

CHAPTER I

INTRODUCTION

A. Research Background

The emergence of online shopping is an innovation in shopping activities that can change people's lifestyles. Lifestyle changes caused by online shopping are the consumptive quality of society, meaning that people continuously shop and consume something preferred and new. Nowadays, most people use the internet to fulfil their needs. All consumer demands and goals influence the shopping process for a product or food. However, it is undeniable that offline buying and selling are still in a great market (Lendo, 2013).

Online sales are growing in terms of service, effectiveness, security, and popularity. Presently, online shopping is not a strange thing. Consumers don't need to spend a lot of energy when shopping online; by looking at the website, consumers can immediately make purchase transactions (Harahap, 2018). For most people, e-commerce is the perfect solution for shopping. The increasing number of e-commerce today would provide convenient services to the public for shopping.

The increasing penetration of smartphone users has made PT Shopee International Indonesia see new e-commerce opportunities. Shopee is the e-commerce site with the most prominent monthly website visitors in Indonesia. IPrice data shows, Shopee is ranked first from the fourth quarter of 2019 to the fourth quarter of 2020. In 2021 Shopee was ranked second in

the first and second quarters Shopee's monthly web visits amounted to 127 million in quarter II-2021, a slight decrease of 0.3% from the previous quarter's 127.4 million.

Thus, Tokopedia dominates the number of Indonesian visitors for two consecutive quarters. Tokopedia's monthly web visitors reached 147.8 million in the second quarter of 2021. Then, Bukalapak is in the third position with 29.5 million visitors. Lazada as many as 27.7 million and Blibli 18.4 million. Furthermore, Bhinneka with an average monthly site visit of 7 million, Orami 6.3 million, and Ralali 5.1 million. JD ID and Zalora are in the following position with 3.8 million and 3.4 million, respectively.

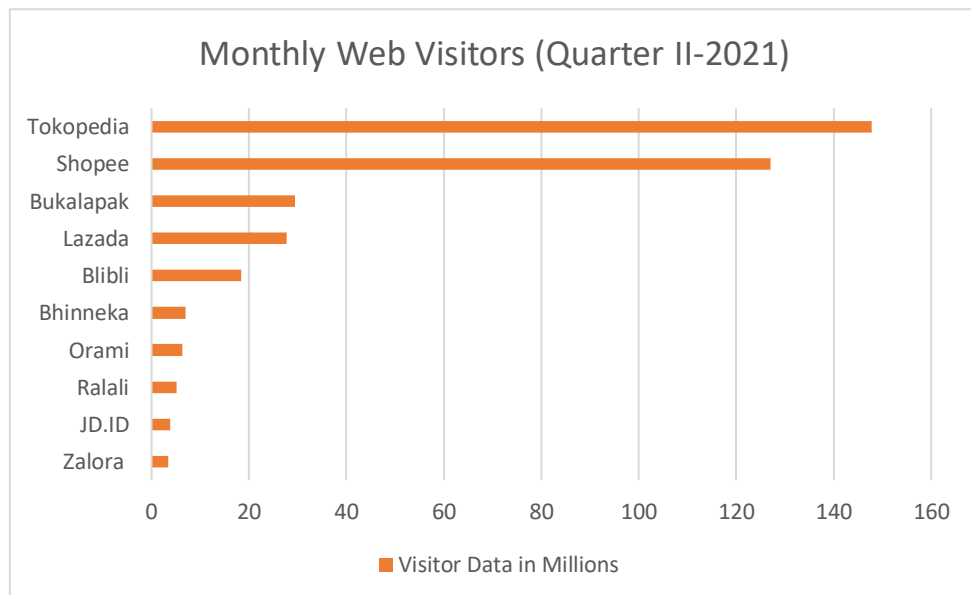


Figure 1.1 E-commerce Competition in Indonesia
(Source: *iPrice, Kuartal II-2021*)

Currently, the world is in a bad situation with the Covid-19 pandemic. The pandemic has a wide range of effects on e-commerce, technology, business travel, and the economy (Waliul Hasanat et al., 2020). Thus, online purchase has grown as a popular modern channel for Indonesian, driven by high community internet usage and the Covid-19 pandemic. According to Waliul Hasanat et al., (2020), the pandemic causes restrictions on community activities so that crowd events are prohibited, always maintaining social distancing, resulting in some activities are hampered. Therefore, people are hesitant and worried about going to the market to buy a product, encouraging people to shop online. The impact is people's interest has decreased for offline purchases to reduce face-to-face transactions as what generally happened before the pandemic. In practice, it is almost the same as offline market activities, such as marketing, ordering, payment processing, and shipping services, all of which are carried out online.

Online shopping relies on consumer perceptions of activities carried out through the internet. Although the Internet provides some risks, the internet also offers many benefits for consumers from a different perspective. Customers would like to purchase online because they find the advantages of using it (Tanadi et al., 2015). According to Kim et al., (2008), perceived usefulness is a consumer's belief about the extent to which he will be better off from online transactions with a particular website.

Shopee is engaged in buying and selling online in applications that make it easier for users to do shopping activities without the hassle of using a computer device. Offering a wide variety of products to daily necessities. Currently, Shopee is also one of the most popular online food and beverage marketing platforms that competes with GoFood & GrabFood that offers a variety of halal food products, from meat, instant food, fast food to spices, and more.

