

# CHAPTER I

## INTRODUCTION

### 1.1 INTRODUCTION

In the advancement of an exceptionally quick and progressively current time, which has an effect in different fields going from politics, transportation, business and financial aspects, and different things that help day to day existence and technology is one of the quickest developing fields. The improvement of technology is extremely quick where it has become an inseparable part of everyday life. For example, almost all aspects of life are helped and connected by the internet. Indonesia is a country that also has internet access and most of the people in thirty-four provinces have internet access. Based on a survey conducted by Hootsuite and *We Are Social*, in 2021 as of January, Indonesian internet users have reached 202.6 million people.

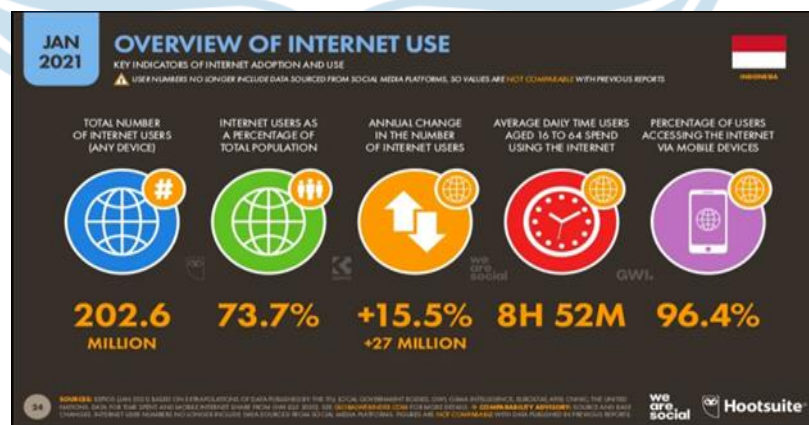


Figure 1. 1 Overview of Internet Use

Source: Hootsuite and *We Are Social Kemp, S. (2021, November 4)*

The internet also provides various kinds of benefits for its users and one of the benefits is in the sale and purchase of goods or services where consumers no longer

need to bother visiting physical stores but only by accessing the application, various problems are solved easily, and consumers can save time and energy.

The rapid development of technology and the internet in Indonesia has a major impact on business changes, now many people are using the internet as a marketing and business medium. This is not strange considering the number of internet users that continues to grow rapidly can become a potential market for businesspeople to enter. obvious change starts from how to advertise, how to buy and sell, how to interact between humans, and so on. One of the digital-based business sectors is e-commerce. Based on Morissan, (2015) E-commerce is the sale of goods and services directly through the internet while according to McLeod (2008:59) Trading electronic or what is also known as e-commerce, is the use of communication networks and computers to conduct business processes. With the development of E-commerce, the tougher the competition. This phenomenon will encourage the organization/business especially in Indonesia to display advantages and capabilities to compete in the industry to gain the consumer. There exists several e-commerce that are often used in Indonesia, such as Tokopedia, Shopee and Lazada. Based on data provided by the Iprice research team, Tokopedia is an e-commerce platform that ranks first in the Indonesian region in terms of monthly web visitors in the fourth quarter of 2021.

## Telusuri Persaingan Toko Online di Indonesia

Filter berdasarkan Model Bisnis Store Type Asal Toko Pilih Data per Kuartal Q4 2021

