

CHAPTER I

INTRODUCTION

A. Reaserch Baground

In 2020 it had been stated that there have been 175.4 million internet users in Indonesia. Compared to the previous year, there was a rise of 17% or 25 million internet users during this country. supported the entire population of Indonesia, which amounts to 272.1 million, it means 64% is half the population. Percentage of internet users aged 16 to 64 who own each sort of device, including mobile phones (96%), smartphones (94%), non-smartphone mobile phones (21%), laptops or desktop computers (66%), table (23%), game consoles (16%), to computer game devices (5.1%) .(We Are Social report).

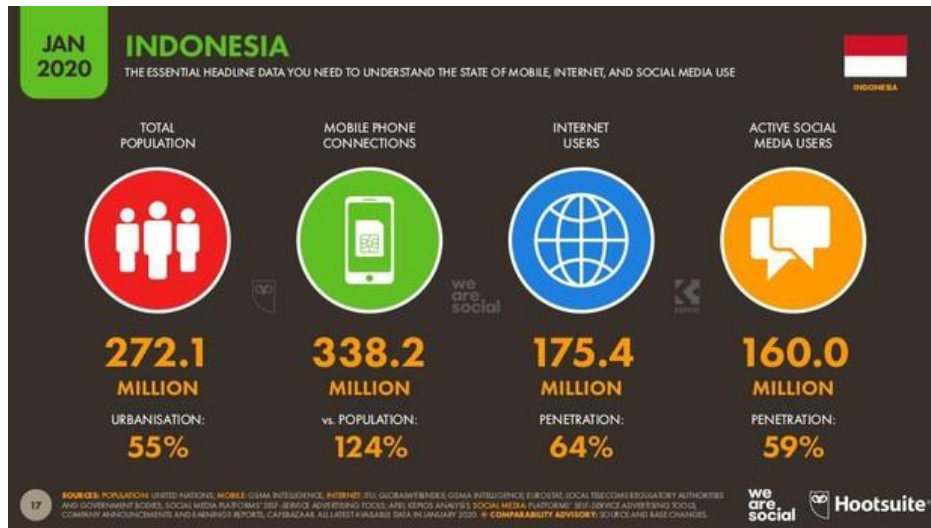


Figure 1.1 Headline Data State Mobile, Internet Use And Social Media Use

This data that's no less interesting. There are 160 million active users of social media . in comparison to 2019, this year, We Are Social found a rise of 10 million Indonesians who are active on social media.The social media most 'watched by' Indonesian internet users from the very top are YouTube, WhatsApp,

Facebook, Instagram, Twitter, Line, FB Messenger, LinkedIn, Pinterest, We Chat, Snapchat, Skype, Tik Tok, Tumblr, Reddit, Sina Weibo. E-commerce (Electronic Commerce) or in Indonesian Electronic Commerce is that the activity of distributing, selling, buying, marketing products (goods and services) , by utilizing telecommunications networks like the web, television, or other computer networks. In simple terms, e-commerce is that the process of shopping for or selling products electronically.

E-commerce is referred to as electronic commerce. It means electronic media and the internet for dealing with goods and services. E-Commerce entails a company accessing the internet as well as IT, such as the electronic data interchange (EDI). E-commerce concerns an internet vendor's website, trading goods or services to the user directly from the platform (Jain & Arya 2021). e-commerce provides an option of entry for people without the necessity to return to the shop.

According to e-commerce includes transactions buying, selling, transferring, or exchanging products, services or information through computer networks, including the internet event of e-commerce businesses like the number of e-commerce businesses, the worth of transactions, the number of workers, the kinds of products/services sold, the media used, the tactic of delivery of products/services, and therefore the reasons for businesses not selling online. The widespread use of the web isn't only employed by Indonesians to hunt information and communication but also for economic activities. The sale and buy transaction, which was initially administered by meeting directly between the vendor and,

therefore, the buyer, is now changing. the method of shopping for and selling goods and services are often wiped out the palm of a finger supported by a network. this is often what's called E-Commerce. According to (Nanda 2019) e-commerce includes transactions buying, selling, transferring, or exchanging products, services or information through computer networks, including the internet. E-commerce can be done by anyone with a business partner without being limited by space and time.

