# CHAPTER I

# INTRODUCTION

## 1.1    Background

The advancement of information technology has significantly changed lifestyles across Indonesian society both in rural areas and urban areas. In current society, people are increasingly reliant on smartphones in their daily routines. Smartphones are widely used for engagement and communication in everyday life, as seen by the proliferation of mobile channels and social media platforms. Smartphones, with their seamless integration with the internet, have become vital tools in facilitating persons' normal tasks. People who use smartphones perform activities from just calling or texting, chatting on social media, conducting business, and performing online financial transactions.

Financial technology (Fintech) represents an emerging trend that combines information technology (IT) and traditional financial services to produce new, efficient service delivery platforms, ultimately enhancing usability and security. E-wallets, often known as mobile payments, are a FinTech service that has received a lot of interest in the consumer retail industry (Hamzah, 2023).

Technology and information develop very fast in this global and digital era. In line with significant improvements in technological development, changes are found in the behavior and lifestyle of society. People indicate their need for something quick and easy to perform their activities, including economic activities. One of the changes

is reflected in the payment system in terms of economic transactions. With technological advancement in the payment system, a non-cash payment that is considered more efficient has gradually replaced the role of cash.

Previously only a handful of people in Indonesia knew cashless payments before the advent of cashless electronic money programs already started with the existence of credit cards. With the advent of E- Money all consumers can use it, but because of ignorance, some people even don't use electronic money.

In using E-money, consumers get several advantages, for example in the case of a shopping refund, and another advantage is that those who use E-money are faster and more efficient to pay for. Today's society is consumptive and prefers something that is efficient to carry out all consumption activities, so that society is more chosen to shop at supermarkets or minimarkets that you can transact with using electronic money (e-money).

Digital advances have empowered consumers, who are now more educated and informed than ever. With the internet at their fingertips, consumers can easily research products and services. They can compare prices and features in seconds, even minutes, and make an informed decision on what they want to buy. The shift from being offline to online in people implementing their lifestyle has a significant impact in transitioning from cash to cashless. With the internet and the implementation of shopping online, consumers tend to buy products and services through debit or credit card, which is not convenient. Thus, E- wallets emerge to satisfy consumer behavior which changes, shifting from offline to online shopping.

Mowen and Minor (2020) assert that consumer behavior is the study of purchasing units and exchange processes related the acquisition, consumption, and disposal of products, services, experiences, and ideas. Meanwhile, Solomon (2019) explains that consumer behavior is a science that learns everything about the process that occurs when consumers choose, buy, use, or get rid of a goods, service, concept, or experience to fulfill the demads and consumer needs.

**Table 1. 1 E- Money Value Transaction**

| Years | Transaction Value | Units |
|-------|-------------------|-------|
| 2010 | 5 Billion | 10 Million |
| 2011 | 10 Billion | 15 Million |
| 2012 | 15 Billion | 20 Million |
| 2013 | 19 Billion | 50 Million |
| 2014 | 19,5 Billion | 50 Million |
| 2015 | 20 Billion | 60 Million |
| 2016 | 25 Billion | 70 Million |
| 2017 | 30 Billion | 90 Million |
| 2018 | 55 Billion | 150 Million |
| 2019 | 90 Billion | 250 Million |

Source: Katadata.com

Based on data released by Bank Indonesia, the value of money transactions in electronic form jumped sharply in 2019, which we can see every year the jump increases rapidly which means that consumer has been adaptive and accepting of the purchasing using E- Money in this new Marketing 4.0 era. A marketing strategy known as "marketing 4.0" integrates offline and online interactions between companies and consumers (Kotler, 2017). Kotler (2017) states that there are several factors that will

impact the purchasing decision namely Brand Image, E- Service and Customer Satisfaction.

Firmansyah (2019) defines a brand as a customer's perception that emerges when they recall the brand of a particular product. Bailey & Milligan (2022) mentions that brands can become roads in establishing a self-label as well as establishing an attachment to the notion we are what we buy by adding color, interest, and preferences can help consumers in making decisions because the brand could be anywhere. Brand image is one of them the first observed problem and be determined by the customer before selecting a product as well as purchase decisions. The business needs to stand out from its rivals with its brand.

Susanti and Wardana (2021) proves that the brand image variable has a positive and significant effect on customer satisfaction variables, this means that the better the brand image, the more satisfied consumers will be. If the brand image is negatif, less and less people will want to buy and be satisfied with the product.

In a business, the influence of brand image on purchasing decisions is closely related and cannot be separated. The better the brand image you create, the more customers will glance at the products and services offered. In addition, the identity of an excellent product or not can be seen first from the brand image. According to Penburg (2011) Company Brand Image has a role substantial influence on purchasing decision. The company's popularity and ability to serve and meet consumer needs determine what the public's impression is of the company's brand image. Companies which has a good image of its products tend to be more likable and easier to accept

than a company that has an unfavorable image. The brand image of the company is often used as a reference by consumers to make purchase decisions when the consumer does not have experience or knowledge of a product.

Tjiptono (2014) conceptualizes consumer satisfaction as feelings that emerge as an output assessment of the experience of using a product or service. Satisfaction perceived by consumers will encourage them to continue to make purchases. Customer satisfaction has an important role in maintaining competition and market position of a company, the results of this study are in line with findings from Wibisono (2018), Rosmaniar (2021) found that consumer satisfaction has an influence on purchase decision.

ShopeePay are relatively new compare to their competitors but, they do not have any problem competing in the E-Wallet area. As we can see with the data below ShopeePay has already control the market share as the number two ranked just behind ovo, largely because of how succesful Shopee application as an E- commerce so that ShopeePay do not have any problem with finding and owning their marketshare. However in the usage departmen ShopeePay has only been the number 3 ranked behind of GoPay and OVO, proving that their old competitors has already made a mark on the E-Wallet department and ShopeePay need to improve on their E- Wallet to overtake them.
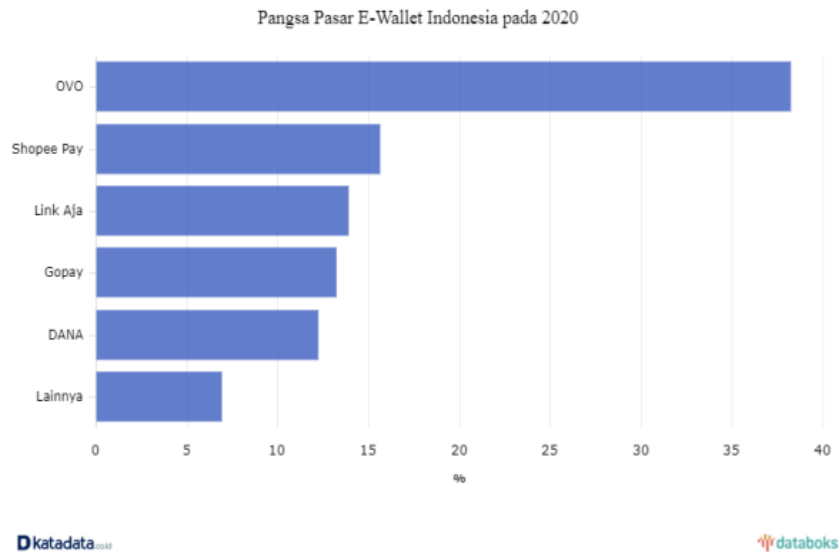
Pangsa Pasar E-Wallet Indonesia pada 2020



