

# CHAPTER I

## INTRODUCTION

### 1.1 Background

The development of business in financial technology in Indonesia is accelerating, giving rise to several e-wallet start-ups such as OVO, GoPay, DANA, and others. Some e-wallets are particularly associated with e-commerce in order to broaden their platform. The most recent research by Medcom.id (2022) shows that digital wallets are becoming increasingly popular among Indonesians. The number of transactions using this online payment tool is growing by the day. People can use digital wallets to complete online transactions without meeting the merchant in person. Payments for a variety of purposes, ranging from online shopping to monthly electricity bills, can be made using a digital wallet account in which a certain amount of money is placed. Bank Indonesia even reported a growth of up to 20 percent in non-cash transactions until November 2020.

According to Bank Indonesia, the integration of the fintech ecosystem will encourage and assist the digitalization trend (Bigalpha.id, 2021). In Indonesia, 23.22 percent of the population have used e-wallet (Databoks, 2021). Even though the technological era gives numerous benefits to society, the community does not readily adapt to all existing technology because accepting this new technology requires time and adjustment. Davis (1989), in his research journal entitled "Perceived Usefulness, Perceived Ease of Use, and User Acceptance of Information Technology." Users' perceptions of the utility and ease of use influence their interest in utilizing technology. Kotler and Armstrong (2015:179) describe perception as how we choose, interpret, and comprehend information to construct meaningful experiences. "The Technology Acceptance Model and The World Wild Web" by Lederer et al. (2000) claims that the perceived usability and utility of technology have a correlation in attitudes about its use. According to Xendit, e-wallet usage accounted for as much as 43 percent of digital transactions in 2021.

When deciding on a sort of digital service, people consider several factors, including whether or not to employ a digital payment system service. The public takes into account the perception of usefulness when using a digital payment system service. Someone will use a technology if it can provide them with usefulness. By Cho (2015), consumers' perceptions of online retailers' ease of use are favorably associated with their desire to shop online. Perceived usefulness also had a statistically significant impact on customers' online purchase intention.

There are 5 largest digital wallets that compete in e-wallet competition in Indonesia, namely ShopeePay, OVO, GoPay, DANA and LinkAja. In the e-wallet competition, GoPay has topped the active users' list from 2019-2020, followed by OVO and Dana on the top three lists. In a survey conducted by Ipsos, 58 percent of respondents identified GoPay as their most familiar e-wallet, followed by 29 percent for OVO, 9 percent for DANA, and 4 percent for Link Aja (Iprice, 2020).

OVO is one of the businesses that has offered e-wallet services since 2017. OVO has two affiliated payment options that can be used; OVO Cash and OVO Points. Customers that pay with OVO Cash at OVO partner merchants earn OVO Points, a form of customer loyalty reward.

OVO's year-on-year growth is inextricably linked to its partnership with Tokopedia, one of Indonesia's top e-commerce sites. Tokopedia has held more than 35 percent of OVO shares since 2019, and OVO is a payment method on Tokopedia. This collaboration expands OVO's application to e-commerce, making OVO the most prominent digital payment platform in Indonesia. According to Kumparan, OVO was able to cover 93 percent of Indonesian districts by collaborating with Tokopedia. In the first year of the partnership, they were able to generate 80 million monthly active Tokopedia users among the 60 million OVO users (Marketeers, 2018).

In the first quarter of 2021, OVO overcame GoPay's rating. However, OVO has yet to win the number 1 place, which a newcomer, ShopeePay, now holds. According to the poll results, ShopeePay has an enormous market

penetration with 68 percent, followed by OVO with 62 percent, Dana with 54 percent, GoPay with 53 percent, and LinkAja with 23 percent (Katadata, 2021).

