

CHAPTER 1

INTRODUCTION

1.1 Background

Nowadays online shopping is one way of shopping being rampant used in buying and selling transactions. A lot of products are bought by means of electronic B2C transactions. People enjoy the comfort of delivering to the house. By driving vans or motorcycles delivering products to the end customer or transporting returns, are conquering the city and cause an increased superfluous burdening of the logistic web and the environment. Shopping using the internet overcomes the time and pecuniary costs of traditional shopping, online-shoppers can shop from the comfort and convenience of home, and no need to travel to physical storefronts. Shoppers are able to locate many vendors online using search engines and websites designed to navigate shoppers, view detailed product information from a variety of vendors' websites, compare price and quality among different vendors, and make purchases online.

With online shopping, shoppers no longer have to suffer the costs and incomplete information of traditional hierarchical search, making product searches easier and more

effective. For example, a shopper is able to search over 3 million titles in Amazon.com from the computer screen at home rather than going physically to the bookstore, which carries an average of 80,000 titles. Simply by viewing different vendor websites, online shoppers are able to obtain and compare prices easily, as compared to visiting different physical storefronts, which is costly and time consuming. Online shoppers are able to find lower prices using the internet due to the wider reach of information. With price information on the internet, online shoppers are less vulnerable to overpaying when buying from physical storefronts that may manipulate prices to shopper's disadvantages. Online stores are also a form buying and selling through electronic communication devices or social networks where buyers no need to laboriously come to the store to see and buy what is they are looking because with the online shopping they just see desired goods on the internet then order the goods as per choice and transfer the money and then the goods sent by the online store and up to the house (Meskaran et al., 2013). Many people prefer to buy online especially in fashion product because there are more variants, up-to-date, cheaper price, pictures are very attracting and interesting, and also lot of discounts or cashback. Online store is now more and more and growing. The number of online

stores that exist, help everyone to find and select goods as needed to be purchased. Currently, more things are fast and precise to run survival in buying and selling transactions. The growing internet technology on social networking not only as a medium of information and communication media only but also as a place of sale (Mahkota et al., 2014). Online store is making a change in present by the Internet in terms of innovation in shopping. On every occasion online stores become conversations by some people. Online stores provide a variety of convenience in the process transaction. Now technology is much more sophisticated and growing than ever with some years ago. The development of such technology can be felt in various fields ranging from transportation, electronic communications even in World. The lifestyle of today's society is also changing due to the influence of such technological developments, one of the most striking of the development of such technology is the gadget and the tendency to move in the virtual world like shopping online or more often called by online shopping.

The rapid growth of e-commerce market in Indonesia is no doubt. With the number of internet users reaching the number 82 million people or about 30% of the total population in Indonesia, the e-commerce market into a gold mine is very tempting for some people who can see the

potential for the future. This growth is supported by data from the Minister of Communication and Information which states that the value of e-commerce transactions in 2013 reached Rp130 trillion. This is a fantastic number considering that only about 7% of internet users in Indonesia have ever been shopping online, this is based on data from McKinsey. Compared to China which has reached 30%, Indonesia is still far behind, but keep in mind that this number will continue to rise in line with the growing use of smartphones, internet penetration in Indonesia, the use of debit and credit cards, and the level of consumer confidence to shop online. If we see Indonesia as a vast archipelagic country, e-commerce is a potentially huge growth market in Indonesia.

Recent research has shown an interest in investigating consumer motivations that affect the online shopping behavior. It is yet to understand what factors influence online shopping decision process. The main purpose of this investigation is to clarify if and how perceived return policy and perceived quality of information and customer support on websites in apparel e-commerce affect customers' purchase and return behavior. E-retailers should know on which aspects of return policy e-customers set great store and which aspects of provided information and support on websites e-customers value most. It is found that marketing communication process

differs between offline and online consumer decision. Managerial implications are developed for online stores to improve their website. Nowadays, the development of e-commerce has caused an important change in the flows of goods.

The statistics data below gives information on retail e-commerce sales worldwide from 2014 to 2021. In 2017, retail e-commerce sales worldwide amounted to 2.3 trillion US dollars and e-retail revenues are projected to grow to 4.88 trillion US dollars in 2021. Online shopping is one of the most popular online activities worldwide but the usage varies by region - in 2016, an estimated 19 percent of all retail sales in China occurred via internet but in Japan the share was only 6.7 percent. Desktop PCs are still the most popular device for placing online shopping orders but mobile devices, especially smartphones, are catching up.

