

CHAPTER I

INTRODUCTION

A. Background

The process of human life is always experiencing rapid development from the beginning of the formation of infants, children, adolescents, adults, old people, God created humans, not in vain, as for the verses that command humans to continue to learn technology that is listed in QS Al-Imran (190 - 191)

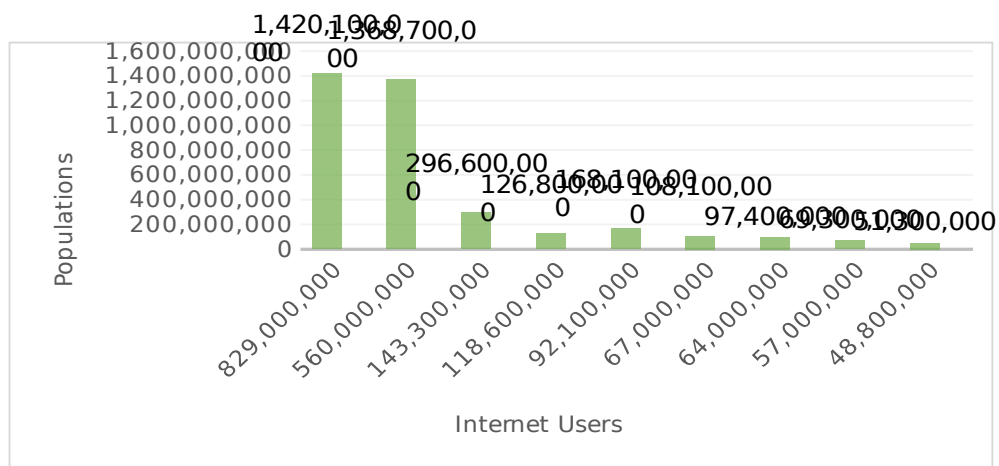
إِنَّ فِي خَلْقِ السَّمَاوَاتِ وَالْأَرْضِ وَاخْتِلَافِ اللَّيْلِ وَالنَّهَارِ لَآيَاتٍ لِأُولِي الْأَلْبَابِ
الَّذِينَ يَذْكُرُونَ اللَّهَ قِيَامًا وَقُعُودًا وَعَلَىٰ جُنُوبِهِمْ وَيَتَفَكَّرُونَ فِي خَلْقِ السَّمَاوَاتِ
وَالْأَرْضِ رَبَّنَا مَا خَلَقْتَ هَٰذَا بَاطِلًا سُبْحَانَكَ فَقِنَا عَذَابَ النَّارِ

“Inna fī khalqis-samāwāti wal-arḍi wakhtilāfil-laili wan-nahāri la`āyātil li`ulil-albāb. Allażīna yażkurunallāha qiyāmaw wa qu`udaw wa `alā junūbihim wa yatafakkarūna fī khalqis-samāwāti wal-arḍ, rabbanā mā khalaqta hāzā bāṭ ilā, sub-ḥānaka fa qinā `azāban-nār”

Meaning : Verily in the creation of heaven and earth, and the alternation of night and day there are signs for intelligent people, (ie) people who remember Allah while standing or sitting or in a state of lying down and they think about the creation of heaven and earth (while saying): "O our Lord, Thou hast not created this in vain, Blessed be Thou, then protect us from the torments of hell. In this verse contains the purpose of the command to study technology because humans have been selected as creatures that hold the ability and high degrees, humans are instructed to employ the mind by reading, learning and exploring the universe, humans have knowledge that can strengthen faith to make themselves have high stages of the afterlife.

With the presence of the industrial revolution 4.0, technological developments are increasingly perfect, due to the rapid growth of internet technology and the growing status of internet users. Internet technology, for example, has made businesses today borderless and timeless. According to research by Nucifora (2000), business turnover in 2003 was estimated at around 3.2 trillion dollars, while according to Statistics Brain, global online sales in 2011 had recorded 763 trillion dollars. With more than 2.4 billion users in the 2012 media, this shows that the use of the internet as a business infrastructure is very promising.

The rapid development of infrastructure and the increasingly affordable prices of communication tools or gadgets have caused the number of internet users in Indonesia to increase every year. The following is Figure 1.1 which contains a comparison of the number of Internet users in Asia.