The presence of E-Commerce makes it very easy for the community. From the attitude of business actors, they will expand their market reach. The dissemination of data a few products are often done more quickly, and features a very broad scope, in order that it's begun to shift consumption patterns and methods, and has even become a part of people's lifestyle. The rapid development of an electronic-based economy has high economic potential for Indonesia. There are many marketing strategies within the online shop that will be a serious consideration for consumers and potential consumers to transact online. Among the various features within the online shop, Online Customer Review (OCR) or also referred to as electronic word of mouth (eWOM) is one among the features that has attracted tons of attention from academics and therefore the public together of the foremost influential factors in determining purchasing decisions. in consumers (Raffaele & Mcleay 2013). Online Customer Review may be a sort of electronic word of mouth (eWOM) which refers to user-generated content posted on online sites and on third-party websites. Currently, in Indonesia, the trend of online shops or online marketplaces is on the increase. the worth of e-commerce

market capitalisation in Indonesia reached USD 21 billion or around IDR 294 trillion in 2019. the amount of e-commerce users in Indonesia is projected to succeed in 168.3 million users. the worth of e-commerce transactions increases per annum because Indonesia has 175.4 million internet users with 160 million social media activists and 338.2 million mobile customers. Bank Indonesia data says that e-commerce transactions in August 2020 rose to 140 million compared to last year .

This significant increase is believed to flow from infrastructure for the supply of the web on Indonesia is getting easier and easier day by day cheap. Many parties will compete as internet access providers in various cities at Indonesia. Need for society too very diverse for office needs, data search, social media, et al.. Another need is shopping with online system or called the web system shopping. this is often what's employed by marketers using the web media or commonly referred to as e-commerce. This has encouraged the event of e-commerce in Indonesia to run very rapidly in recent years.

E-commerce (Electronic Commerce) or in Indonesian Electronic Commerce is that the activity of distributing, selling, buying, marketing products (goods and services) by utilizing telecommunications networks like the web, television, or other computer networks. In simple terms, e-commerce is that the process of shopping for or selling products electronically. e-commerce itself has developed in recent years and is slowly replacing traditional shops (Offline). E-commerce is someone often reaches a web channel via the pc, which is employed by the businessperson inside conduct business activities and use consumers to

urge information using the assistance of a computer which within the process is initiated by providing information services to consumers in determining choices (Kotler & Keller 2001).

The e-commerce transaction process includes the subsequent stages, the seller denotes a product or service that belongs thereto product specification detail. (2) Registers, consumers do registration or register to enter consumer identity, order goods e (3) Order, after the buyer has decided the merchandise you would like to shop for, the subsequent step is to form a sale order. (4) Payment, the customer will make the payment after receiving the entire purchase from the vendor. (5) Verification, consumers are asked to fill out return payment data like numbers account. (6) Delivery, products that are ordered and already purchased by the buyer are going to be sent by the vendor via courier to the address of these consumers. There are several factors that affect the purchasing decision, like customer reviews, free shipping discounts, and discount promotions.

Online Customer Review Review is a component of the Electronic Word of Mouth (eWOM), which may be a direct opinion of somebody and not a billboard. Reviews are one among several factors that determine an individual's purchasing decision, indicating that folks can take the number of reviews as an indicator of the recognition of a product or the worth of a product, which will influence the willingness to shop for a product (Raffaele & Mcleay 2013). Online Customer Rating Rating may be a part of a review that uses a star symbol rather than text in expressing the opinions of consumers. Rating is often interpreted as assessing the user's preference on a product's preference for his or her experience,

pertaining to the psychological and spirit they sleep in when interacting with virtual products during a mediated environment.

Moe & Schweidel (2012) stated that rating to the extent of a customer deciding. They found that the effect of customer ratings on ratings before deciding to shop for something depends on how often these customers' ratings or ratings are made on a product. In e-commerce or online marketplaces, many markets provide free shipping to consumers when online consumers are outnumbered by online companies. Free shipping is widely used because the best marketing tool in e-tailing. rational buyers and costs charged and policies set by the e-tailer. the essential scenario of comparison of paying policies with fixed shipping costs.

The more complex case of value-based free shipping examines how the free shipping price and threshold affect optimal policy. Meanwhile, rating customers online can influence studies on customer reviews affect repurchasing intention. Before buying, customers usually see reviews and merchandise ratings in retail that are within the description boxes provided by e-commerce the review was adapted from a review about Similar products are taken from the websites of major online retailers. The second factor are freeshipping promotion free shipping may have positive effect just in case of orders that exceed the edge,there could also be a negative effect on consumers content only to exceed the edge.Understanding of the influences of advertisements on consumer behavior, encouraging new theoretical discussions on the topic, also as contribute with companies' managers to raised plan their advertisements (Santini et al. 2015).

B. Research Question

Based on the background of the introduction that has been discussed previously, the formulation of the problem in this study include:

1. Does rating review influence customer purchase decision in e-commerce?
2. Does free shipping influence customer purchase decisions in e-commerce?
3. Does discount promotion influence customer purchasing decision in e-commerce?

C. Research Objective

This research aims to:

1. To analyze the impact of rating review on purchasing decisions in e-commerce.
2. To analyze the impact of free shipping promotion on purchasing decisions in e-commerce.
3. To analyze the impact of discount promo on purchasing decisions in e-commerce.