future despite situational influences and marketing efforts having the potential to cause switching behavior (Oliver, 1997 *in* Angelova, 2011:233).

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

Repurchase intention is a positive attitude of consumers towards e-retailer that will generate repeat purchases (repeat buying behavior). According to Zhou *et.al.* (2009) & Kim *et.al.*, (2012 *in* Suhaily, 2017:114), repurchase intention is that consumers are interested in making a purchase by using online shopping, consumer online shopping will be revisited in the future and consumers are interested in to recommend online shopping because they also use online shopping. Nowadays Internet is a huge influence of success within online shops to survive. They are hungry for good reviews, rates, and even competing for cheap prices. Customers are finding the best online shops they want to spend their money in. The reason is that online consumers are restricting with social cultural

environment and psychological factors. Online shopping basically based on individual thinking point of view and his personal perceptions.

### **1.2. Problem Statement**

Based on the background of the problem, the following research questions can be proposed:

1. Does Price Perception have influence on the Customer Satisfaction at Periplus.com in Surabaya?
2. Does e-Service Quality have influence on the Customer Satisfaction at Periplus.com in Surabaya?
3. Does Customer Satisfaction have influence on the Repurchase Intention at Periplus.com in Surabaya?

### **1.3. Objective of the Research**

Based on the research problems, the following objectives could be concluded:

1. To examine and analyze the influence of Price Perception on the Customer Satisfaction at Periplus.com in Surabaya
2. To examine and analyze the influence of e-Service Quality on the Customer Satisfaction at Periplus.com in Surabaya
3. To examine and analyze the influence of Customer Satisfaction on the Repurchase Intention at Periplus.com in Surabaya

## **1.4. Significance of the Study**

### **1.4.1. Theoretical Contribution**

The result of this research can be used as the reference for those who do the similar study research or continual study especially about the influence of Price Perception, e-Service Quality, and Customer Satisfaction on Repurchase Intention in Periplus.com

### **1.4.2. Practical Contribution**

This result of this research can give information to the company or institution who want to identify about the consumer purchasing decision of online shopping behavior by understanding the influence of Price Perception, e-Service Quality, and Customer Satisfaction on Repurchase Intention in Periplus.com

## **1.5. Writing Structure**

The writing of this thesis is presented in five chapters. Explanation about each of the chapters can be described as follows:

### **CHAPTER I INTRODUCTION**

This chapter describes the background of the study in which this study based of Periplus.com as an object and narrated problem statement, objective of the research, and the significance of the study.

### **CHAPTER II LITERATURE REVIEW**

This chapter describes some base theories about variables researched such as price perception, e-service quality, customer satisfaction, and repurchase intention. As well as outlined in

previous research, the framework of thought, hypothesis, and variable dimensions.

### **CHAPTER III RESEARCH METHOD**

This chapter describes the research variables and operational definition of the variables, determining the number of samples, types and sources of data, methods data collection, as well as the analytical methods used in this study.

### **CHAPTER IV DATA ANALYSIS AND DISCUSSION**

This chapter outlines the main contents of the study which contain descriptions of objects researched, data analysis from the discussion so that it can be known the results of the analysis examined is about the results of proving the hypothesis up with the influence of independent variables on the dependent variables.

### **CHAPTER V CONCLUSIONS AND SUGGESTIONS**

This chapter contains conclusions from the results of the research discussion and suggestions to the parties involved about the results of the research conducted.