Source: *katadata.co.id*

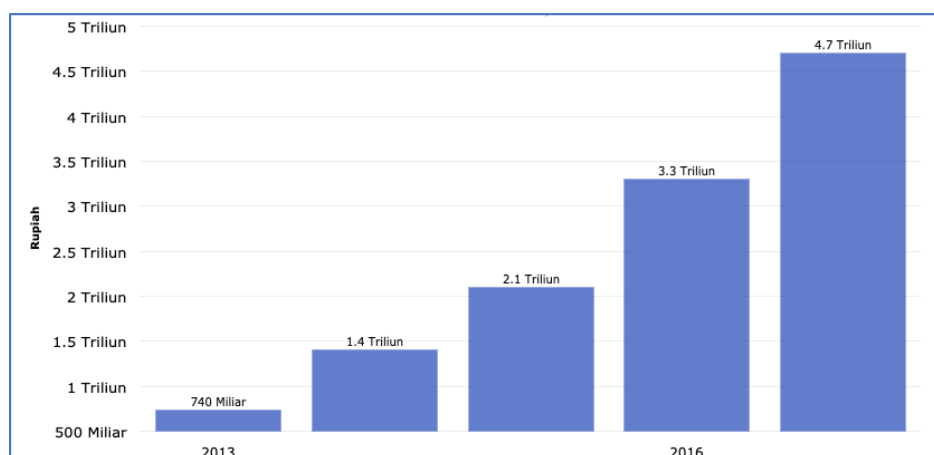
Figure 1.1
Internet Users and Populations of 10 Countries in Asia (March 2019)

As shown in Figure 1.1, internet users in Indonesia reached 143.26 million people or around 53% of the total population estimated at 269.54 million people. The number of internet users in Indonesia is equivalent to 6.5% of internet users in Asia. The number of Indonesian internet users ranks third in Asia, behind China and India, which respectively reached 829 million people and 560 million people. While the country with the highest internet penetration in Asia is South Korea, reaching 95.1% of the total population. That is, almost all residents in South Korea have used the internet. The country with the second-largest internet penetration in Asia is Japan, which is 93.51% of the population.

With the existence of information technology, especially the internet at this time, not only used to search for information, communication globally and publications, but also used as a means of electronic commerce or commonly called e-commerce. Electronic commerce (e-commerce) according to Laudon (2012) is the use of the internet and the web to transact business. According to Sutabri (2012) e-commerce is the spread, purchase, sale, marketing of goods and services through electronic systems such as the internet or television, www, or other computer networks. With e-commerce services, consumers can shop for goods or services without time limit, more diverse products, faster and no queue transactions, consumer secrets are protected, and can save time, energy and costs.

According to Kotler & Armstrong (2008) the benefits for consumers when shopping on e-commerce sites, among others, provide comfort. Customers do not need to wrestle with traffic, no need to find a parking space, shop from shop to shop and queue up at the time of payment. Consumers can compare brands, check prices, and order merchandise 24 hours a day from anywhere. By shopping on e-commerce sites consumers can get a lot of benefits, which is, shopping can be done anywhere and anytime. Consumers do not need to go to stores to buy the products needed, transactions can be done 24 hours. In addition, shopping on e-commerce sites provide product comparisons and helps in deciding which to buy, more convenient, more diverse products, faster and no queue transactions, consumer secrets are protected, and can save time, energy and costs.

Besides online shopping also has weaknesses, namely the lack of assistance when shopping where consumers can not make physical contact directly with the seller, the product also cannot be touched or tried, the possibility of product damage when shipping, and the occurrence of fraud.



Source : *Katadata.co.id*

Figure 1. 2
National Online Shopping Event Transactions (2013-2017)

As shown in Figure 1.2, the national expenditure event transactions in 2017 rose 42 percent, namely Rp 4.7 trillion from Rp 3.3 trillion a year earlier. According to the Nielsen survey, 68 percent of people who do Harbolnas shopping are regular consumers who have already done transactions. As many as 27 percents are first-time consumers shopping at the Harbolnas, and 5 percent are first-time consumers doing online shopping. Online shopping consumer transactions in Java rose 35 percent and outside Java even reached 82 percent and during the Harbolnas festival, it was able to increase consumer shopping transactions 4.2 times the normal day. As many as 55 percents of consumers of Harbolnas 2017 transactions are male. While based on age, buyers with a young age, ie 15-24 years, dominated 46 percent of transactions at the event. Follow the age of 24-34 years by 29 percent.