Despite being active in Indonesia for less than a year, ShopeePay is the market leader in digital payments for online shopping. The emergence of ShopeePay made digital wallet competition more intense in the first quarter of 2021. The emergence of GoTo generates a slew of interesting questions, one of which is about the fate of OVO since Gojek also has its own digital wallet, Gopay. GIn May 2021, Tokopedia officially announced its merger with Gojek into GoTo. GoTo's merger raises some assumptions that OVO's presence on Tokopedia can go down since OVO is now not the primary payment system for Tokopedia.

In addition to considering the benefits and conveniences, the development of e-wallets is also inseparable from various promotions. Not only focused on providing ease and continually innovating to expand its benefits so that users can transact anywhere and for anything by collaborating with local merchants, but OVO also offers various monthly sales promotions. According to Kompas, Ipsos'2020 research results showed that 71 percent of respondents who use digital wallets use e-wallets because they are enticed by the numerous promotions offered by each e-wallet.

Kotler dan Armstrong (2015:501) defined sales promotion as a short-term stimulus to trigger purchasing products and services. OVO's sales promotion strategies include partnering with e-commerce and online transportation to become a payment platform for users of transportation and e-commerce services, along with several restaurants that offer cash back promotions ranging from 10 percent to 30 percent off with OVO payment, where the points earned are in the form of cash in the form of points that can be spent at outlets that also collaborate with OVO.

## **1.2 Problem Statement**

In the past years, the increased competitiveness of financial technological service in Indonesian market (Kompas, 2020), which is observable by the many

brand players in this business, namely QRIS, e-wallet, virtual account and credit card. In addition, the increasing value of electronic money transactions in February 2021 was Rp. 19.2 trillion, a 26.4 percent increase year on year. Ovo as one prominent brand player, conducted several strategies to win the competition among e-wallets, various innovations and strategies are being developed to improve the product and the promotions of OVO (Bisnis.com, 2020). Besides that, OVO also offers various promotions such as cashback and discounts, as well as the service of OVO points. The rise of various types of e-wallets, each with its advantages and downsides, drives users to be selective when selecting the correct e-wallet for daily transactions. By this phenomenon, this study aims to determine whether consumer perceptions of OVO's usability, the convenience of use, and sales promotion influence e-wallet users' decision to use OVO in transactions when OVO's usage has been changed and replaced by GoPay.

However, it has been discovered that this is not directly effective to OVO's efforts. Based on the most recent research by Katadata in 2021, despite surpassing Gopay's position in the first quarter of 2021, OVO was topped by a newcomer, ShopeePay. Another issue that is being faced is people's assumptions about the fate of OVO with the launch of GoTo, which previously OVO had been one of the payment systems on Tokopedia.

### **1.3 Research Objectives**

This study aims to explain the influence of perceived usefulness, ease of use, and sales promotions on OVO purchase intention.

### **1.4 Research Significance**

#### **1.4.1 Academic Significant**

The result of this study is expected to be a learning material or a comparison material that can be used in teaching and learning activities for students, lecturers, and all parties who have an intention or importance of the effect of usability, ease-of-use, and sales promotions to OVO intention to buy. Also, as reference material or study for developing

communication science regarding the factors influencing purchase intention.

#### **1.4.2 Practical Significant**

The findings from this study are meant to be used as a reference for providing guidance, insights, or material consideration in developing an effective strategy that can entice audiences to purchase OVO.

#### **1.4.3 Social Significant**

This study is aimed to enlighten the public about the benefits and advantages that will be received while using OVO to make purchases.

### **1.5 Theoretical Framework**

#### **1.5.1 State of The Art**

Several studies have been carried out in accordance with this research. Therefore some of these studies that have been carried out will be described and explained.

First, research in 2021 by Akmal Nashren Abd Malik and Shafirah Nurafizah Syed Annuar, The Effect of Perceived Usefulness, Perceived Ease of Use, Reward, and Perceived Risk toward E-Wallet Usage Intention, use quantitative research with explanatory research methods. According to the study, these TAM-based researchers find that using an E-wallet is more likely if it is seen as practical, easy to use, and rewarding. Despite this, the likelihood of using an e-wallet is unaffected by one's perception of risk.

