

# **CHAPTER 1**

## **INTRODUCTION**

### **1.1 Background**

The increasing use of Internet technology has significantly changed the business paradigm, especially in the e-commerce sector. This phenomenon is not only happening locally but also globally, with more and more consumers making cross-border e-commerce purchases. Cross-border e-commerce allows consumers to purchase products or services from retailers abroad without having to leave the comfort of their homes, cross-border e-commerce is becoming increasingly popular in Indonesia as it allows consumers to access products and services from overseas retailers without significant geographical restrictions. CBEC has become an important channel for promoting international trade (Mou et al., 2017). as it provides opportunities for both developing and developed countries to reap the benefits of global transactions (Cui et al., 2019; Mou et al., 2019).

In the context of cross-border e-commerce, it is important for retailers to understand the factors that impact consumer purchase intentions. One key factor that has been debated in the literature is product description and the level of consumer involvement. Informative and engaging product descriptions can enhance consumers' understanding of the product and impact their purchase intentions. On the other hand, consumers' level of involvement with a particular product or product category can also impact their purchase decisions. Product information impact the purchase behavior of potential customers (Benlian et al., 2012). According to it, this study takes a psychology perspective to propose a research model of purchase intention in Alibaba.com. The aim is to analyze the impact of product description in Alibaba.com affects the purchase intention of consumers.

Indonesia is an attractive market for cross-border e-commerce as it has a large of internet users and steady economic growth. However, in this increasingly competitive environment, both local and international retailers are faced with the challenge of attracting consumers' attention and encouraging them to make purchases in a cross-border e-commerce environment.

A good product description goes beyond simply describing the features and benefits of the product, but should also consider aspects of the culture, language, and local preferences of Indonesian consumers. The impact of the right product description can help create a positive shopping experience for Indonesian consumers and increase their trust in the brands and products offered, the level of consumer involvement with a particular product or product category is also an important factor to consider in the context of cross-border e-commerce in Indonesia. Consumers with a high level of engagement may be more likely to conduct in-depth product research and pay attention to the product description provided, while consumers with a low level of engagement may be more impact by price or promotional factors. With low consumer involvement, product description is a key step in product cognition. In CBEC, buyers and sellers are often from different countries, and they are not necessarily familiar with each other, so product description, which serves as a bridge between buyers and sellers, will have an important impact on the transaction (Giuffrida et al., 2017; Mou et al., 2020).

In Indonesia's cross-border e-commerce environment, platform involvement is also a key factor to consider. Platform involvement encompasses the user's experience in using a particular e-commerce platform, such as website navigation, interaction with certain features, and payment experience. Platform involvement can affect consumers' perception of the online shopping process and impact their intention to make a purchase. An e-commerce platform that provides an intuitive, user-friendly, and secure user experience can increase consumers' trust and make them more likely to make a purchase. On the other hand, dissatisfaction with the e-commerce platform or poor user experience can reduce consumers' purchase intention, even if

the product description and consumer engagement level are optimal. Product involvement could be defined as “the feelings of interest, excitement, motivation and enthusiasm that consumers have about a specific product category; thus being product specific” (Marshall & Bell, 2004). Consequently, the level of involvement could be classified based on the degree of effort that consumers devote to the product and to the time invested in the choice decision and the financial and social risk of the purchase itself (Bell & Marshall, 2003). According on previously research, it is important to consider the platform involvement factor as part of this research.

Therefore, research exploring the relationship between product description, platform involvement, product involvement, and consumer purchase intention in the context of cross-border e-commerce in Indonesia is crucial. With a better understanding of how these factors interact to impact consumer purchase decisions, retailers can optimize their marketing strategies to achieve success in the cross-border e-commerce market in Indonesia. In addition, this study can also provide valuable insights for researchers, business practitioners, and other stakeholders interested in understanding consumer behavior in the context of global e-commerce. If consumers have no cognition of a product, they will not show any interest in it or desire toward it; hence no further activities will take place (Zhu et al., 2019; Mou et al., 2019).

Aspects of CBEC (Cross Border E-Commerce) in Indonesia using application Alibaba.com. Since Alibaba.com platforms are booming all over the world, it is important to understand the factors that may motivate consumer purchase on such Alibaba.com. Alibaba was first launched in 1999 in Hangzhou, China. Even though it received various rejections and criticism, Alibaba has succeeded in proving its success. Now, Alibaba.com is the largest international buying and selling platform in the world. Most transactions on Alibaba are transactions between businesses and businesses or B2B. This site has succeeded in bringing

clients together to find vendors or suppliers from various countries with large-scale orders. Alibaba, has been carrying out business movements in Indonesia since 2015. Alibaba has made investments, expansions, mergers and acquisitions to expand its business in Indonesia. Since Alibaba in Indonesia is mainly seen in e-commerce. The e-commerce market in Indonesia is still being contested by many parties, and we see very good prospects waiting ahead (Alibaba CEO Daniel Zhang, 2018), Alibaba's efforts to assert its impact in the Indonesian e-commerce sector continue with funding for one of Lazada's rivals, namely Tokopedia. Alibaba injected the company founded by William Tanuwijaya with US\$1.1 billion in funding on August 17 2017, or just a month after their second funding at Lazada. (Herdanang A.Fauzan, 2020).

Considering the complexity of Indonesia's cross-border e-commerce environment (especially Alibaba.com), understanding the interplay between product description, platform involvement, and product involvement is key to optimizing marketing strategies and achieving success in this market. With a better understanding of how these factors impact consumers' purchase intentions, retailers can develop more effective product descriptions, improve the user experience of e-commerce platforms, and tailor marketing strategies to consumers' level of product involvement.

## **1.2 Research Question**

Based on the background that has been described, the following problem formulation is obtained:

1. Does the product description impact on purchase intention from using the Alibaba.com Application?
2. Does the product description impact on product involvement from using the Alibaba.com Application?
3. Does the product involvement impact on purchase intention from using the Alibaba.com Application?

4. Does the product description impact on platform involvement from using the Alibaba.com Application?
5. Does the platform involvement impact on purchase intention from using the Alibaba.com Application?
6. Does the product involvement mediate the product description on purchase intention
7. Does the platform involvement mediate the product description on purchase intention

### **1.3 Research Purpose**

1. To analyze the impact of product description on purchase intention from using Alibaba.com Application.
2. To analyze the impact of product description on product involvement from using Alibaba.com Application.
3. To analyze the impact of product involvement on purchase intention from using Alibaba.com Application.
4. To analyze the impact of product description on platform involvement from using Alibaba.com Application
5. To analyze the impact of platform involvement on purchase intention from using Alibaba.com Application.
6. To analyze the impact of product description on purchase intention through product involvement mediates as a mediating variable
7. To analyze the impact of product description on purchase intention through platform involvement mediates as a mediating variable

### **1.4 Research Contribution**

The author hopes that the results of this research can be helpful for:

#### *1.4.1 Company*

The results of this research can be used as evaluation material and input for the companies under study to determine information quality on customer perceived value, experience quality, and customer satisfaction. In addition, the results of this study can be used by companies to see the characteristics of consumers so that companies can implement appropriate marketing strategies in the present and the future.

#### ***1.4.2 References***

Other authors can use the results of this study as a reference and information for conducting research in the field of marketing, especially on information quality on customer perceived value, experience quality, and customer satisfaction.

#### ***1.4.3 Academic***

It is hoped that the results of this research will be useful for someone who practices it, to increase knowledge about the factors that using personal branding to improve career. It is hoped that these findings can be taken into consideration for further research.