**Figure 1. 1 Indonesian E-Wallet Market Share in 2020**

The image above is Wallet usage data digital with OVO dominates the digital wallet market share at 38.2% Shopee Pay is in second place with market share of 15.6%. Then, LinkAja has a market share of 13.9%. Furthermore, Gopay has a market share of 13.2%. Lastly, DANA has a market share by 12.2%.
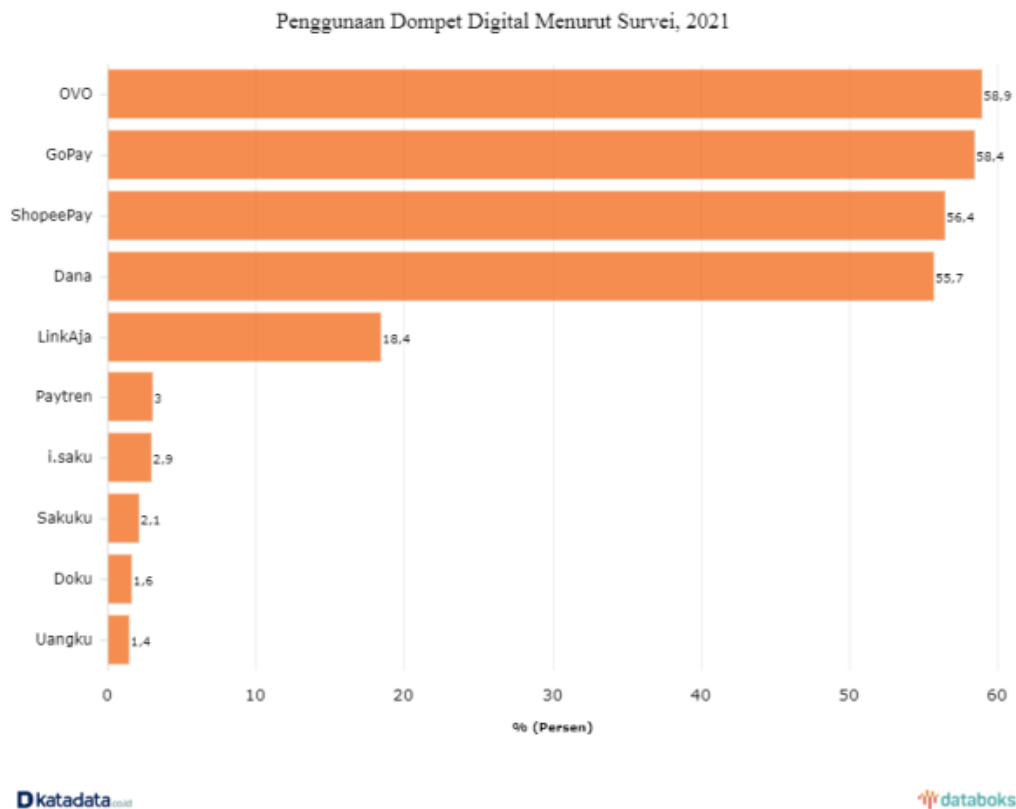
Penggunaan Dompet Digital Menurut Survei, 2021



**Figure 1. 2 Digital Wallet Usage According to Survey (2021)**

The data above shows that OVO remains an application that is the most widely used digital wallet. As much as 58.9% of respondents who use digital wallets admitted to using OVO. OVO is only slightly superior to GoPay which is used by 58.4% of respondents. Next, ShopeePay is ranked third with a percentage of use by 56.4% of respondents. Dana is in fourth position with users as much as 55.7% respondents. Dana is also the fourth digital wallet used by more than 50% of respondents. Another digital wallet has usage below 50 percent. Some of them is LinkAja which is used by 18.4% of respondents, PayTren by 3% of respondents, and i.saku 2.9%. ShopeePay payment method has decreased, shifted by Gopay which was previously in fourth position

becoming number two. This indicates that there is a problem which causes the Shopeepay payment method to become less popular with society. E-service quality needs to be carried out continuously even though the level of Complaints from buyers or customers is low. If there are customers or buyers who complain, they tend to have a more positive relationship with the company if the quality of service is good. Such as giving a way out that benefits both parties. Service is the key to a company's success. Therefore, the quality of service is the key that must be paid more attention to by the company's management. According to Laurent (2016) the results of the research say e-Service quality has an effect significant to consumer satisfaction.

E-service quality that is good and in accordance with what is desired by consumers proves that the company is customer oriented consumer. This is of course what will provoke a sense of interest from the community if the company succeeds in getting positive feedback from consumers, so consumers provide recommendations to relatives or the public to shop at the Online Retailing Company. As well as satisfying quality of E- service will encourage consumers to return visit the company's website which will foster a sense of purchase decision intention. According to Hafeez (2012) E-service quality have a positive effect on customer satisfaction. According to Prasetyo's (2016), e-service quality aims to make customers feel more efficient in carrying out transactions in terms of costs and time. This is motivation entrepreneurs or companies to facilitate availability of information, smooth transaction process for consumer purchasing activities. Also Shopee Pay E- Service has become a service center for users if they have questions or problems regarding transactions. As the

company's frontline, Shopee Pay's E- Service plays a role in providing the best solutions for users through an empathetic approach, to be able to provide the best transaction experience. ShopeePay E- Service can be contacted via telephone, email, live chat in the Shopee application, and social media 24 hours a day, Monday-Sunday, including national holidays.