Secondly, Andrean Septa Yogananda and I Made Bayu Dirgantara from Diponegoro University Management conducted a study titled The Effect of Perceived Usefulness, Perceived Ease of Use, Trust, and Risk Perception on Interest in Using Electronic Money Instruments in 2017. This research uses quantitative research methods in combination with explanatory research methods. Technology Acceptance Model Theory in this research shows the intention to use is influenced positively by

perceived utility, perceived ease of use, and trust. In contrast, perceived risk is negatively and not significantly affected.

Furthermore, in 2020 Meryl Astin Nanngin, Irma Rasita Gloria Barus, and Soengeng Wahyoedi will study the Effects of Perceived Ease of Use, Security, and Promotion on Trust and Its Implications on Fintech Adoption. This research uses quantitative research with explanatory research methods. This study employs TAM as a theoretical framework, and the Structural-Partial Least Square (SEM-PLS) equation model is used as an analysis technique. According to empirical evidence, customer trust is positively influenced by perceived ease of use and promotion. Security, on the other hand, has no discernible impact on a person's level of trust.

Fourth, Muhammad Fikri and Annisa Lisdayanti of the Department of Business, Widyatama University Bandung, published a study in 2020 titled Analyzing Promotion Mix and Perceived Usefulness of e-Wallets: A Case of Linkaja Applications in Indonesia. Linkaja e-wallet repurchase intention was 68.4 percent influenced by the promotion mix variable and 71.17 percent influenced by the perceived usability factors. In contrast, the simultaneous impact yielded 51.4 percent, while other factors accounted for the remaining 49.6 percent. The theories used in this study are the Advertising Exposure Theory and TAM Theory.

Lastly, Aulia Restu Yohanda, Erni Masdupi, and Yunita Engriani from Padang State University's Management and Entrepreneurship Department conducted a 2019 study titled The Influence of Promotion, Perceived Ease of Use, and Price Towards Repurchase Intention of Transportation Services Go-Jek on Students in State University Padang. Non-probability sampling and quantitative research methodologies are both used in this study. Padang State University's Go-Jek transportation services were significantly influenced by promotion, perceived utility, and pricing.

Previous research has used the Theory Acceptance Model to examine the impact of practicality and simplicity of use on an information system's

behavior, needs, and utilization. This study looks at internal determinants that affect human perceptions of using technology and how external influences, such as sales promotion, can influence purchase intention.

### **1.5.2 Research Paradigm**

To find out how variables' causes and effects relate to one another, this research relies on the positive paradigm (Baxter and Babbie 2003:55). Using research instruments such as surveys, questionnaires, and quantitative data analysis, the positive paradigm is used to gather data on specific populations in testing predetermined hypotheses.

### **1.5.3 Perceived Usefulness**

To develop an accurate picture of the world, people use a process known as perception, which involves selecting, organizing, and interpreting information data. Perception is important in marketing because it influences consumers' behavior. The senses of sight, hearing, smell, taste, and emotion all play a role in how customers absorb information (Kotler and Keller, 2016: 97). Davis (1989:320) defines perceived usefulness as when users believe that utilizing technology can enhance their work. According to Venkatesh and Davis (2003:426), these are the indicators of perceived usefulness:

1. Effectiveness means that users can save time by using a system.
2. Accomplishing faster is when a job can be finished more quickly due to the system's presence.
3. How much a system can benefit someone's actions.
4. Advantageous means the users can gain advantages by using a system.