Judging from the emergence of e-commerce sites in Indonesia such as Shopee, Lazada, Bukalapak, Tokopedia, Blibli.com and many more, it shows the development of e-commerce is very rapid. Here is Table 1.1 which contains the top 5 e-commerce sites in Indonesia.

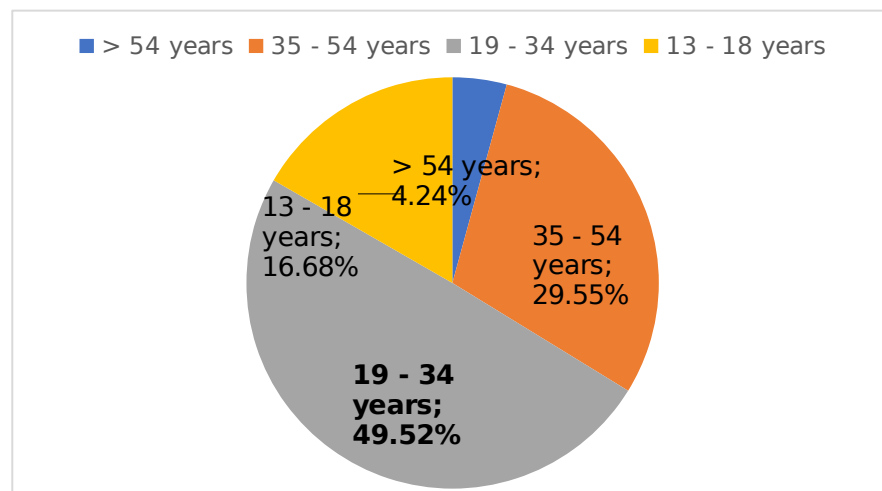
Table 1. 1 5 Top E-Commerce Sites in Indonesia

No	Online Store	Monthly Web Visitors	Appstore Ranking	Ranking Playstore
1	Tokopedia	140,414,500	#2	#2
2	Shopee	90,705,300	#1	#1
3	Bukalapak	89,765,800	#4	#4
4	Lazada	49,620,200	#3	#3
5	Blibli	38,453,000	#5	#5

Source : Iprice.co.id

As shown in Table 1.1, most web visits were tokopedia for 140,414,500, then the second shopee for 90,705,300, then the third bukalapak for 89,765,800, followed by lazada for 49,620,200 and fifth for blibli.com for 38,453,000. E-commerce companies in Indonesia compete so that consumers make an interest in buying e-commerce sites that they founded.

Through the existence of online trading sites, it makes the lifestyle of Indonesian people more efficient. This is inseparable from the lifestyle of millennial people who use technology and information effectively and efficiently.



Source : *kominfo.co.id*

Figure 1.3
Composition of Internet Users by Age of 2017

As shown in Figure 1.3, internet users are people who are in the age range of 19-34 years which is 49% which is a millennial generation. While 30% of internet users are in the age range of 35-54 years. The rest, internet users are in the age range of 13-18 years by 17% and above 54 years by 4%.

Millennials are the demographic group after Generation X (Gen-X). There is no definite time limit for the beginning and end of this group. Experts and researchers usually use the early 1980s as the beginning of the birth of this group and the mid-1990s to the early 2000s as the end of birth. Global demographics always play an important role in economic growth. Now, this is a time when the majority of millennials have entered the workforce. Their income which is classified as high and growing rapidly determines the desires of the characteristics of present and future generations, thus increasingly affecting the economic market, especially in the online buying and selling the business. The millennial generation is a target of marketing a variety of industrial products because it is closely related to technology, including the matter of online shopping. In addition, the millennial generation is easily influenced, thus encouraging the emergence of various symptoms of improper consumption behavior. Millennials are connected to social media like Facebook, Instagram, and Twitter so that they can easily get the information they need (shopping information). It is important for industry players to create products that are suitable for millennial needs, such as innovative and fitting bags so that the potential for e-commerce development in Indonesia is increasing.