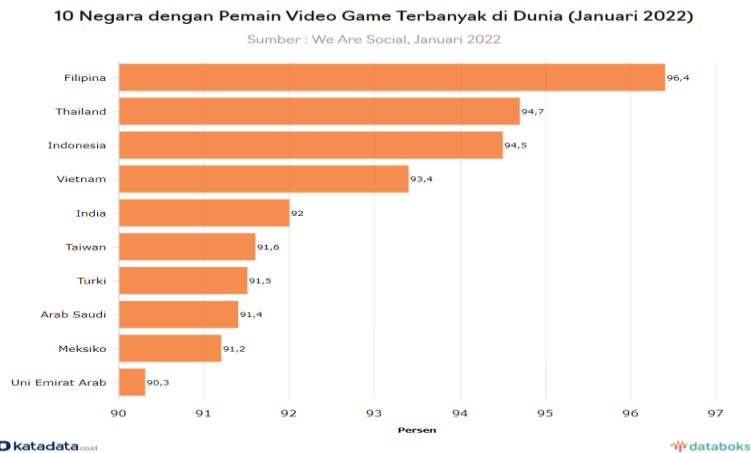
Toko Online	Pengunjung Web Bulanan	Ranking AppStore	Ranking PlayStore	Twitter	Instagram	Facebook	Jumlah Karyawan
1 Tokopedia	157,443,300	#2	#4	1,000,000	4,876,410	6,523,340	6,109
2 Shopee	138,776,700	#1	#1	719,900	8,348,130	24,173,450	6,193
3 Lazada	28,173,300	#3	#2	455,700	3,085,550	31,934,320	5,543
4 Bukalapak	25,760,000	#6	#7	252,300	1,776,710	2,516,190	2,503
5 Orami	16,683,300	n/a	n/a	5,720	11,770	350,940	215
6 Blibli	15,686,700	#8	#5	569,400	2,018,600	8,856,810	2,230
7 Ralali	5,923,300	#22	n/a	3,950	53,770	91,000	187
8 Zalora	3,310,000	#4	#8	6,440	743,730	8,008,550	625

**Figure 1. 2 Online shop competition in Indonesia**

Source: <https://iprice.co.id/insights/mapofecommerce/>

There are so many benefits that we can take with the rapid development of information and communication technology and one aspect that is also directly affected is the entertainment sector also (Gorriz and Medina, 2000) stating that games in one of the most well-liked activities which an individual can play with the PC as well as with others associated through the internet.

There are various reasons people play games such as for entertainment, relieve stress and fill spare time. Indonesia is one of the largest gaming industry markets. Especially mobile games or video games played via cell phones, tablet computers, or consoles. Based on the We Are Social report, Indonesia is the country with the third largest number of video game players in the world. The report noted that there were 94.5% of internet users aged 16-64 years in Indonesia who played video games as of January 2022.



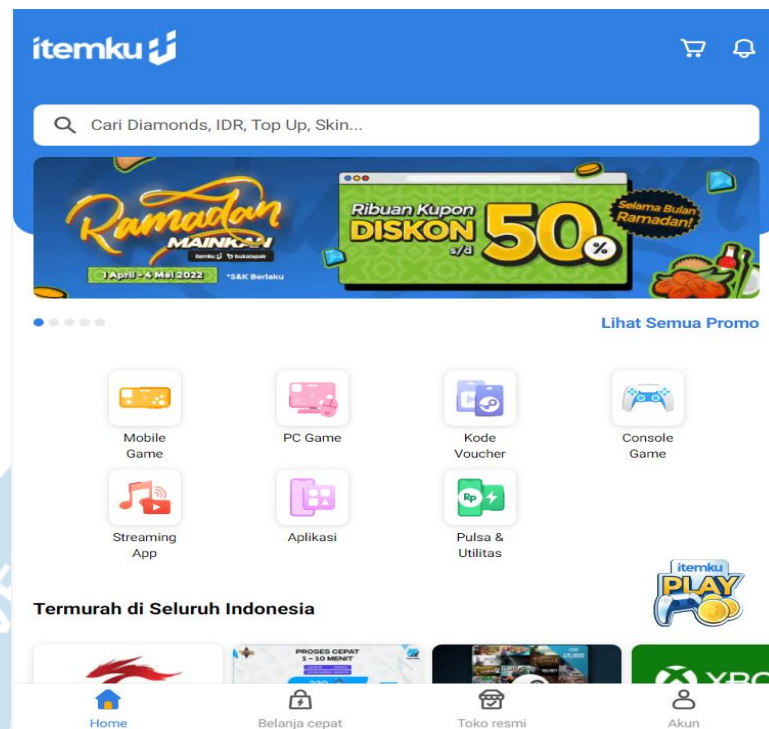
**Figure 1. 3 Countries with the Most Video Game Players in the World (January 2022)**

Source: <https://databoks.katadata.co.id/datapublish/2022/02/16/jumlah-gamers-indonesia-terbanyak-ketiga-di-dunia>.