### **1.5.4 Perceived Ease of Use**

Davis (1989:320) defines it as the condition where the user thinks using information technology is simple and does not require much work. This concept encompasses both the user's clarity of goal and the ease with which the system can be used to accomplish that purpose. Davis

(1989:320) presents the following indicators of perceived usability in information technology:

1. Easy to use.
2. Easy to learn.
3. Work easily according to what users want.
4. Easy to operate.

### **1.5.5 Sales Promotion Exposure**

Advertising Exposure is a condition when the target consumer sees or hears a message or information through a media regarding the promotion of goods or services delivered by the marketer, and the target consumer can remember and understand the content of the message (Peter and Olson, 2009: 525).

OVO employs adverts on its Instagram and YouTube accounts to carry out promotions. OVO's promotion involves offering rewards, cashback, and incentives to customers who use OVO to make payments.

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Sales promotion exposure is the consumer's impression after perceiving all promotional activities to stimulate short-term buyer behavior to promote immediate sales. When it comes to marketing, sales promotion is about adding value to the core benefits that a customer receives when purchasing a product or service (Shimp, 2008:512). People who are exposed to sales promotions get information and knowledge about the incentives offered by the company.

According to Vreese and Neijens (2016: 71), self-report questionnaires can quantify media exposure. These questionnaires invariably ask respondents to recall or recognize some message to assess



exposure. Respondents' ability to recognize or recall a message or campaign's specifics is typically used to measure exposure in self-reports

### **1.5.6 Purchase Intention**

In the words of Spears and Singh (2004: 56), a person's deliberate intention to purchase a brand is what they mean by the term purchase intention. Customers will have the intention as they respond to the advertisement, whether it is a positive or negative action. Purchase intention, according to Belch and Belch (2013:120), is defined as the predisposition to purchase a specific brand or product, one that is premised on the correlating of purchase motives with the attributes or features of the brands under deliberation. According to Peter and Olson (2009:150), forecasting and marketing planning are crucial to predicting consumer behavior accurately. When it comes to predicting future purchases, it is typically advisable to use measures of buy intent.

According to Till and Busler (2000: 6), Impossible or likely, improbable or probable, and absolutely not or definitely would be all ways to evaluate a buyer's intent to buy. According to Harris and Goode in Praptono and Haryanto (2016: 107), purchase intention can be measured by the user's planning to purchase. In Arifani & Haryanto (2018: 3), Yoo B, Donthu N, and Lee S define purchase intention as the customer's future purpose to purchase goods or services.

### **1.5.7 The Influence of Perceived Usefulness and Ease of Use on The Purchase Intention of OVO**

The Technology Acceptance Model (Davis, 1989) can explain the connection between OVO's perceived usefulness, perceived ease of use, and intention to use. This model adopts the Theory of Reasoned Action (Ajzen and Fishbein 1980). It is one of the uses of this theory to provide a thorough description of the factors that may explain user behavior across a wide range of end-user computing technologies and user demographics.

TAM explains technological acceptability in terms of cognitive considerations. Cognitive aspects are defined as the examined information system's perceived functionality and simplicity of use. The theory examines the causal relationship between the perception of practicality and ease of use on the behavior of information systems needs and usage of information. To Davis, user behavior is partly explained by their perceptions of how easy something is to use and how useful it is. Considering the ease and usefulness of using technology can be used as a reason for someone to behave or as a standard for accepting a technology.

People's belief in a technology's perceived utility determines the degree to which they use it. An individual's perception of how easy a system is to use and understand and does not take a significant deal of effort from the user is known as the perception of usability.

#### **1.5.8 The Influence of Sales Promotion Exposure on The Purchase Intention of OVO**

Exposure (Shimp, 2008:141) is a state in which customers are exposed to the marketing messages of the businesses they buy from. Exposure occurs when they see, hear, or read an advertisement in a visible or audible location. Advertising can create the impression that the brand is well-liked by consumers, as well as a feeling of liking something or an attitude toward the brand that leads consumers to purchase the product. The influence between sales promotion and purchasing intention can be explained through the Advertising Exposure Theory by Batra, Mayer, and Aaker (1996:123). This theory explains that if consumers are exposed to advertising, certain feelings and attitudes will be created towards the brand, which will then move and direct consumers to decide to buy a product. In this theory, exposure can result in brand awareness, where consumers will be able to recognize the advertisement. Consumers will also receive information about the brand and its benefits.