The trend of halal products has been increasing lately globally (Setiawan & Mauluddi, 2019). Halal products continue to be promoted by various parties who are aware of how important it is to sell and buy halal products. It is undeniable that halal products are one of the fastest-growing consumer segments globally (Setiawan et al., 2020). The halalness of a product is a mandatory requirement for every consumer, especially Muslim consumers. Whether it's a product of food, medicine, or other consumer goods (Charity, 2017). Consumer awareness of halal food and products is sufficient because consumers consider halal products to be healthier; they have a greater interest in increasing awareness based on their respective knowledge (Ambali & Bakar, 2014).

The concept of halal is closely related to the values of each personality. Personality values are seen as things that can influence a person's behaviour to choose a product (Hansson & Lagerkvist, 2015). In addition to religious values, consumer attitudes can be influenced by psychological factors, such as trust in the halal product. Trust is a variable

that generates consumers commitment. Trust is something considered as high reliability and integrity, which relates to quality. Particularly high involvement situation in which its effect is strong in assessment as whole contentment (Afzal et al., 2009).

In this era of globalization, products are processed and produced through various operations and stages before they reach the end consumers and are consumed. The end consumers usually don't know about the manufacturing processes involved as well as the ingredients used in the products which cause uncertainty and suspicion among the consumers about food safety (Ahmed et al., 2019). On the other hand, Indonesian consumers are mostly Muslim. Perhaps, they must consume the food and beverages allowed by the religion (halal food). Therefore, the halal label is crucial in the halal food sector. According to YazdiZadeh, (2018), the halal label is an authorized statement in food packages to indicate the condition of a product. In Indonesia, some institutions are licensed to publish the mark. The institute is licensed to issue legal goods. Therefore, the label helps convince Muslim consumers to repurchase the food. Pardede et al., (2018) state that repurchase intention is the process in which a person intends to repurchase similar goods or services based on the previous purchase experience or the intention to repurchase or buy more about a product.

For the Muslim world, a product is considered to be healthy, safe, or hygienic only if it has gone through the Halal process and is made with Halal ingredients under the Shariah principles (Ahmed et al., 2019). Fathi

et al., (2016) observed that the need and demand for the certification of Halal are intensified in both non-Muslim and Muslim countries. Consumers are also expressing their concerns about the authenticity of Halal labels on the products and the manufacturing processes even in Muslim majority countries.

Based on Salim, (2019), states that the halal label has a positive and significant effect on the dependent variable of repurchase intention. In contrast to research conducted by Prastiwi & Auliya,(2016), which states that halal labels have no effect on the dependent variable of repurchase intention.

Based on Kashif et al., (2020), the research is to find out whether the pandemic triggers people to shop online or they can still buy products physically. Investigations have concluded that people did not shop more online during the pandemic. They also disagree that they will repurchase to shop online in the future when this pandemic ends if they do not get value utility. While, based on the research results of Vaghela (2016), the study indicates that most of the customers have experience with online shopping. The customer believed that online shopping was a better option than manual shopping; therefore they decided to repurchase the product online.

Based on the background explanation, the researcher is interested in conducting research phenomena that occur as the topic of research: the effect of halal label and trust on repurchase intention with perceived

usefulness as an intervening variable on halal food products in Shopee marketplace.

B. Research Problems

Based on the background explanation above, the problem formulation can reveal as follows:

1. Does the halal label have an impact on perceived usefulness?
2. Does the trust have an impact on perceived usefulness?
3. Does the halal label have an impact on repurchase intention?
4. Does the trust have an impact on repurchase intention?
5. Does perceived usefulness have an impact on repurchase intention?
6. Does the halal label have an impact on repurchase intention mediated by perceived usefulness?
7. Does the trust have an impact on repurchase intention mediated by perceived usefulness?

C. Research Objectives

1. To analyze the impact of halal label on perceived usefulness.
2. To analyze the impact of trust on perceived usefulness.
3. To analyze the impact of halal label on repurchase intention.
4. To analyze the impact of trust on repurchase intention.
5. To analyze the impact of perceived usefulness on repurchase intention.
6. To analyze the impact of halal label on repurchase intention mediated by perceived usefulness.

7. To analyze the impact of trust on repurchase intention mediated by perceived usefulness.

D. Research Benefits

The benefits expected from this research are as follows:

1. Researchers
 - a. As a means to apply knowledge obtained during lectures.
 - b. Increase insight and knowledge of the problem of the economy in the neighbourhood.

2. Company

This research is expected to be useful for online company managers, especially Shopee, to find trust toward repurchase intention at Shopee marketplace during the Covid-19 pandemic to take the necessary steps to increase consumer repurchase intention at Shopee marketplace.

3. Further Researchers

This research can be used to reference other studies relevant to aspects of trust and halal label on perceived usefulness as mediating variables toward repurchase intention.

E. Research Contents

The contents of the research are as follows:

CHAPTER I: INTRODUCTION

This chapter includes an introduction, research background, research problems formulation, research objectives, research benefits, and writing systematics.

CHAPTER II: LITERATURE REVIEW

This chapter contains the theoretical basis of the variables used in this study, such as a summary of previous research, research hypotheses, and the research framework.

CHAPTER III: RESEARCH METHODOLOGY

This chapter describes the research methodology. Contains type of research, research variables, operation definition, population and sample, source of data, data collection methods, data analysis method.

CHAPTER IV: RESEARCH RESULT AND DISCUSSION

This chapter is the main content of the research that contains a description of the object of research, the results of data analysis, discussion, and implementation of the research results, so it can be identified with the results of the analysis of hypothetical tests.

CHAPTER V: CONCLUSION

The final chapter includes a summary and research results. It consists of conclusions, research limitations, research implications, and suggestions for future research.