The following is a data table regarding ratings, review ratings and the number of downloads of startup applications that become competitors of ShopeePay in the Finance and Shopping sectors based on the Playstore ranking list as follows:

**Table 1. 2 ShopeePay Competitors on the Playstore Rating List**

| Startup Name | Playstore Rank | Rating | Downloads |
|---|---|---|---|
| Gojek | 1 | 4,7/ 5 | + 100 Million |
| Shopee | 1 | 4,7 / 5 | + 100 Million |
| Dana | 4 | 3,7 / 5 | + 100 Million |
| OVO | 6 | 4,5 / 5 | + 50 Million |
| Tokopedia | 8 | 4,6 / 5 | + 50 Million |
| Lazada | 9 | 4.7 / 5 | + 50 Million |
| Alibaba | 16 | 4,8 / 5 | + 5 Million |
| BliBli Belanja | 17 | 4,5 / 5 | + 100 Million |
| Bukalapak | 32 | 4,8 / 5 | + 10 Million |
| OLX | 38 | 4,7 / 5 | + 50 Million |
| ShopBack | - | 4,1 / 5 | + 1 Million |
| Klik | - | 4,5 / 5 | + 10 Million |
| Ali Express | - | 3,4 / 5 | + 100 Thousand |

Source: Android Apps on Google Play

From the table 1.3, you can see that rating is also very important. Gojek has the number one spot in the play store alongside Shopee is only a with both has over 100 million downloads. But also based from the data previously why couldn't Shopee overtake Gojek in the e- wallet usage even though their application is the same in terms

of rank? Why can't ShopeePay overtake OVO eventhough OVO application as a whole

only just in the sixth ranked?

      With the strategy that ShopeePay has been pursuing so far by strengthening its

brand image, it has helped them grow so rapidly in a relatively short time, but as E-

Commerce and E- Wallet provider company, of course, brand image is not the only

variable that supports this development.  Likewise, ratings show customer satisfaction,

ShopeePay as a company can be said to be one of the up-and-coming market leaders,

but if you examine it, you can find lots of complaints by consumers regarding

ShopeePay e-services which are said to be convoluted, not solutive, and very laggy, as
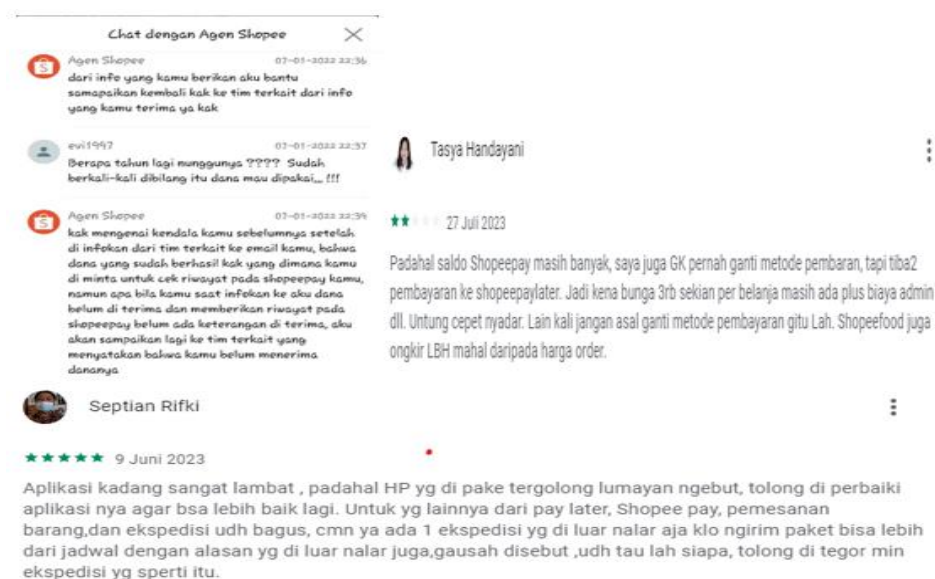
in the example below:



**Figure 1. 3 Review of Shopee Application**
Source: Android Apps on Google Play

      There are differences in customers' perceived quality service between service

quality through online sites or applications with conventional service quality (Amin,

2016). Parasuraman, Zeithaml, and Berry (2013) explain that the service quality model which can be used to measure service quality consists of five dimensions namely tangibility, reliability, responsiveness, assurance and empathy. In contrast to conventional services, electronic services have unique characteristics that will not be experienced by conventional services, the unique characteristics of electronic services include problems with servers and information backup, problems on the internet network, as well as other electronic problems (Collier and Bienstock, 2006). Chang and Chen (2008) stated that they investigated the relationship between e-service quality, consumer satisfaction, and purchasing decisions in the context of online sales in Taiwan. The research results show that consumer satisfaction mediates the relationship between e-service quality and purchasing decisions.

Of course, ShopeePay, the reputation of brand image is always one of the most important aspects, especially for ShopeePay, whose business is closely related to giving accessibility to shopping and finance to consumers. The services provided by ShopeePay can basically be said to be one of the important instruments for customer satisfaction, and low customer satisfaction certainly jeopardizes the consumer purchasing decision. So, it feels quite right to say that every variable plays an important role in Shopee Pay's sustainability.

With all of the factors above, researchers are interested in analyzing how the contribution of the brand image variable that has been built by ShopeePay so far and the e-service that continues to be developed will help ShopeePay to become the number 1 used and rated E-Wallet service compare to ShopeePay competitors. Homburg et al.

(2009) research shows that consumer satisfaction acts as a mediator in the relationship between brand image and purchasing decisions, especially in the context of products that involve purchasing experiences.

In addition, the brand image that has been instilled by ShopeePay is the top choice for Semarang people because almost all of them now are following and as the Cashless trend, then what about semarang people that uses ShopeePay as E-Wallet? Will the characteristics of the e-service will be enjoyed by the semarang users? Or is there a need for an entirely different approach to achieve consumer satisfaction? With curiosity based on these factors and questions, the researcher decided to conduct a study entitled " The Impact of Brand Image and E- Service Qualities on Purchasing Decision through Consumer Satisfaction as An Intervariable" (A Study for Shopee- Pay users at Semarang city)".

## 1.2    Formulation of the problem

1. Does Brand Image have significant impact on Purchasing Decision of Shopee-Pay users at Semarang city?

2.  Does E- Service quality have significant impact on Purchasing Decision of Shopee- Pay users at Semarang city?

3. Does Brand Image have significant impact on Consumer Satisfaction of Shopee- Pay users at Semarang city?

4. Does E- Service Quality have significant impact on Consumer Satisfaction of Shopee- Pay users at Semarang city?

5. Does Consumer Satisfaction have significant impact on Purcashing Decision of Shopee- Pay users at Semarang city?

6. Does Brand Image have significant impact on Purchasing Decision through Consumer Satisfaction as an Intervening Variable of Shopee- Pay users at Semarang city?

