

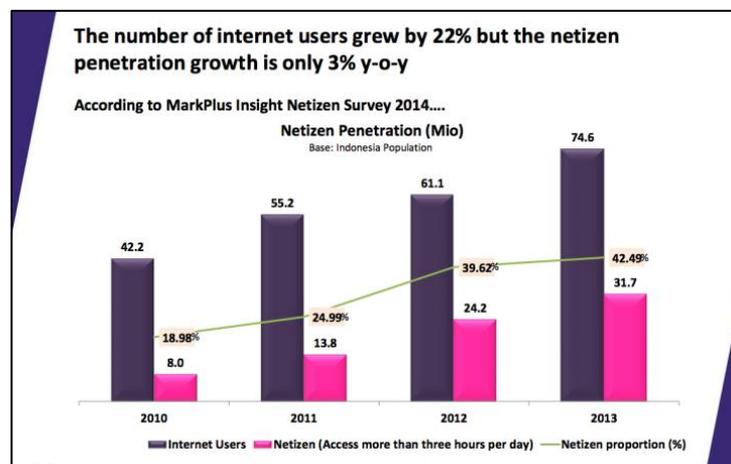
# Chapter 1

## Introduction

### 1.1. Background

In this globalization era, the number of smart phone and other internet enabled devices getting increase with their applications and services. That's make the internet easier to be accessed and much more fruitful. This has led to an enormous growth of online shopping that consequently has increased the level of competition in the internet marketplace. The market place compete to serve the best as they can to attract the consumer.

Compared to the bricks and mortars of the way of shopping, where consumers have to go to stores to buy goods/products, online shopping creates the chance for different businesses to reach consumers directly worldwide. Because as the research before, people nowadays mostly use the internet connection and drive the easier way to shop, and knowing whether this gonna increase the efficiency of shopping or not.



**Figure 1.1 The Number of Internet Users and Netizen Penetration in Indonesia**

Source : [www.techinasia.com](http://www.techinasia.com)

Figure 1.1 show us the growth of internet users, year by year. Since online shopping is growing rapidly in Indonesia, it seems essential that more empirical studies are conducted in order to understand consumer behavior and attitude in this emerging digital context. As an emerging market with young population, measuring online shopping attitudes at this stage is deemed important given that online shoppers attitude is a major predictor of their behavioral adoption intention according to the theory of reasoned action and the theory of planned behavior (Ajzen and Fishbein, 1980; Ajzen, 1985, 1991 inside of Akroush, 2015). In fact, a consumer attitude toward a behavior is defined as the degree to which an individual has a favorable or unfavorable evaluation or appraisal of the behavior to be acted upon (Ajzen and Fishbein, 1980 inside of Akroush, 2015).

It's argued that an effective online shopping strategy should revolve around understanding the behavior of consumers along with their beliefs and attitudes as consumers are now actively involved in value creation process (Martinez-Lopez *et al*, 2005). Having said that a good understanding of consumer behavior and attitude in online shopping would reduce that threat of substitution and provide the long-term profitability (Akroush, 2015). Within the context of online shopping, measuring attitudes is also significant as attitudes have a positive impact on online shopping intention and it is considered the factor with the most influence. Further, strong empirical evidence indicates that online shoppers attitudes positively affects the intention to search for online products and price information ( Akroush, 2015).

The previous study based on Akroush 2015, examining the attitudes of consumers who lives in Jordan towards online shopping are mainly influenced by trust, perceived website image, and relative advantage. Online shoppers enjoy the high levels of uncertainty avoidance (Hofstede, 1997). Consequently, trust is indeed a major concern given that the scope of tolerance is very narrow. Consumers would be more willing to adopt technologies that providing them with benefits significantly exceed the sacrifices associated with the adoption of such technologies.

Image is also important, specifically in the context of online shoppers in Surabaya, given that collectivism (Hofstede, 1997) is one of the major characteristics of its individuals similar to other developing countries. We also postulate that trust is influenced by relative advantage, perceived website reputation, and perceived website image. It is also hypothesized that perceived website image is influenced by relative advantage and perceived website reputation. Finally, it is postulated that relative advantage is influenced by perceived website reputation



**Figure 1.2 Offline Shopping vs Online Shopping Products**

Source : [www.techinasia.com](http://www.techinasia.com)

Figure 1.2 have proof of the comparison products that already bought via offline shopping and online shopping. The products that people usually shop offline, now people can shop them easily in online market. And most of people access internet more than 3 hours per day, and this can be a opportunity for people access the social media, and online market place.

