

CHAPTER 1

INTRODUCTION

1.1 Background

Nowadays there are a lot of social media, website, and applications on smartphones that appears to help us connect with people around the world, find persons in an easy, promote our product in our online shop, and so on. We cannot avoid that social media help us a lot especially in marketing and promoting our product easily. As long as we know, most people prefer starting their own business online instead of offline store because some considerations that coerce them to do online store such as there are no taxes that we need to pay in Indonesia, we can reduce the cost of operational like employees, building and rent cost, only need pay internet cable or providers for a month, and we can handle it every time.

People prefer to buy online especially in fashion product because there are more variants, cheaper, up-to-date, pictures are very attracting and beautiful, and a lot of discounts. Some people are lazy to go the mall, look for parking, spend fuel, too crowded in mall, and more reasons so that they prefer to spend more money for shipping rather than going to mall.

People are more consumptive and be able to buy stuff easily such as fashion, make up, school stuff, accessories, branded stuff,

and many more. Product which is so popular are fashion product from clothes, accessories, until shoes. Fashion product itself increase number of using e-commerce. We can see there are so many online shop whom sell fashion product from t-shirt, dress, outer, pants, until accessories such as bandana, necklace, rings and so on. The prices are in variants ranges from cheap until very expensive, the quality also same from average until high quality product, and the brand is very various. People can find the product easily only search by type of product then many variants of brand and design appear. There are millions product of clothing line can be found in internet and we can access it easily. For people, they will be easy to open and get consumers by selling fashion product.

As new designer, they need something that can support their brand image to gain more customer and its trust, so they can set price higher just like other designer. Of course customers will buy on them easily without worries because they know the quality of its materials, who the designer is, and trusted because it is famous designer and website.

Some new designers are prefer to promote their product by creating onlineshop or websites, or may they put their product in some famous website of onlineshopping such as Zalora or BerryBenka. They put their product in those websites because they need to increase their brand image and make people trust even though they are the new one. They develop their product and try to maintain the consumer to not buy from other designer. So that they

need to have website to maintain consumer. Developing website is very needed for people because people will look for the efficient way to do transactions. So that, having a website is one of a lot of strategies that designer should know about. Especially in premium segment, they need to manage the website appearance, the system of payment methods, efficiency of searching product, and many more.

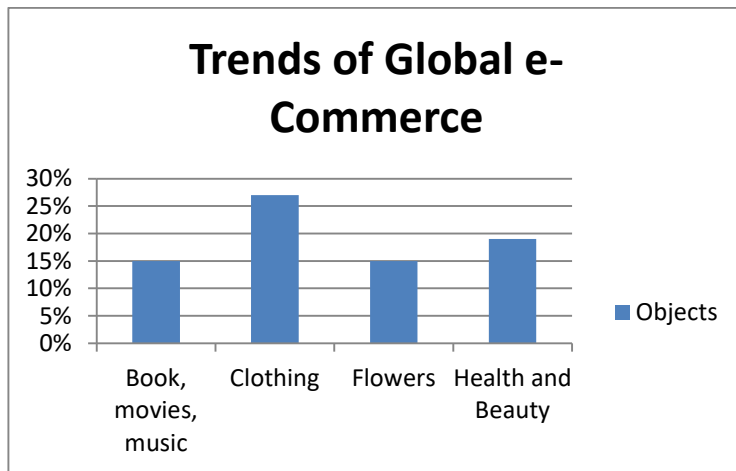


Figure 1.1

Trends of Global e-Commerce

Source : bigcommerce.com

From those trends, we can see clothing has a big part for global e-commerce in 2017. In more specific, producer who started producing sustainable design include Zara and H&M set median price of collections around \$9.90 until \$17.99.

The clothing demand in Indonesia continued well every year and especially during Eid holiday season. Eid holiday season could

increase the number of consumption following the festive bonus salary. The growth of apparel industry recorded by Global Business Guide Indonesia (2018) and it showed that the exports was up 6% from \$11.8 billion in 2016 to \$12.4 billion USD in 2017, the trade balance was increased 1.7% from \$3.67 billion USD in 2016 to \$3.73 billion USD in 2017. In January until July 2018, the textile product demand reache until \$7.74 billion USD and can be reached around \$13 billion until \$14 billion USD, that means fashion product is very popular in those years and people attracted to buy fashion online or in conventional store. According to statista.com (2018) the demand of clothing in Indonesia:

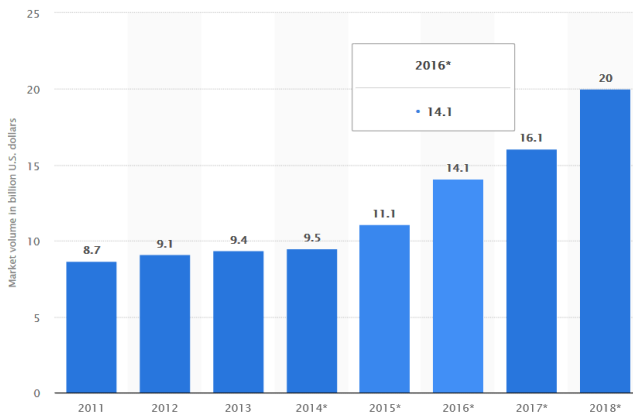


Figure 1.2

Market Demand of Clothing in Indonesia from 2011 to 2018 (in Billion U.S. Dollars)