7. Does E-Service Quality have significant impact on Purchasing Decision through Consumer Satisfaction as an Intervening Variable of Shopee- Pay users at Semarang city?

**1.3    Research Purposes**

1. To know and analyse the impact of Brand Image on purchasing decision using ShopeePay.

2. To know and analyse the impact of E- Service Quality on purchasing decision using ShopeePay.

3. To know and analyse the impact of brand image on consumer satisfaction when using ShopeePay.

4. To know and analyse the impact of E-service quality on consumer satisfaction when using ShopeePay.

5. To know and analyse the impact of consumer satisfaction  on purchasing decision

6. To know and analyse impact of brand image on purchasing decision through consumer satisfaction as an Intervening Variable.

7.  To know and analyse the impact of E- service quality on purchasing decision through consumer satisfaction as an Intervening Variable.

## 1.4    Benefit of Research

The benefits expected from this research are as follows:

### 1.4.1   Theoretical Benefit

The results of this study are expected to provide benefits as a reference or material for the development of consumer behavior especially about brand image, E - service quality, customer satisfaction and purchase decisions for ShopeePay users in Semarang in the future.

### 1.4.2   Social Benefit

The results of this research is to help contribute information and validity to future research as well as helping people to write researches that has a title continuous with The Impact of Brand Image and E- Service Qualities through Consumer Satisfaction As An Intervariable.

### 1.4.3   Managerial Benefit

The results of this research is to help contribute new information that has validation of data to Shopee-Pay by giving new updates about The Impact of Brand Image and E- Service Qualities through Consumer Satisfaction as An Intervariable, they can use this research to assess what needs to be developed.

**1.5     Theoretical Basis and Foundation**

Theory is a thought that involves logic or reason which contains a set of concepts, definitions, and proportions arranged systematically according to Sugiono (2012). The theoretical framework is needed to provide validation of research results by showing that this research has a basis for consumers'on or results that can be accounted for and is based on data and correct reasoning.

**1.5.1   Consumer Behavior**

According to Swasta and Handoko (2015), consumer behavior is an individual activity that is directly involved in obtaining and using goods and services including the process of making decisions and preparing the determinants of these activities.

As a knowledge concept, consumer behavior describes how when an individual makes a decision to use the resource such as time, energy, and money to obtain and use a product or service. It also studies aspects such as what, why, how much, and why an individual makes a decision to consume a product and the frequency with which these decisions are made. In simple terms, consumer behavior is a series of activities which are also stages that are directly owned by individuals in their efforts to own and use a product by utilizing the resources an individual has.

Then consumer behavior as a concept is knowledge that studies aspects as a whole in the activities carried out by individuals in obtaining and using a product starting from the decision-making stage before purchasing, influencing things, to the characteristics of the product consumed.

According to Kotler and Armstrong (2018) there are four factors influencing consumer behavior in purchasing a product. these factors namely as follows:

1.  **Cultural Factors**

    a.  Cultures

    Culture is the most basic determinant of desires and behavior. In the set of values, perceptions, preferences, and behaviors of his family as well other important institutions.

    b.  Sub-Culture

    Including nationality, creed, racial group, and region geographical. Various sub-cultures make up important market groups, and service providers usually design a aligned product and marketing strategy with consumer needs.

    c.  Social Class

    Social class is not only measured by one aspect, such as income, but is measured as a combination of livelihood, income, education, assets, and others

2.  **Social Factors**

Social factors that influence buying behavior include:

    a.  Reference Group

    Namely all groups that have a direct direct impact or indirectly on individual buying behavior.

    b.  Family

    The family is a very important consumer buying system in community and family members play a very important role as a reference group influential.

There are two families in consumer life, namely: family orientation (family of orientation) includes parents and siblings, family procreation (family of procreation) includes husband / wife and children.

c. Social Roles and Status

A person participates in various groups, families, and organizations. The group is always the main source of information in contributing define norms of behavior. We can determine the position of an individual in each group of which he is a member according to his role and status.

3. **Personal Factors**

a. Age and cycle stage

Someone's life and habit buying goods and services will change over time his life. Needs when the baby becomes an adult and at the time of stepping on old age will be different. Age typically influences an individual's tastes for dress, furniture, and recreational activities.

b. Employment and the economic environment

A person's consumption pattern is also influenced by his work. A manual laborers will buy normal clothes, normal shoes, food boxes. Whereas a company president will buy expensive clothes, travel with aircraft.

c. Lifestyle

A person's lifestyle is everyday life expressed in activities, interests and opinions concerned. Lifestyle refers to an individual's complete connection with

their environment, including variables other than socioeconomic status or personality qualities.

d. Personality and self-concept

Individuals have various personalities that influence their buying habits. Personality is made up of unique psychological characteristics that cause relatively consistent and long-lasting responses to the environment. Furthermore, self-concept is classified into two types: ideal self-concept, which shows how an individual wants to perceive themselves, and self-concept according to others, which depicts how others perceive them.
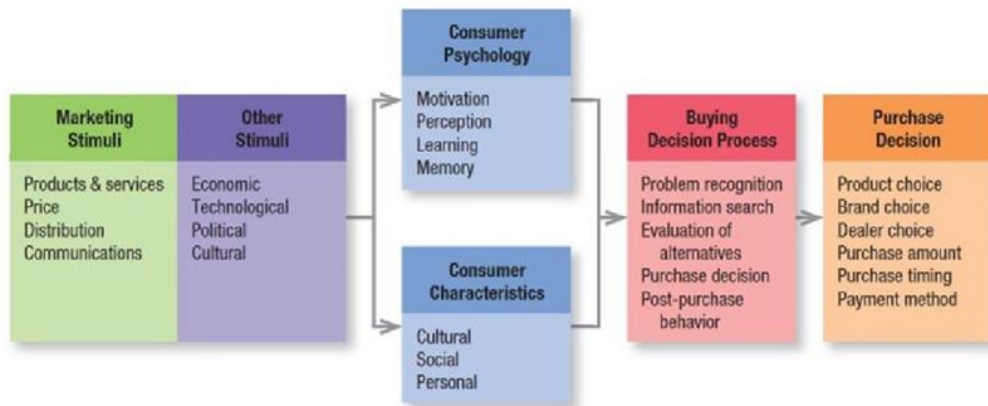


**Figure 1. 4 Concept of Consumer Behavior**
Kotler et al. (2016).

**1.5.2  Purchasing Decision**

According to Kotler (2011), Among the many variables influencing a consumer's decision to buy a good or service, quality, cost, and well-known brands are typically the first things that come to mind.