Sales promotion tools prosper in modern marketing techniques because they capture the attention of prospective customers and encourage them to make a purchase intention. The benefits provided by sales promotion techniques have an impact on the psychological appraisal of the consumer. Consumers analyze the sales promotion offer and develop a benefit assumption.

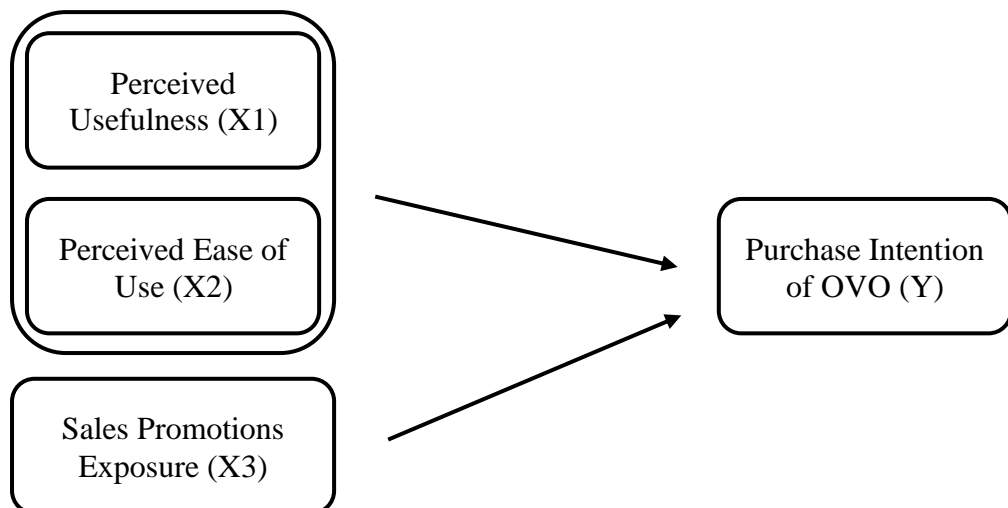
Kotler and Armstrong (2015: 79) state that promotion is the process of promoting the advantages of a product and persuading a target audience to buy it. Based on the preceding explanations, sales promotion exposure not only provides information to buyers but also stimulates consumer behavior that encourages consumers to purchase those products

### 1.6 Hypotheses

H1: The perceived usefulness and ease of use influence the intention to use OVO.

H2: There is an influence of OVO sales promotion exposure on the intention to use OVO.

**Figure 1.1**  
**Hypotheses**



## **1.7 Conceptual Definition**

### **1.7.1 Perceived Usefulness**

Perceived usefulness is when a person perceives the utilization of technology will help them work more efficiently. If someone believes that OVO is useful in making transactions, they will use it.

### **1.7.2 Perceived Ease of Use**

Perceived ease of use is when individuals perceive using technology as simple and will require less effort. People will use OVO if they believe it is simple and clear to use and operate.

### **1.7.3 Sales Promotion Exposure**

Exposure to OVO sales promotion is a situation in which the public receives information and knowledge of OVO sales promotion messages. Their impressions bring the audience's understanding of OVO sales promotion after seeing the sales promotion.

### **1.7.4 Purchase Intention**

Purchase intention is a consumer's attitude toward a product that demonstrates the consumer's desire to make a purchase utilizing OVO. The customer's future intention to purchase products or services can be used to assess purchase intention.

## **1.8 Operational Definition**

### **1.8.1 Perceived Usefulness**

To find out the perception of the usefulness of OVO can be measured using questionnaires and interviews with indicators:

- 1) Respondents believe that using OVO can simplify the transaction procedure.
- 2) Respondents believe that using OVO can speed up the transaction process.
- 3) Respondents believe that using OVO in the transaction process is helpful.