This study aims at examining attitudes of people in Surabaya towards online shopping in Carousell. Carousell is an online mobile platform for consumers to buy or sell items. It lists and sells a variety of products. Items are prohibited for sale on Carousell if they are illegal or they violate the marketplace's community guidelines. Surabaya is one of the big country in Indonesia, with high resource, and the gadget play in high level. Carousell is one of the shopping application,

that makes us easier to sell and buy products. The sellers can sell the new and preloved stuffs and many more, and can looking for suppliers and doing business there. In Carousell, people can buy mostly apparel, such as shirt, t-shirt, jeans, skirt, hat, accessories, shoes and many more. And also, the other stuffs like automotive, skin care products, beauty series, and many other kinds of product. Carousell is global market place including Singapore, Malaysia, Australia, Canada, Hong Kong, New Zealand, Philippines, Taiwan, and Indonesia.

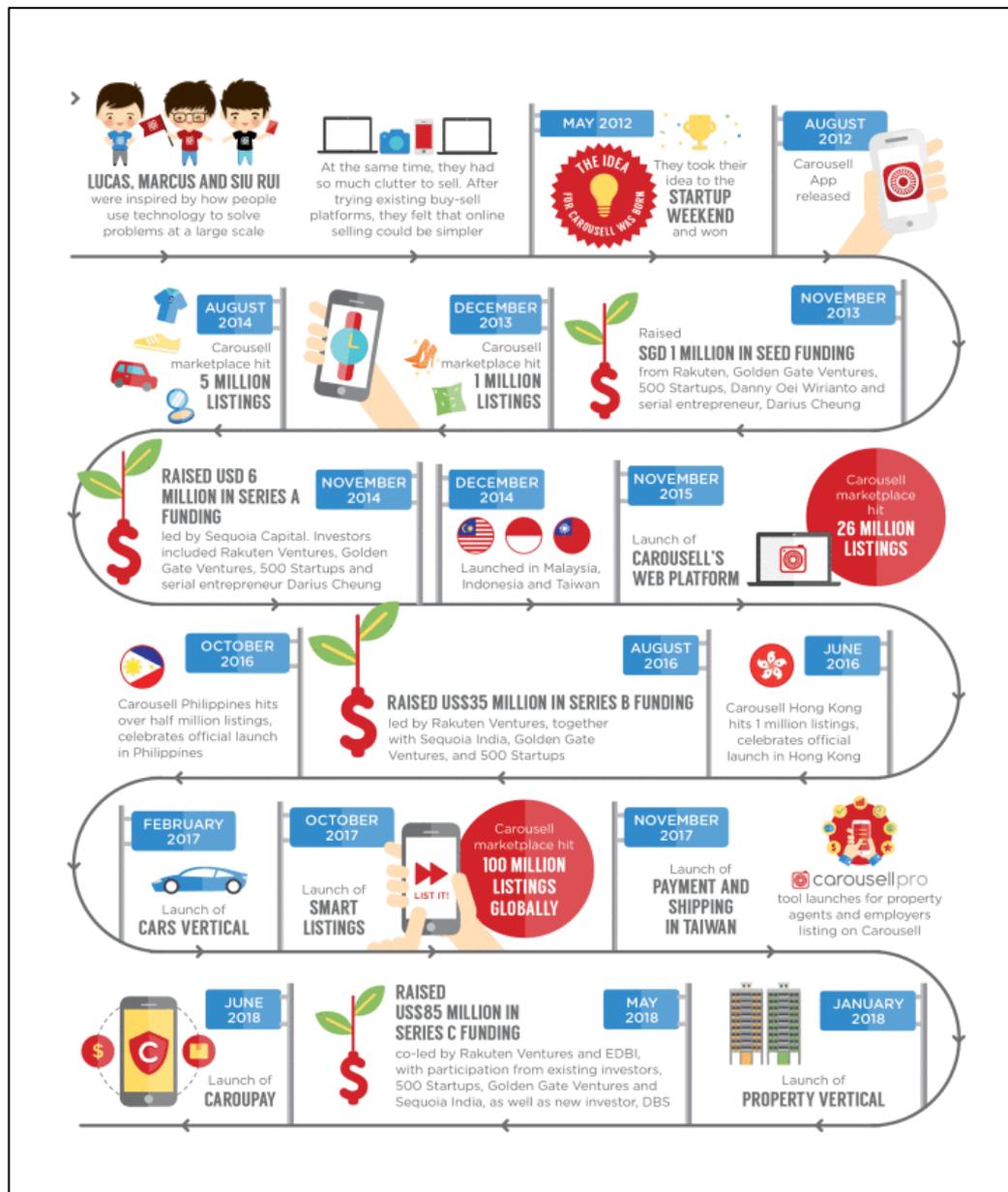


**Figure 1.3 Carousell's logo**

Source : [www.carousell.co.id](http://www.carousell.co.id)

Carousell was founded in Singapore on May 14, 2012, by co-founders Quek Siu Rui, Lucas Ngoo, and Marcus Tan. And the first item sold on Carousell was an Amazon Kindle e-reader for S\$75. As of 2016, over 23 million items had been sold on Carousell and users had created over 57 million listings of new and used items for sale. Their slogan is 'Snap to sell, Chat To Buy', Carousell itself wants to make the sell and buy things make easy as it only snap and chat to get the information and directly interact with the seller and or buyer.