According to Yusuf (2021), people make decisions about what to buy by weighing their options and selecting a product from a wide range of options. It may be concluded that the purchase choice stage is a critical component of consumer behavior, influencing customers' pre-purchase considerations, actual purchase transactions, and post-purchase assessments. This process includes the decision-making dynamics of individuals, groups, and organizations as they go through the selection, acquisition, utilization, and assessment phases, determining the extent to which a product or service meets their needs and preferences.

Purchase decisions in this study are measured by indicators: decisions about choices products, decisions about brand choice, decisions about purchase timing, and decisions about the methods of paying.

Kotler and Keller (2016) have identified five distinct stages that consumers go through while deciding whether or not to purchase a good or service. These are as follows:

1. Requirement Recognition

   Know clearly the problems or needs that come from external or internal personal consumers.

2. Information Search

   After identifying a need or problem, the consumer then searches for, collects, and manages a set of information related to the need or product to fulfill that need.

3. Alternative Evaluation

From the results of the information that has been collected previously, consumers will be able to determine the desired product candidate or according to their needs, but besides that consumers will also find two or more other choices as alternatives and in this stage the consumer will conduct an analysis of these choices.

4. Purchasing Decision Making

After evaluating the choices they have, and considering various factors, then consumers make a decision to buy or not a product.

5. Post Purchase Decision Making Behavior

That is the perception and reaction shown by the consumer after making a purchase, in which case the consumer will show a reaction to the conversion of expectations with the reality he experiences for the product he has purchased.

According to Kotler and Armstrong (2002) purchasing decisions indicators are as follows:

1. Product Choice

It is up to the consumer to decide whether or not to purchase a product; therefore, the business must concentrate on those customers and the alternatives they are thinking about.

2. Brand Choice

Decisions about which brand to purchase must be made by consumers.
Divergences exist among every brand.

3. Dealer Choice

The buyer has to choose which dealer to go see. Every buyer has unique
concerns and considerations. Finding a dealer can be influenced by a variety of
factors, including proximity, affordability, low prices, and a full inventory of
goods.

4. Purchase Timing

The timing of a consumer's buying decision can vary.

5. Purchase Amount

Consumers have the ability to decide how much of a thing to purchase. There
may be many purchases made.

6. Payment Method

By consuming the product or service, consumers can make well-informed
judgments about how they would like to pay for it.

### 1.5.3  Brand Image

According to Kotler et al. (2017), a brand is a sign, symbol, or design that is
used, alone or in combination, to differentiate and represent the seller of a product or
service. The entire range of consumer encounters with a brand contributes to its overall

image. Customers' exposure to and interactions with advertising, packaging, product quality, customer service, and other touchpoints result in these experiences.

Firmansyah (2018) states that brand's image is a representation of how consumers view the company as a whole and is shaped by knowledge and interaction with the brand. Sari Dewi et al. (2020) define brand image as how customers behave toward a brand as an abstract concept in their minds.

Based on the understanding above, it can be concluded that brand image arises from consumers' opinion of a particular brand, which is based on evaluation and comparison with multiple other brands offering similar products.

Meanwhile, Setyawati (2018) summarizes that brand image is created from news circulating on the completeness of consumer responses to certain merte. Based on the narratives above, it can be summarized that the image is a concept or design in the form of a symbol of consumer understanding based on observations and experience of a brand . Alfian (2012) suggests factors for image formation other brands:

1. A key element in creating a brand image is product excellence, or having a better product than the competition. A product has its own attraction for buyers due to its superior quality (model and comfort) and other features. Customers who believe that a brand's attributes and benefits will meet or satisfy their wants and desires and help them develop a good attitude towards the brand are said to have a favorable brand association. The degree to which a brand is associated with a customer is determined by how it is ingrained in their memory and how it continues to be part of their perception of the brand.

2. The strength of brand connection is a function of the amount of processing information received in the decoding process. A customer's memory is strengthened when they actively analyze information about a product or service. The perceived importance of a brand influences the importance of brand associations in consumer memory.

3. Brand uniqueness refers to an association with a brand, whether you like it or not shared with other brands. Therefore, it needs to be developed as a differentiator in order to provide consumers with a strong incentive to choose a specific brand. This can be accomplished by emphasizing the brand's connection to the experience or individual advantages that stem from the product image. It is expected that taking use of current differences in goods, services, employees, and distribution networks would make it easier to stand out from the competition and benefit both producers and consumers.

According to Kotler and Keller (2018), there are several indicators of brand image, including:

1. Brand identity

   Brand identity is a brand identity that is related to products and physical aspects

   the product itself, including color, packaging and company identity.

2. Brand personality

   Brand personality is the character of a brand with the characteristics of its products, allows consumers to know the difference from other brands.

3. Brand association

Brand association is the mental association, emotions, and reactions that arise when you consider a specific business, along with its goods, services, and culture.

4. Brand attitude and behavior

A brand's attitude and behavior toward a brand are referred to as communication and interaction behaviors on a brand. A brand needs to uphold its brand image, which is perceived by consumers and is seen in both the brand and its employees. For this reason, maintaining a brand's attitude and behavior is crucial.

5. Brand Benefits

Brand benefits include the benefits of a brand and value, this can make consumers feel that their needs are met benefits and benefits of the product itself.

### 1.5.4 E-service Quality

Chase et al. (2020) define e-service quality as a type of higher-quality service for online media that links buyers and sellers to facilitate successful and efficient buying experiences. Experience (a company's perception based on past customers) and trust (a client's trust gained by offering quick and comprehensive service information) are Susilo (2020) characteristics of e-service quality from the consumer perspective.

This is also supported by Sarigih's research (2019) "e-service quality denotes a standard of service characterized by high efficiency, dependable reliability, fulfillment of customer expectations, assured privacy, swift responsiveness from customer service, suitable compensation, and accessible contact options, particularly for addressing customer complaints. If all indicators of e-service quality can be fulfilled properly then e-customer satisfaction achievable.

According to Santos (2020) explains that e-service quality is an assessment of customer as a whole and evaluation of the quality of electronic-based services in virtual markets. In today's intense competition, companies continue to compete in creating best service quality to attract and retain customers. Based on some definition given by experts, it can be concluded that e-service quality is an overall assessment of customer service and an electronically based evaluation. According to Li et al (2009) electronic services or e-services can be seen from two perspectives, namely companies and consumers, which in the company's perspective the dimensions in e-service that need attention are as follows:

1.  **Company Perspective**

    a.  Easy to use (How easy to use the service provide)

    b.  Virtual design (such as on social media or websites are expected to have an attractive design for customers)

    c.  Reliability (consistency of performance and access to information and services)

    d.  System availability (technical function working accurately)

e.  Privacy (security and protection of consumer data and internet browsing information in using the service)

f.  Responsiveness (problem handling and mutual interaction that is fast and precise)

g.  Empathy (proportionate interpersonal attention and emotional care between service representatives and consumers).