Yonaldi et. al (2019) conducted research showing that perceived usefulness and perceived risk variables have a positive and significant influence on online shop purchase interest using Instagram, while the trust variable does not have a positive and significant effect on online shop purchase intention using Instagram. Wijaya and Jasfar (2014) conducted a study that showed that there was a significant influence on the variable design, trust, and security of online purchases through online shopping, while the variable price had no significant effect on online purchases through online shopping. Research conducted by Asri and Susanti (2018) shows that trust and perceived benefits have a significant effect on purchase intention, while perceptions of ease and risk do not have a significant effect on purchase intention. Widhiani and Idris (2018) conducted research showing that promotion, ease of use, consumer confidence and quality of information have a positive influence on buying interest in Bukalapak online sale site. From research conducted by Ling, et al. (2010) findings revealed that impulse purchase intention, quality orientation, brand orientation, online trust and prior online purchase experience were positively related to the customer's online purchase intention. Research conducted by Chiu, et al. (2018) findings that trust, perceived ease of use, perceived usefulness and enjoyment are significant positive predictors of customers' repurchase intentions. Zhao, et al. (2019) conducted a study, the results show that the type of product and time was significant on purchase intention.

Based on the data above, Indonesia is the third largest number of internet users in Asia. With the presence of the industrial revolution 4.0 generated many innovation one of which is e-commerce. Seen from the emergence of several e-commerce sites in Indonesia, the development of e-commerce is growing rapidly. Millennial generation is the target of marketing a variety of industrial products because it is identically close to technology, one of which is online shopping, this is supported by information and communication data which shows that internet users are dominant at the age of 19-34 years. Therefore researchers interested in conducting research to find out the factors that influence millennial generation to choose e-commerce. Therefore, researchers are interested in conducting research on the topic "Determinants that Influence the Selection of E-Commerce Sites by Millennial Generation" (Case Study: Universitas Gadjah Mada, Universitas Negeri Yogyakarta, Universitas Pembangunan Nasional Veteran, Universitas Islam Negeri Sunan Kalijaga, Universitas Muhammadiyah Yogyakarta, Universitas Islam Indonesia, Universitas Ahmad Dahlan and Universitas Atma Jaya).

B. Limitation of Problems

In this study, researchers limit their research:

1. Case studies conducted at eight universities in Yogyakarta that have been accredited A, i.e Universitas Gadjah Mada, Universitas Negeri Yogyakarta, Universitas Pembangunan Nasional Veteran, Universitas Islam Negeri Sunan Kalijaga, Universitas Muhammadiyah Yogyakarta, Universitas Islam Indonesia, Universitas Ahmad Dahlan dan Universitas Atma Jaya.
2. The variables studied are as follows:

- a. For the dependent variable (Y) is the selection of e-commerce sites.
- b. For independent variables are a trust (X1), price (X2), promotion (X3), time (X4), risk (X5), ease of use (X6) and quality of information (X7).

C. Problem Formulation

Based on the description in the background above, the following problem formulation will be proposed in this study:

1. How the trust variable influence the selection of e-commerce sites by millennial generation?
2. How the price variable affect the selection of e-commerce sites by millennial generation?
3. How the promotion variable influence the selection of e-commerce sites by millennial generation?
4. How the time variable affect the selection of e-commerce sites by millennial generation?
5. How the risk variable influence the selection of e-commerce sites by millennial generation?
6. How the ease of use variable affect the selection of e-commerce sites by millennial generation?
7. How the variable quality of information affect the selection of e-commerce sites by millennial generation?

D. Purpose

Research Objectives based on the problems formulated, the objectives to be achieved in this study are as follows:

1. To determine the effect of trust on the selection of e-commerce sites by the millennial generation.
2. To determine the effect of price on the selection of e-commerce sites by millennials.

3. To determine the effect of promotion on the selection of e-commerce sites by the millennial generation.
4. To determine the effect of time on the selection of e-commerce sites by the millennial generation.
5. To determine the effect of risk on the selection of e-commerce sites by the millennial generation.
6. To determine the effect of ease of use on the selection of e-commerce sites by the millennial generation.
7. To determine the effect of quality of information on the selection of e-commerce sites by the millennial generation.

E. Benefit

The benefits of this research are as follows:

1. For companies, the results of their research are expected to be able to contribute and benefit companies that run e-commerce businesses, in order to formulate a good marketing strategy so that e-commerce sites are more advanced, superior, continue to innovate.
2. For consumers, this research can help consumers when they want to make transactions on the e-commerce site.
3. For writers, it can increase knowledge about e-commerce systems that have been studied and get an understanding of existing information on the facts in the field and can be a reference for further researchers.

