

CHAPTER 1

INTRODUCTION

1.1 Background

In this era of globalization, e-commerce industry has gained so much popularity. The phenomenon of e-retailing has changed the entire landscape. These days, 'selling' is not only about facilitating the product to the buyer, but making it so much easier and convenient. The key factor that this segment of industry must achieve is the repurchase intention. It is considered as a basic achievement for business performer in order to make the business sustainable.

To maintain sustainability in a business, customers constant willingness to purchase a product, or repurchase intention have to be present. In the process of forming a repurchase intention, customers belief is supported by his or her experience in consuming the product or services. It is called the perceived trust. If the product or services provided usefulness or proven price-worthy for the customers, customers can have a certain perceptions towards the values of said products or services. Hence, repurchase intention is formed through people's experiences that develop further into perceived value. Both variables, perceived trust and perceived value created and affected by the level of the website quality.

Website quality according to Jeong (2003), is the overall excellence or the effectiveness of a website in delivering the message

intended to its audience and viewers. While perceived trust according to Rousseau *et al.* (1998) is a form of psychological state which mainly created through positive expectations of a person's intentions to another.

Perceived value according to Roig *et al.* (2006) is the customers' judgment of the comparison between the benefits obtained from a product, service or relationship, and the perceived sacrifices or costs.

If those three variables utilized by the industry, it creates the repurchase intention. Repurchase intention according to Nurhayati and Murti (2012), is the consumers' desire and action to repurchase a product, because there is satisfaction on what that consumers require from a product.

This research is a similar replication of the previous research entitled The Impact of Website Quality and Perceived Trust on Customer Purchase Intention in the Hotel Sector: website Brand and Perceived Value as Moderators, conducted by Chang *et al.* (2014) in Taiwan. The research examines the effect of website quality and trust on purchase intention in hotel sector. According to the result of this research, it found that perceived trust works as mediating variable in the relationship between website quality and purchase intention. The role of website brand has positive effect on the relationship between website quality and perceived trust.

The second study was conducted by Lee *et al.* (2011) entitled Analyzing Key Determinants of Online Repurchase Intentions. This research examines the factors that may affect consumers' intentions

to repurchase products and services online. The research framework is grounded in extended technology acceptance model (TAM). The authors used survey questionnaire to collect 102 valid responses from participants in Malaysia who must have made, at least, one previous online purchase. The snowball approach was used to select the participants, to ensure that participants had previously purchased online. According to the result of this research, various factors including perceived value, privacy, and trust were found to affect online repurchase intentions.

The title The Impact of Website Quality on Repurchase Intention mediated by Perceived Trust and Perceived Value at Tokopedia being selected by the researcher because in this era of globalization online shopping has become a part of lifestyle and it change a lot of consumer behavior, and to analyze how the website quality can affect customer repurchase intention by analyzing the effect of perceived trust and perceived value as mediator.

Many research have examined the impact of website quality, perceived trust, perceived value and repurchase intention, almost none were done towards Indonesia, especially in the e-commerce context. Therefore this research will use Indonesia as the subject and Tokopedia, as the biggest e-commerce company in Indonesia, as the object. Tokopedia was founded on August 17, 2009 under the auspices of PT Tokopedia which was founded by William Tanuwijaya and Leontinus Alpha Edison. Until 2015, the products in Tokopedia reach more than 1200 categories of products available in Tokopedia.

Fashion & Accessories, Beauty and Health, Household, Kitchen, Baby Care, Mobile, Tablets, Laptop, Computer, Electronic, Camera, Photo & Video, Automotive, Sports, Office & Stationery, Souvenirs, Gifts Toys & Hobbies, Food & Beverage, Books, Software Movies, Music & Games are the examples of the categories available in Tokopedia. Tokopedia is chosen by the researcher because it is interesting to investigate because the website is considered as new in Indonesia and become the most popular online retail company as a marketplace. (<https://inet.detik.com/cyberlife/d-3793019/persaingan-e-commerce-indonesia-di-2017-siapa-terpopuler.>)

1.2 Problem Statement

Based on the background explained previously, problem statement is formulated as follows:

1. Does website quality impacts perceived trust at Tokopedia in Surabaya?
2. Does website quality impacts perceived value at Tokopedia in Surabaya?
3. Does perceived trust impacts repurchase intention at Tokopedia in Surabaya?
4. Does perceived value impacts repurchase intention at Tokopedia in Surabaya?
5. Does website quality impacts repurchase intention mediated by perceived trust and perceived value on Tokopedia in Surabaya?

1.3 Objective of the Study

From the background and problem statement, the objective of the study is as follows to analyze the impact of:

1. Website quality on perceived trust at Tokopedia in Surabaya.
2. Website quality on perceived value at Tokopedia in Surabaya.
3. Perceived trust on repurchase intention at Tokopedia in Surabaya.
4. Perceived value on repurchase intention at Tokopedia in Surabaya.
5. Website quality on repurchase intention mediated by perceived trust and perceived value on Tokopedia in Surabaya.

1.4 Significance of the Study

1. Theoretical Benefits

Apply knowledge about website quality, perceived trust, perceived value and repurchase intention. This research is also expected to increase the knowledge both for academics and the general public about the measurement of the influence of website quality on repurchase intention.

2. Practical Benefits

The result of this research can practically become useful input for Tokopedia by considering the influence of website

quality, perceived trust, perceived value and repurchase intention.

1.5 Writing System

Chapter 1. Introduction

This chapter describes the background of problems, problem formulation, research objectives, research benefits, and systematic of writing.

Chapter 2. Literature Review

This chapter describes previous research, theoretical foundations of website quality, perceived trust, perceived value and repurchase intention, relationships between variables, research model, and hypotheses.

Chapter 3. Research Method

This chapter describes the design of research, types and sources of data, data measurement, data collection tools and models, sample populations, data retrieval techniques and data analysis techniques.

Chapter 4. Analysis and Discussion

This chapter describes the description of the object of research, description of data, as well as analysis and discussion of results.

Chapter 5. Conclusion

This chapter contains conclusions from the results of research and suggestions of discussion and problem solving that are expected to be useful for academic and company.