CHAPTER I
INTRODUCTION

1.1. Research Background

In the era of globalization, the flow of information is rapid and instantly due to the advanced of technology such as internet. By using internet everyone can connect to each other no matter how far the distances and their places. And as long as there is internet connection, people would know what happen on the other side of the world. Because of its function of connecting people in massive area, internet is considered as a suitable tool to do marketing by selling products and services through online, which would cost less and more efficient so that their products and services can be marketed globally and also known by many people. This situation can boost their products’ and services’ sales.

According to Kompas.com internet user in Indonesia has risen significantly from 2011 to 2019, there are approximately 171,17 million user or about 64.8% of total population. On the other hand, according to the Daily Social Start-up Report, Indonesia’s digital market size has reach 40% of total SEA digital economy, which shows that the market size of Indonesia is quite huge.

Graphic 1.1. SEA Internet Economy Market Size
Source: DailySocial (Randi Eka, 2018)
Graphic 1.1 shows that the market size of Indonesia has reach $100 Billion, which we can conclude that most of Indonesia citizen has already been connected to internet. It also means that there is a great opportunity to an e-commerce or online retailers to use the internet as a tool to penetrate the market in Indonesia resulting the significant growth of online retailing in Indonesia.

Graphic 1.2. Number of Online Shoppers in Indonesia
Source: Statista, E-commerce Indonesia (Anna Wadolowska, 2018)

Graphic 1.2 from Eshopworld shows that the number online shopper in Indonesia has increased since 2016, from the amount of 24.9 million to 35.5 million in 2019 and was predicted to keep increasing until 2022. Thus, created heavy competition among the online retailer. In order to survive the fierce competition, online retailers like JD.ID having competitive advantage is a must in order to be successful online retailer. The successful of online retailer itself can be measured by how much the level of the customer satisfaction for the goods or the services that the online retailer offer. To maintain a high level of satisfaction with customers, online retailer should give their customers a good impression on experiencing buying goods or services from their website or application.

Consumer satisfaction definition according to Giovanis (2014) is the emotional state of the customer due to customer interaction with online retailers from time to time. According to Wangenheim & Bayon et al. (2004),
Customer satisfaction is an important thing to measure because of its significant impacts on firms’ long-term performance and customer purchasing behaviors. It is well known that delivering consistently high consumer satisfaction is associated with higher customer loyalty and enhanced credibility in academia. This study will predict the effect of website characteristic, consumer experience, and corporate image toward customer satisfaction using consumer trust as the mediator.

In order to measure the consumer satisfaction there are some factors that can decide the level of consumer satisfaction. First is website characteristics, by providing an easy to use website or application, offer varies of product, could protect their customer data and also could keep their application up to date, the customer can experience the service, which can lead to satisfaction. Second consumer experience, consumer who experiencing good service could buy, revisit the website again and even would recommend the website to his or her friend or relatives which mean that his or her are satisfy with the goods and services offer by the online retailer. Third, corporate image, if the company is well known of its quality of goods or services people will attend to satisfy in using their product or services.

JD.ID is one of Indonesia’s marketplace/e-commerce. It is the subsidiary of JD.com, one of the biggest online retailers from Tiongkok which specialized in online selling, especially in B2C business. JD.ID started to operate in Indonesia since 2015 and initially focused on scarce products such as iPhone and Lenovo. Now they already expand their product into various kinds of products. JD.ID is an Indonesian expansion of JD.Com Tiongkok, JD.ID already build many warehouses in strategies and big cities such as Surabaya, Jakarta, and Medan in order to provide faster service. JD.ID is also known and
become popular because of its guarantee towards the authenticity of the product. It can be proven by some data presented below:

![Graphic 1.3. Top Ten Indonesia’s Most Visited E Commerce](image)

**Source: iPrice (2019)**

From Graphic 1.3 and 1.4 can be concluded that in JD.ID has become one of the top 10 most visited online retailer in Indonesia, with more than 17 million visitors on the October – December 2018. This mean that JD.ID is one of the best and popular online retailers in Indonesia and may have opportunities to compete with other online retailers.
Even though JD.ID has become one of top 10 most visited e-commerce in Indonesia, JD.ID still did not occupy the top 3 e-commerce in Indonesia. In spite of the biggest name of JD which has successfully in China, JD.ID also did not achieve the top 3. This means that JD.ID still have to improve the services and the image of its corporate. According to medikonsumen and detik.com, JD.ID has several complaints about its services such as refund, system error, etc. Thus, prove that JD.ID need to improve the website characteristics and consumer experience.

In this study, the researcher tries to analyze and examine the factors that lead to customer satisfaction in online retailing, especially in JD.ID.

1.2. Research Questions

According from the background that stated above, the problem statement can be formulate as:

1. Does JD.ID website characteristics have positive effect on consumer trust?
2. Does JD.ID consumer experience have positive effect on consumer trust?
3. Does JD.ID corporate image have positive effect on consumer trust?
4. Does JD.ID consumer trust have positive effect on customer satisfaction?
5. Does consumer trust mediate the relationship between website characteristics and customer satisfaction in JD.ID?
6. Does consumer trust mediate the relationship between consumer experience and customer satisfaction in JD.ID?
7. Does consumer trust mediate the relationship between corporate image and customer satisfaction in JD.ID?

1.3. Research Objective

According from the problem statement above, the research objective can be formulated as:

1. To analyze whether website characteristics have positive effect on consumer trust in JD.ID
2. To analyze whether consumer experience has positive effect on consumer trust in JD.ID
3. To analyze whether corporate image has positive effect on consumer trust in JD.ID
4. To analyze whether consumer trust has positive effect on customer satisfaction in JD.ID
5. To analyze whether consumer trust mediate the relationship between website characteristics and customer satisfaction in JD.ID
6. To analyze whether consumer trust mediate the relationship between consumer experience and customer satisfaction in JD.ID
7. To analyze whether consumer trust mediate the relationship between corporate image and customer satisfaction in JD.ID.

1.4. Significance of the Study

1.4.1 Academic Benefit

The academic benefit of this research study can be stated as follow:
1. To provide broader knowledge of the effect of website characteristics, consumer experience, and corporate image on customer satisfaction.

1.4.2 Practical Benefit

The practical benefit of the research study can be stated as follow:
1. To clarify and provide proof if website characteristics, consumer experience, and corporate image can affect customer satisfaction.
2. To provide an improvement basis of JD.ID so hopefully in the future they could provide a more developed and better website characteristics, consumer experience, and corporate image that can improve customer satisfaction.
1.5. Writing Systematics

The systematic used in the preparation of the thesis is as follows:

CHAPTER 1 INTRODUCTION
This chapter discuss about the background, research questions, research objectives, significance of the study, and writing systematic.

CHAPTER 2 LITERATURE REVIEW
This chapter further explain about the literature review, previous research, relationships between variables, and research framework.

CHAPTER 3 RESEARCH METHODOLOGY
This chapter explain about: research design, variables identification; operational definition; variable measurement; types and source of data; tools and data collection methods; population, samples, and sampling techniques; and data analysis techniques.

CHAPTER 4 ANALYSIS AND DISCUSSION
This chapter explained the result of respondent’s characteristics, description for each variable, validity test, reliability test, hypothesis testing.

CHAPTER 5 CONCLUSION AND SUGGESTIONS
The last chapter will be discussed about the conclusion and give some suggestion from the researcher for JD.ID.