**2.  Customer Perspective**

a.  Experience (impressions or testimonials from trusted previous users) and,

b.  Trust (accuracy of information that can be accounted for).

Based on Ho and Lee (2007), there are 6 measurements of e-service quality, namely:

1.  Information Quality

    The primary determinant of perceived service quality is the content found on the website.

2.  Security

    Concerning how a website's customers can verify that it is reliable.

3.  Functionality

    Technical of a site or application, the extent which the site or application can function properly

4.  Customer Relationship

A virtual community was created within websites that may be categorized as online social groups to give users and clients the chance to discuss ideas and share information with one another.

5. Responsiveness

Depending on how quickly a website reacts to users in an online setting, for example, by answering queries from users in a timely manner or by attending to their requirements and complaints.

6. Fulfillment

Refers to how well the website delivers its goods and services and how well it fixes problems that crop up during the transaction process.

### 1.5.5   Consumer Satisfaction

Kotler and Keller (2016) describe consumer satisfaction as "a person's assessment of a product's perceived performance relative to their expectations." If the product fails to fulfill expectations, the customer is disappointed. Satisfaction comes when a product meets or surpasses the customer's expectations. When a product meets or above expectations, the consumer is thrilled. In other words, satisfaction is a reflection of how well a product performs in comparison to expectations. If the customer is not satisfied with the performance, they will be disappointed. Bahrudin, M., and Zuhro, S. (2016), state that customer satisfaction is evaluation of the choices caused by a particular purchase decision and experience in using or consuming goods or services. Consumer satisfaction is the difference between what is expected by

consumers (expected value) with the situation given by the company to make efforts meeting consumer expectations (Mowen, 2001). Engel, Blackwell and Miniard (1995) also define consumer satisfaction as a consumption evaluation chosen as an alternative When the product or service meets or surpasses consumer expectations.

It is possible to conclude that customer satisfaction results from a comparison between expectations and the performance attained when utilizing a product or service based on some of the definitions provided by the experts above. The definition of consumer satisfaction is an attempt to satisfy or make something suitable for the customer. Basically, consumer satisfaction is something a situation where consumer needs, desires and expectations can be met through services or products consumed (Nasution, 2005). Basically, consumer satisfaction is a condition where needs, Consumer desires and expectations can be fulfilled through products that consumed or services received (Siagian, 2004). Thus, it may be said that client satisfaction is a result of appropriate consumer comparison after comparing performance with hope.

Hawkins and Lonney as cited in Tjiptono (2014), identified many factors that influence consumer satisfaction:

1. Conformity to Expectations

   Is the level of conformance refers to how well the actual service performance fits with consumer expectations. with what is perceived by consumers.

2. Interested in Returning

   Is the consumer's willingness to visit again or do something reuse of related services.

3. Willingness to Recommend

   It is the willingness of consumers to recommend services that have been provided felt towards friends or family.

## 1.6 Relationship between Variables

The Grand Theory used for thiConsumer behavior, as elucidated by Swasta and Handoko (2015), pertains to the individual processes involved in acquiring and utilizing goods and services. It encompasses the entirety of decision-making, encompassing the allocation of resources such as time, energy, and finances for consumption purposes. This concept delves into the intricate dynamics of why individuals choose particular products, how much they consume, and the frequency of these decisions. In essence, consumer behavior encapsulates a sequence of stages directly managed by individuals in their pursuit to acquire and utilize products, beginning from the pre-purchase decision-making phase, influenced factors, to the inherent characteristics of the consumed product. It serves as a comprehensive framework for understanding the multifaceted aspects governing consumer actions throughout their consumption journey.

### 1.6.1 The Effect of Brand Image on Purchasing Decision

According to Penburg (2011) Company Brand Image has a role big influence on purchasing decision. Sangadji and Sopiah (2013) said that if the brand image is

positive, it will provide benefits to company to be better known to the consumers, in other words, consumers will decide to buy that product and determine if the product have a good image in the consumer eyes. So, conversely, if the brand image is negative, consumers will be inclined to consider much further to buy the product. According to Sylvia Okta Pradita and Arifin Siti (2020), in their study on "The Impact of Brand Image and Service Quality on Buying Decisions and Implication on Consumer Satisfaction," it was found that brand image exerts a favorable and statistically significant impact on purchasing decisions. Their research underscores that consumers are influenced positively by the perception and reputation associated with a brand when making buying choices. This highlights the pivotal role of brand image in shaping consumer behavior and enhancing overall satisfaction with products and services.

**1.6.2    The Effect of E-Service Qualities on Purchasing Decision**

According to Leonardo Ovio (2009) E-Service Qualities should be upheld consistently, even if the number of complaints from buyers or customers is relatively low. If there are customers or buyers who complain, they tend to have a more positive relationship with the company if the E- Service Qualities is good. Service is the key to a company's success. Therefore, the quality of the E-service is the key that must be paid more attention to by the company's management. Ayu Yulianingsih's study on "The Effect of Brand Image and E-Service on the Purchase Decision Process at Tiket.com" provides empirical evidence that emphasizes the substantial impact of E-service quality

on shaping purchasing decisions. The research underscores that consumers' evaluations of electronic service delivery standards play a critical role in their decision-making processes when engaging with Tiket.com. This finding underscores the growing importance of seamless digital interactions and efficient service delivery in influencing consumer behavior within the e-commerce domain. Yulianingsih's study contributes to a deeper understanding of how operational aspects such as E-service quality can significantly enhance or detract from the overall consumer experience, thereby influencing purchasing decisions and subsequent satisfaction levels.

### 1.6.3    The Effect of Brand Image on Consumer Satisfaction

According to Stan, Caemmere, and Jallet (2013) underscores the significance of brand image in driving consumer satisfaction within the framework of consumer behavior theory. It underscores the imperative for businesses to strategically manage and cultivate positive brand perceptions, thereby fostering enduring relationships with consumers based on trust, satisfaction, and loyalty. According to Oscar Marco, Sanny Junior, William A. Aeros, and Riane J. Pio (2019), as evidenced in their comprehensive thesis titled "The Influence of Brand Image and Perception of Price on Quality of Service and Consumer Satisfaction: A Study on Customers at Datsun Nissan Martadinata," brand image emerges as a critical determinant significantly impacting purchasing decisions. Their research highlights that consumers' perceptions and associations with a brand's image profoundly influence their decision-making

processes, underscoring the brand's role as a pivotal factor in shaping consumer behavior and fostering satisfaction.