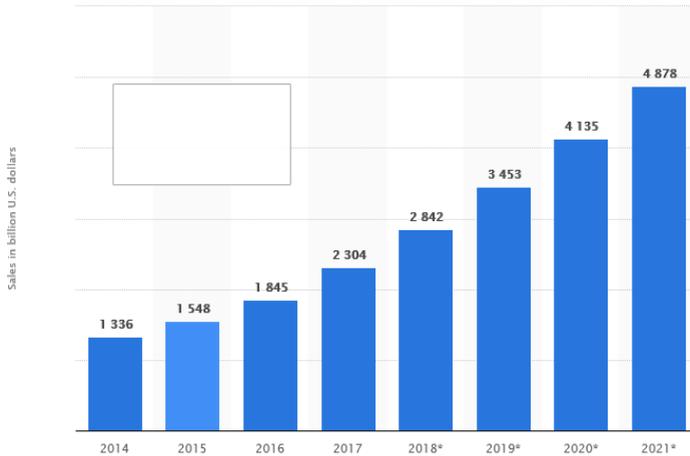


Figure 1.1

Source : statista.com (2018)

Repurchase intention is defined as a consumer's actual behavior resulting in the purchase of the same product or service on more than one occasion. The majority of consumers' purchases are potential repeat purchases (Peyrot and Doren 1994). Customers buy similar products repeatedly from similar sellers, and most purchases represent a series of events rather than a single isolated event.

A consumer cannot experience the product until receiving it. Once the consumer receives the purchase, a final decision is made on whether to accept the product or return it to the distributor (Teo and Yeong, 2003). Because of the

heterogeneity of consumer demands and the diversity of the quality in the product and service, the return policy becomes especially important in online selling. More than 70 percent of online consumers consider return policies before making purchase decisions (Su, 2009). While return policies such as return compensation can stimulate consumer demand and correspondingly increase sales, these policies may result in increasing returns and higher return costs. Therefore, the direct distributor should balance these two possible outcomes in the development of return policy.

Perceived quality is closely related to return policy. Low quality products and service reduces customer satisfaction and leads to frequent returns, while high quality products and service can satisfy the customer and reduce the number of returns. At the same time, high quality products and service deserve high selling prices because higher prices signal better quality (Whitefield and Duffy, 2012). However, higher prices also lead to decreasing customer demand, especially when customer demand is price-sensitive. When consumers are not very sensitive to price, the direct distributor can adopt a “high quality, high price” policy, even while improving quality.

PT Berrybenka is a company engaged in the field of e-commerce fashion who are in Jakarta. PT Berrybenka woke

up in mid-2011 by Jason Lamuda and Ferry Tenka, through the company's official website namely Berrybenka.com sells a variety of women's clothing, shoes, beauty products, etc. When all business people strive to always work and work hard, then this one business has a working principle that is much simpler and easy to apply by anyone. In his view, working with balance will make things work easier and more fun. This is what he does in his business, so that it keeps growing from day to day. This study done to see the role of public relations PT Berrybenka in shaping picture Berrybenka.com Berrybenka sells more than 1000 local and international brands, including in-house label products. BlackBerrybenka offers the latest combination of fashion and beauty products for every diverse personal style. PT. Berrybenka provides the best quality products for women and men, varying from clothing, accessories, shoes, bags, sports products and beauty. Their commitment is to provide a fun, easy, and reliable online shopping experience to satisfy customers with new collections and special offers daily, as well as benefits like product refunds up to 30 days after items are received, on-site pay and free shipping services. (sources: berrybenka.com).

The digital business is a comfortable state that is always quiet, but this business has a number of major challenges, including financial conditions that are not always stable. Jason

saw his business as a roller coaster, where everything could change up and down in accordance with the current market conditions. For that, it will always need a solid team to be able to through various challenges and also the barriers that occur. Public relations PT. Berrybenka in shaping the brand image Berrybenka.com includes the form and relationship of media relations local, national and international, news topics related to Berrybenka, help lending Berrybenka wardrobe to the media and assisting in develop too.

Based on the background, we can assume that to make a research question of the impact of perceived return policy and perceived quality on e-customers repurchase intention in Berrybenka.

1.2 Research Question

Based on the background of the above problem, then made the formulation of the problem in this study as follows:

1. What is the impact of e-customers' perceived apparel return policies to e-customers' repurchase intention in Berrybenka?
2. What is the impact of perceived quality of online shops to e-customers' repurchase intention in Berrybenka?

1.3 Objective

Based on the research question of the above problem then made the purpose of this study as follows:

1. To examine the impact e-customers' perceived apparel return policies to e-customers' repurchase intention in Berrybenka.
2. To examine the impact of perceived quality of online shops to e-customers' repurchase intention in Berrybenka.

1.4 Significance of the Study

Theoretical : The results of this study are expected to be used as a reference and additional information for subsequent research, especially about web quality and perceived quality in online shops to e-customer's repurchase intention.

Practical : This study gives us insight about trend of customer in buying online and the factors that make them decide to purchase product online.

1.5 Systematics Writing

The writing order consists of five chapters which are related each other:

Chapter 1: Introduction

This is the first chapter and it consists of background of study, research question, objective, significance of the study, and systematics writing.

Chapter 2: Literature Review

The second chapter consists of previous researches, literature review which discussed about: repurchase intention, trust, website quality, habit, and relationship between variables, then framework, and the last is hypothesis.

Chapter 3: Research Method

The third chapter contains about research design, variable identification, definition of operational variable, variable measurement, data and data sources, data collection and methods, population, sample, and sampling technique, and data analysis technique.

Chapter 4: Research Findings

In this chapter, it will explain about data description, data testing, structural equations, hypothesis testing, and discussion.

Chapter 5: Conclusion, Implication, and Suggestion

This chapter will explain about conclusion based on the previous chapter, suggestion for company improvement.