Source : statista.com

Mostly they tend to buy in onlineshop like BerryBenka, Zalora, Lazada, a website who sell product directly from business to customer especially in fashion. People choose to buy goods by website because it is more secured and have no worried if the goods have not shipping yet, the website has regulations that ruled business to send the product then they release some amount of money to them. The website only provide a place for business open and label their product then interact with people as seller and buyer. Website not only provide a place but the management, system, promotion and advertising, secured the transaction, and the review from customer and business. The other reasons why people choose to buy online because of time, traffic, activities. Those three factors will spend much time and spend a lot of energy.

We can find easily unique style of fashion with affordable price from abroad. Sometimes it will arrive not as expected from picture or sometimes get fraud from seller with lot of reasons to get money and never send the goods. In website, customer will not get any fraud from seller. The website gives guarantee for customer if they can complaint, return the defect product, and get money back. Customer will trust more to those website and with the good services from website staff and its product, they would loyal and have intention to repurchase their outfit in fashion website. Beside that, they also provide a lot of choices of outfit, for casual, formal wear, vintage, until hijab for Moslem. Many choices they offer for customer and a lot of customer interest to buy and have continuance

to buy in the same website. So people are trust to buy the product from trusted website such as BerryBenka. Because the previous purchase they got good experiences, customer might be do repurchasing and trust their outfit to BerryBenka.

Following to William and Auchil (2002, in Fungai, 2017) it said, “Repurchase intention is the individual’s judgement about repeating purchase again in the same firm.” When customer do online shopping and purchase the product, they always identify their needs, collect information such as product characteristic, the appearance of its content in social media, evaluates alternatives are really matter for people nowadays because consumer’s interest to purchase a product or service always depends on the willingness to buy and at the same time ability to pay for the product.

Based on Mohmed et al (2013), trust affection define as “the degree to which an online buyer displays a tendency to be willing to proceed in purchasing with full confidence.” Trust will affect people to repeat shopping online because they feel secured and satisfy with previous purchase, either the product and service is good, and price is affordable.

Habit is continuance of previous behaviors (Andrew, 1903). It will give an affect to trust because it continuance online shopping behavior and they repeated it again for another goods. People who usually shopping online, they will repeat it again and having intention in purchasing something by online and it is predictable. Usually people are having habit in purchasing online because they

have difficulties in finding a product in offline market, the price is lower than offline market, and the trustworthiness of its online shop.

Besides, web quality or feeds in the social media are very important for customer. Using web quality or feeds in social media, they can analyze the online shop itself is trusted or not because in web quality they provide information like the review of its product, characteristic, appearance of its product and appearance.

Appearance, specific content, content quality, technical adequacy can attract people to visit and explore in website especially when the owner of website can show the aesthetic picture in their website. Based on Slawski (2011), quality of the website is not only about aesthetic but also how credible your website is, how people trust what they find, contact you, and transaction on websites. Fashion needs some improve in aesthetic not only about the quality of its product, design, and material they used yet their model, pictures quality and aesthetic of its picture to attract people. Designer need to show people the real product of them and appearance, content, technical are very crucial and helpful in attracting customer to repurchase product and they would be satisfied with product and probably trust with them.

BerryBenka established in 2010, it was created by Jason Lamuda. Basically, he started website entrepreneur because his wife, Claudia Widjaja and her friend, Yenti Elizabeth who have led online store and had vision to led fashion store especially for local brand and he wanted BerryBenka can help local designer to grow. The

segmentation of customer in BerryBenka is middle class. September 2013, BerryBenka has already carried 400 brands, mostly local brands. The price standed from Rp50.000 (\$4.50) to Rp200.000 for tops and bottoms, under Rp300.000 for shoes and dresses. Customers typically buy two items and spent around Rp300.000.

Most people are tend to buy product by online so we need to understand what factors influence us in buying online, be able to analyze lack of BerryBenka website for sure, and we know reasons from people to not buy online neither BerryBenka.

1.2 Research Questions

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

1. Does website quality have impact to trust in BerryBenka Indonesia?
2. Does habit have impact to trust in BerryBenka Indonesia?
3. Does trust have impact to repurchase intention in BerryBenka Indonesia?

1.3 Objectives of the Study

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

1. To examine the impact of web quality to trust in BerryBenka Indonesia.
2. To examine the impact of habit to trust in BerryBenka Indonesia.

3. To examine the impact of trust to repurchase intention in BerryBenka Indonesia.

1.4 Significance of the study

1. **Theoretical significance** : The results of this study are expected to be used as a reference and additional information for subsequent research, especially about web quality and trust in website to repurchase intention.
2. **Practical significance** : This study give BerryBenka insight about trend of customer in buying online and the factors that make them have intention to repurchase product online especially in their website.

1.5 Systematics of 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 researchs, 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 Analysis

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.