### 1.6.4    The Effect of E- Service Quality on Consumer Satisfaction

According to Aryani and Rosinta in Alaan (2016), effectively enhancing the E-service quality system is crucial for maintaining company continuity. Delivering positive value to clients through high-quality E-services increases customer happiness. Amelia Saraswati and Farida Indriani's 2021 study titled "Impact of E-Service Quality on Consumer Satisfaction and Repurchasing Intention in Lazada Indonesia" conclusively demonstrates that the quality of E-service significantly and positively impacts consumer satisfaction within the context of Lazada Indonesia. Their research underscores the critical role of seamless electronic service delivery in shaping consumer perceptions and enhancing satisfaction levels, thereby influencing the likelihood of repeat purchases. This empirical evidence highlights the strategic importance for e-commerce platforms like Lazada to prioritize and continuously improve their E-service standards to cultivate long-term customer loyalty and competitive advantage in the digital marketplace.

### 1.6.5    The Effect of Consumer Satisfaction on Purchasing Decisions

According to Limakrisna and Supranto (2007), consumer purchasing decisions are deemed successful when they identify a need that the company's products can fulfill. Once they realize that the product they need can fulfill their needs, they will promptly purchase it and express satisfaction with their purchase. The study titled "The

Influence of Consumer Satisfaction on Purchasing Decision of Bakpia Tugu Jogja with Trust as an Intervening Variable," Lilis Sulistiyani (2021) concludes that consumer satisfaction exerts a highly significant and positive influence on purchasing decisions, with a profound and intricate correlation observed between these variables. This research underscores the pivotal role of consumer satisfaction as a determinant factor in consumer behavior, emphasizing its potential to significantly shape purchasing decisions within the context of Bakpia Tugu Jogja.

### 1.6.6 The Effect Brand Image on Purchasing Decisions through consumer satisfaction

Homburg et al. (2009) research shows that consumer satisfaction acts as a mediator in the relationship between brand image and purchasing decisions, especially in the context of products that involve purchasing experiences. Indriyati's 2021 research titled "The Influence of Brand Image and E-Service Quality on Purchasing Decision through Consumer Satisfaction on Online Travel Agent Tiket.Com" reveals that brand image plays a significant role in influencing purchasing decisions via its impact on consumer satisfaction. This study underscores the critical linkage between brand perception and consumer behavior within the online travel sector, highlighting how a positive brand image can enhance consumer satisfaction levels and subsequently drive purchasing decisions on platforms such as Tiket.com.

### 1.6.7 The Effect of E- Service Quality on Purchasing Decisions through consumer satisfaction

Chang and Chen (2008) stated that they investigated the relationship between e-service quality, consumer satisfaction, and purchasing decisions in the context of online sales in Taiwan. The research results show that consumer satisfaction mediates the relationship between e-service quality and purchasing decisions. Indriyati's 2021 study, "The Influence of Brand Image and E-Service Quality on Purchasing Decision through Consumer Satisfaction on Online Travel Agent Tiket.Com," provides empirical evidence highlighting that E-service quality exerts a substantial impact on purchasing decisions mediated by its influence on customer satisfaction. This research underscores the critical role of efficient electronic service delivery in shaping consumer perceptions and preferences within the online travel sector, emphasizing how superior E-service quality enhances overall customer satisfaction and subsequently drives purchasing behaviors on platforms like Tiket.com

### 1.7 Previous Studies

**Table 1. 3 Previous Studies**

| No | Researcher and Year | Title | Research Method | Result |
|----|---------------------|-------|-----------------|--------|
| 1. | Sylvia Okta Pradita, Arifin Siti (2020) | The Impact of Brand Image and Service Quality on Buying Decisions and Implication on Consumer Satisfaction | Variable:<br>1. Brand Image<br>2. Service Quality<br>3. Buying Decision<br>4. Consumer Satisfaction | Brand Image had a positive and significant influence on purchasing decisions. |

| No | Researcher and Year | Title | Research Method | Result |
|---|---|---|---|---|
| | | | Technical Analysis: Regresion | |
| 2. | Ayu Yulianingsih (2020) | The Effect of Brand Image and E-Service on the Purchase Decision Process at Tiket.com | Variable 1. Brand Image 2. E- Service 3. Purchasing Decision Technical Analysis: Multiple linear regression analysis | Brand Image (X1) and E-Service (X2) variables has a positive and significant effect on the Purchase Decision Process. |
| 3. | Ayuni, Siti Nabillah Suci Amanda, Abdul Yusuf (2021) | The Influence of E-Service Quality and Brand Image on the Countinuance Usage Intention Platform of Digital Wallets | Variable 1. E- Service 2. Brand Image 3. Continuance Usage Techinal Analysis: Purposive Sampling | E-Service Quality has a positive and significant impact on Continuance Usage Intention. Image has a significant influence on Continuance Usage Intention. |
| 4. | Oscar Marco Sanny Junior, William A.Areros, dan Riane J. Pio (2019) | The Influence of Brand Image and Perception of Price To Quality Of Service And Consumer Satisfaction (Study On Customer Datsuns Nissan Martadinata) | Variable: 1. Brand Image 2. Price Perception 3. Service Quality 4. Consumer Satisfaction Technical Analysis: Quantitative Method | Brand image, price perception, service quality has a very positive impact on consumer satisfaction. That variable has a deep immense correlation between each other. |
| 5. | Silfia Harfani Putri (2022) | The influence of E-Service Quality on purchasing decision for MS Glow skincare products | Variable: 1. Brand Image 2. Purcashing Decision Technical Analysis: Quantitative Method | Brand image has an positive impact on purchasing decision, many of the respondent agrees that those two variable cannot be separated. |
| 6 | Amelia Saraswati, Farida Indriani (2021) | Impact E-Service Quality on Consumer Satisfaction and Repurchasing Intention in Lazada Indonesia | Variable: 1. E- Service Quality 2. Consumer Satisfaction | E- service quality has a very positive impact on consumer satisfaction. That variable has a deep immense correlation between each other. |

| No | Researcher and Year | Title | Research Method | Result |
|----|---------------------|-------|-----------------|--------|
| | | | 3. Repurchase Intention Techinal Analysis: Purposive Sampling | |
| 7 | Lilis Sulistiyani (2021) | The Influence of Consumer Satisfaction on Purchasing Decision of Bakpia Tugu Jogja with Trust as Intevening Variable | Varible: 1. Consumer satisfaction 2. Purchasing Decision 3. Trust Techinal Analysis: Purposive Sampling | Consumer satisfaction has a very positive impact on consumer satisfaction. That variable has a deep immense correlation between each other. |
| 8 | Indriyati (2021) | The Influence of Brand Image and E-Service Quality on purchasing decision through Consumer Satisfatction on Online Travel Agent Tiket.Com | Variable: 1.Brand Image 2. E-Service Quality 3.Consumer Satisfaction Technical Analysis: Quantitative Method | Brand Image and E- Service Quality has a very significant impatct to purchasing Decision through Consumer Satisfaction. |