- 4) Respondents believe that using OVO is beneficial in the transaction process.

### **1.8.2 Perceived Ease of Use**

- 1) Respondents found it is handy to use OVO when it comes to making payments.
- 2) Respondents can understand information about the use of OVO easily.
- 3) Respondents can use OVO to make transactions that they want.
- 4) Respondents felt that OVO's features are easy to operate. To find out the perception of OVO's ease of use can be measured using questionnaires and interviews with indicators:

### **1.8.3 Sales Promotion Exposure**

To find out the exposure to OVO sales promotions can be measured using questionnaires and interviews using the following indicators:

- 1) Respondents can identify OVO's ongoing promotions that are delivered to the media.
- 2) Respondents can recognize the message of the promotion offered by OVO.
- 3) Respondents have seen the OVO promotion.
- 4) Respondents can recognize the terms or conditions of the promotion offered by OVO.
- 5) Respondents can mention the benefits they receive from OVO sales promotions.

### **1.8.4 Purchase Intention**

To find out the intention in transactions using OVO can be measured using questionnaires and interviews with indicators:

- 1) Respondents have plans to make payments using OVO.
- 2) Respondents prefer to use OVO when making further transactions compared to other e-wallets.
- 3) Respondents intended to make a purchase using OVO.

## **1.9 Research Methodology**

### **1.9.1 Research Type**

This explanatory research uses quantitative methods to investigate the cause-effects between observable variables. This research would look for the influence of perceptions of usability and utility and sales promotion on consumer intention to utilize OVO as an electronic money service.

### **1.9.2 Population**

A population is defined by Baxter and Babbie (2003:139) as the collection of elements from which the sample is drawn. Young adults aged 20 to 35 made up most of those using an e-wallet service. (<https://iprice.co.id/trend/insights/e-wallet-terbaik-di-indonesia>)

Therefore, the population for this research is between the ages of 20 and 35, and the population size is unknown.

### **1.9.3 Sample**

According to Uma Sekaran (2016: 250), convenience sampling is the collection of information from members of the population who consent to supply the needed information. Purposive sampling confines the sampling to specific sorts of respondents who can provide the required information because they meet the criteria defined by the researcher (Sekaran, 2016: 248). As a result, anyone who agrees to provide the information needed for the study, whether found directly or indirectly, can be used as a sample in this study if the respondent meets the population category.

In this study, the number of samples used was 100 respondents. This is because, according to Roscoe (Sekaran, 2016: 295), the minimum sample size needed in research is between 30 to 500 samples.

#### **1.9.4 Data Type and Resources**

This research uses primary data, in which the data is retrieved from the respondents through answers to questionnaires that have already been distributed and filled out.

#### **1.9.5 Data Collection Tools**

The technique used data in this interview with a questionnaire as an instrument. It uses a self-administer questionnaire, which means giving questionnaires to respondents and asking them to fill in.

#### **1.9.6 Data Processing Techniques**

##### **a. Editing**

Checking the data that has been obtained, which aims to evaluate the availability of data to prevent errors or lack of data from the questionnaire questions.

##### **b. Coding**

Coding is the process of categorizing respondents' responses after they have been edited. This stage also includes classifying the instrument's identity so it can be analyzed.

##### **c. Tabulation**

Tabulation is the process of presenting data after it has been coded. This stage involves organizing the data obtained, then managing it into specific groups and presenting it in tabular form.

#### **1.9.7 Data Analysis**

This study uses regression analysis to understand the influence of two or more variables. According to Kumari and Yadav (2018: 33), regression analysis uses at least one dependent variable to predict the outcome of another dependent variable. Regression is critical for analyzing the strength of influence between the affected variable and the affected variable. Variables that affect are referred to as independent variables, and variables that are affected are referred to as dependent variables. This

research consists of three independent variables and one dependent variable.