In the game industry, in-app purchases are one of the business models that game developers can use. The items they sell also vary: from cosmetic items, powerups, to characters. Technically, the items or characters sold by the developer are nothing more than programming code and pixels but this doesn't change the reason for gamers not to buy them. There are several factors that become the basis for gamers to buy in-game accessories and one of them is a rational motive, which is a motive based on reason or an assessment of the thought process (Manning and Reece, 2004). Rational motive happens because consumers choose based on objective criteria such as size, weight, and price (Schiffman & Kanuk, 2007). Moreover, emotional motives are also one of the driving factors for the need to buy accessories in games. Emotional motives are motives that are influenced by feelings. Consumers are in a hurry to buy the product without considering the possibility that will happen in the long term (Setiadi, 2003: 95). Purchases based on emotional motivation occur during the selection process for goods or services, based on subjective and personal reasons, such as pride, fear,

affection, or status. Furthermore, the basis of emotional motivation is distinctiveness, pride of personal appearance, social achievement, and fear of danger.

With the value of money in items in a game, many digital or e-commerce markets have started trying to enter this market. In Indonesia, there are several e-commerce sites that focus on selling in-game purchase products such as Steam, Codashop, Unipin, and Itemku. Itemku is an e-commerce site that offers game needs for gamers in Indonesia. This e-commerce provides a very complete variety of options for games. Itemku targets a specific market/niche, namely gamers who want to find game items or game money from the right seller at the best price. Sellers can also take advantage of this service to offer their wares. The official company that establishes Itemku is PT. Five Jack. This e-commerce has Itemku Safe Trading technology to ensure money will be returned 100% when the transaction fails. In addition, every seller is always monitored so that if there is a fraud, they will be immediately sanctioned. Itemku has a purpose as a place for gamers to make game transactions safely, quickly, and comfortably. Generally, this e-commerce provides a place to buy and sell various game items, game vouchers, and accounts.



**Figure 1. 4 Itemku Home**

Source: Itemku.com

Itemku have more than one million gamers as loyal customers of My Items. This is because the platform offers cheaper item prices than the official price in the game. There are several popular games that user can buy items through Itemku. Starting from Dota 2, Counter Strike: Global Offensive (CSGO), and Valorant. Then, there is also Overwatch, Fortnite, Playerunknown's Battleground (PUBG), and many more. Meanwhile, for mobile games also available including League of Legends: Wild Rift (LOL WR), Mobile Legends, and others. Although the focus is on games, the platform also provides buying and selling premium accounts for streaming applications. For example, Netflix, Viu, Twitch, Spotify, Disney+ Hotstar, Apple Music, and others.

Itemku provides various kinds of E-Services to its users, such as simplifying the process of finding product within the application by separating them into six sections

consisting of mobile games, PC games, Voucher Codes, Game Consoles, Streaming App, Applications, and utilities. This e-commerce is also determined to deliver several products as soon as possible less than 10 minutes also provide various payment methods to make transactions easier.

E-recovery is a way how e-commerce overcomes under-performing services that make customers dissatisfied. Itemku certainly has procedures to deal with errors that occur in the transaction process, such as providing access to contact the seller when ordering a product until the order is complete. Itemku also provides a 100% guarantee if the item sent is not what the buyer wants or has passed the specified delivery limit. With the various features provided by Itemku, it might be one of the factors for customers to recommend and encourage new users to use the application in the future.

## **1.2 RESEARCH QUESTION**

Based on the above background, the formulation of the problems and questions of this research are:

1. Does the E-Service Quality effect on customer repurchase intention of Itemku E-commerce?
2. Does the E-Recovery effect on customer repurchase intention of Itemku E-commerce?
3. Does the E-Service Quality effect on customer loyalty of Itemku E-commerce?
4. Does the E-Recovery effect on customer loyalty of Itemku E-commerce?
5. Does customer loyalty effect customer repurchase intention of Itemku E-commerce?