Carousell has develop and achieving many things as shown in Figure 1.4, there shown the timeline of Carousell developing methods to achieving the targets.



**Figure 1.4 Carousell's Progress Timeline**

Source : careers.carousell.com

As shown above that Carousell is following the trends and make change as it make easier for people to use the Carousell's services. They innovate the new features for their services such as the listings launch to make people easy to find the products and improve the colleague of Carousell. The example is the smart

listings, it can differentiate the products based on the category, and also make it more details so hopefully can save time to search the products.

The new launch for Carousell's services are Caroupay. Caroupay is a digital money that can be used for pay and doing transaction in Carousell. Since the funding that collected in Carousell is raised 85 Millions USD, the Carousell decided to make this digital mney to make consumer easier to doing transaction. The credits in this Caroupay can be top up by the Debit card, Credit Card, and Paypal. And the excess can be withdraw to the bank account.

Also the Carousell have their core values to improve their service. There are 5 core values of Carousell stated by the Co-Founder Lucas Ngoo First, they prioritize the Mission above the ego. Second, care to each others to help what can be helped with so deeply. Third, Carousell is focusing on solving problems and improving life, so, it takes the focus to be better everyday. Fourth, be rentlessly resourceful, doing not by scale but more for the community, help them better. And last, stay humble and always giving the service that an help the people outside. Believe that they're less than 1% done.

In this research, researcher wants examine the influence of relative advantage, perceived website reputation, trust and perceived website image towards Consumer online shopping attitude in Carousell Surabaya. As nowadays, a lot of new online market place exist, researcher wants to know the consumer's attitude towards online shopping in Carousell based on the consumer's experience in doing transaction in Carousell.

## **1.2. Problem Statements**

After knowing the background, we can formulate the problems :

1. Does relative advantage has influence on trust in Carousell Surabaya ?
2. Does relative advantage has influence on perceived website image of Carousell Surabaya ?
3. Does perceived website reputation has influence on perceived website image in Carousell Surabaya ?

4. Does perceived website reputation has influence on trust in Carousell Surabaya ?
5. Does perceived website image has impact on attitude toward online shopping in Carousell Surabaya ?
6. Does trust has impact on attitude toward online shopping in Carousell Surabaya ?

### **1.3. Statement of Purpose**

1. To know the influence of relative advantage on trust in Carousell Surabaya.
2. To know the influence of relative advantage on perceived website image in Carousell Surabaya.
3. To know the influence of perceived website reputation on perceived website image in Carousell Surabaya
4. To know the influence of perceived website reputation on trust in Carousell Surabaya.
5. To know the impact of perceived website image on attitude toward online shopping in Carousell Surabaya.
6. To know the impact of trust on attitude toward online shopping in Carousell Surabaya.

### **1.4. Research Benefits**

After doing this research, hopefully that this research have benefits to the readers for academic and practical benefits.

#### **1. Academic Benefits**

Hopefully, the result of this research can give the information to the next researcher about the Consumer Attitudes Toward Online Shopping, especially for those who gets the Carousell as their objects and this research hopefully can give more information, and more knowledge about the attitude toward online shopping in Carousell Surabaya.

## 2. Practical Benefits

Hopefully, this research give the solution for the online marketplace, especially in Carousell, so they can understand about what influence the consumer attitude toward online shopping in Carousell Surabaya. And help to build their services, and hopefully can improve the business in Carousell better.

### 1.5 Writing Systematic

The writing systematics is divided into 5 chapters, which are arranged systematically as follows:

#### 1. CHAPTER 1 INTRODUCTION

In this chapter, the background of the problem, the formulation of the problem, the purpose of the research, the benefits of research, and the systematic writing.

#### 2. CHAPTER 2: LITERATURE REVIEW

In this chapter the previous research will be elaborated, the theoretical basis consists of: Attitude, relative advantages, perceived website reputation, perceived image, trust, and influence between variables, also will be described research model, and research hypothesis.

#### 3. CHAPTER 3: RESEARCH METHODS

In this chapter, research design, variable identification, operational definition of variables, measurement of variables, types and sources of data, tools and methods of data collection, population, samples, and sampling techniques, and data analysis techniques will be described.

#### 4. CHAPTER 4: ANALYSIS AND DISCUSSION

In this chapter, the characteristics of respondents, description of data, results of data analysis containing testing using SEM, hypothesis testing, and discussion of research findings will be presented.

#### 5. CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

As a final step in this paper, this chapter contains conclusions which are conclusions from the results of testing hypotheses and submitting suggestions that might be useful for Carousell's website management and future research.