6. Does E-Service Quality effect customer repurchase intention with customer loyalty as mediation variable on Itemku E-commerce?
7. Does E-Recovery effect customer repurchase intention with customer loyalty as mediation variable on Itemku E-commerce?

### **1.3 RESEARCH PURPOSES**

From the formulation of the problems and questions above, the purpose of this research is to:

1. To investigate the influence of E-Service Quality toward customer repurchase intention on Itemku E-commerce.
2. To investigate the influence of E-Recovery toward customer repurchase intention on Itemku E-commerce.
3. To investigate the influence of E-service Quality toward customer loyalty on Itemku E-commerce.
4. To investigate the influence of E-recovery toward customer loyalty on Itemku E-commerce.
5. To investigate the influence of customer loyalty toward customer repurchase intention on Itemku E-commerce.
6. To Investigate the influence of E-service Quality toward customer repurchase intention through customer loyalty as mediation variable on Itemku E-commerce.



7. To Investigate the influence of E-recovery toward customer repurchase intention through customer loyalty as mediation variable on Itemku E-commerce.

#### **1.4 RESEARCH LIMITATION**

To keep the discussion in this study focused and not too broad, in this study there are several limitations of the problem:

1. The object of this research only focuses on Itemku e-commerce users because this e-commerce platform is one of the successful platforms in Indonesia in the virtual goods market.
2. This research was conducted on the public who are users and consumers who have made a purchase at least once in the Itemku application.
3. This research only limited to E-Service Quality, E-Recovery, Customer loyalty, and Customer Repurchase Intention (CRI) replicate from “The Influence of E-Service Quality and E-Recovery Toward Repurchase Intention on Online Shop in Surabaya: The Mediating Role of Customer Loyalty”.

#### **1.5 RESEARCH BENEFIT**

This research is expected to provide benefits for those in need, both theoretically and practically, including:

1. Practical Benefit

This research can be used as a consideration for E-commerce Itemku or business in the same type to improve the quality both in E-service and E-

recovery. For the author, this research is expected to be a useful tool in implementing author's knowledge about E-Service, E-Recovery, and Customer loyalty.

## 2. Theoretical Benefit

The results of this research could be used as a reference for future studies in the context of problems related to E-Service, E-Recovery, and Customer loyalty. This research provides new information about the impact of e-service and e-recovery toward repurchase intention.

## **1.6 WRITING SYSTEMATIC**

### CHAPTER I: INTRODUCTION

This chapter consists of introduction, research question, research purposes, research limitation, research benefit, and writing systematic. The introduction section also explains how the advancement of technology, especially the internet to this day, the growth of E-commerce, and the history of Itemku E-commerce which is the object of this research.

### CHAPTER II: THEORITICAL AND HYPOTHESIS DEVELOPMENT

This chapter consists of literature review, the theories that are used in this study, hypothesis, and conceptual framework. There are several theories contained in this chapter, such as the definition and indicators of e-service quality, e-recovery, customer loyalty, and repurchase intention from several experts.

### CHAPTER III: RESEARCH METHODOLOGY

This chapter consists of research location, data collection, variable, measuring instrument, and data analysis method. There are several theories contained in this chapter such as the definition of quantitative research, scale of measurement and Analysis tool used in this research.

### CHAPTER IV: DATA ANALYSIS

This chapter consists of the result of this research as well as the discussion related to the result. This chapter will describe and analyze the result of the data retrieved from the questionnaire. Online Questionnaires were distributed with Google Forms to respondents who have ever seen application or website of Itemku and purchased the product. The distribution of the questionnaire was carried out from 12nd June to 19th June 2022, with total respondent obtained being 137.

### CHAPTER V: CONCLUSION

This chapter consists of the conclusion of this research, as well as suggestion for the future research. This chapter will summarize the result of the research from the previous chapter, provide managerial implications as well as explain the limitations of this research and provide suggestions for future research that uses this research as a reference.