The similarities between this research and previous researches are many of the variables are the same which has the impact of brand image and consumer satisfaction at number 1, at number 2 there are brand image, E- Service and purchasing decision, at number 3 there are brand image and E- Service, at number 4 there are also brand image and consumer satisfaction and finally number 5 there are brand image and purchasing decision, while the difference are that many of them also has different variables between them which sometimes leads to different results, and also few of the methods are different with this research. Number 1 the variables are service quality, while the writer is E- Service quality, while number 2 the variable is only E- service in

general, at number 3 the purchasing decision is replace by continuance usage, and number 4 one of the dependent variables is price perception, finally at number 5 it has only 2 variables with the same independent and dependent variable as the writers.

## 1.8    Research Framework

The framework on figure 1.4 is all corelated from brand image, e service-qualities and purchasing decision also Consumer Satisfaction as an intervening variable.
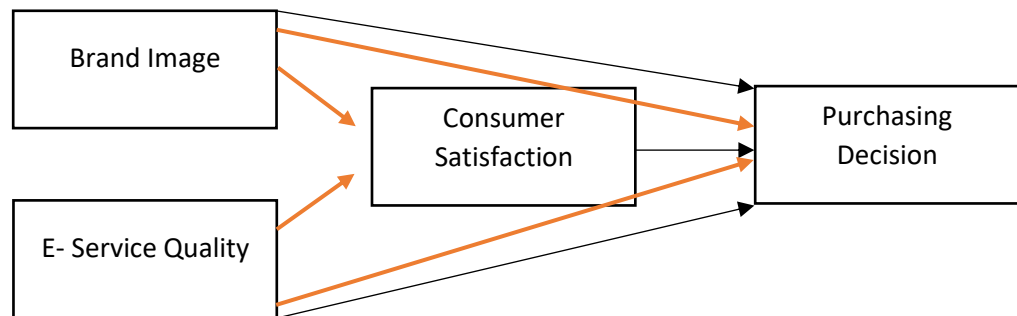


**Figure 1. 5 Research Framework**

## 1.9    Hypothesis

Sugiyono (2019) defines a hypothesis as a tentative solution to a study problem formulation based on empirical evidence gathered through data collecting. According to Fraenkel and Wallen (2012), hypothesis as a prediction of the possible outcome of a study. hypothesis is a statement of an alleged association between two or more variables, but the level of truth is still weak, so efforts to prove it are needed in the form

of analytical techniques and research to strengthen this statement. In this study itself, the hypothesis is as follows:

1. Brand image (X1)has significant impact on purchasing decision (Y) using ShopeePay.

2. E- Service quality (X2) has significant impact on purchasing decision (Y) using ShopeePay.

3. Brand image (X1) has a significant impact on consumer satisfaction (Z) when using ShopeePay.

4. E-service quality (X2) has significant impact on consumer satisfaction (Z) when using ShopeePay.

5. Consumer Satisfaction (Z) has significant impact on purchasing decision (Y)

6. Brand image (X1) has significant impact on purchasing decision (Y) through consumer satisfaction (Z) as an Intervening Variable

7. E- service quality (X2) has significant impact on purchasing decision (Y) through consumer satisfaction (Z) as an Intervening Variable

## 1.10 Conceptual Definition

In the definition of the concept, the author includes the definitions and or concepts used as the basis for research in the form of the following variables:

## A. Brand Image

According to Kotler et al. (2017), a brand can be any name, word, sign, symbol, or design, or a combination of these, that serves to identify the seller of a good or

service. The entire range of consumer encounters with a brand contributes to its overall image. Customers' exposure to and interactions with advertising, packaging, product quality, customer service, and other touchpoints result in these experiences.

**B.      E-Service Quality**

E – Service Quality based on Sarigih's research (2019)" e-service quality denotes a standard of service characterized by high efficiency, dependable reliability, fulfillment of customer expectations, assured privacy, swift responsiveness from customer service, suitable compensation, and accessible contact options, particularly for addressing customer complaints. If all indicators of e-service quality can be fulfilled properly then e-customer satisfaction achievable.

**C.      Purchasing Decision**

According to Kotler (2011), Consumers make decisions about what things to buy and whether to buy them. Among the many variables influencing a consumer's decision to buy a good or service, quality, cost, and well-known brands are typically the first things that come to mind.

**D.      Consumer Satisfaction**

Kotler and Keller (2016) say cconsumer satisfaction as following "Satisfaction reflects a person's judgment of a product's perceived performance in relationship to expectations. If performance falls short of expectations, the customer is disappointed. If it matches expectations, the customer is satisfied. If it exceeds them, the customer is delight, which means satisfaction reflects one's judgment of the product's perceived performance within relation to hope.

**1.11    Operational Definition**

Concept definition is a specific description of the elements in the variables used by the author in this study. The following are the elements in this research variable:

**A.  Brand Image**

According to Kotler and Keller (2018), there are several indicators of brand image, including:

1.  Brand identity

    Brand identity is a brand identity that is related to products and physical aspects the product itself, including color, packaging and company identity.

2.  Brand personality

    Brand personality is the character of a brand with the characteristics of its products, allows consumers to know the difference from other brands.

3.   Brand association

    Brand association refers to the cognitive relationship, emotions, and reactions that arise when a person thinks about a specific brand, its products, services, and values.

4.   Brand attitude and behavior

    Brand attitude refers to the attitudes and behaviors directed at a brand, including communication and contact with the brand. Maintaining a positive brand image is critical, not only for the brand but also for its employees, because this perception has a substantial impact on consumer perceptions of the brand.

5.  Brand Benefits

    Brand benefits include the benefits of a brand and value, this can make consumers
    feel that their needs are met benefits and benefits of the product itself.

**B.  E-Services Qualities**

    Based on Ho and Lee (2007), there are 6 measurements of e-service quality,
namely:

1.  Information Quality. The material provided on a website is a significant
    predictor of perceived service quality.

2.  Security, relating to how a website is proven to be trustworthy for its customers.

3.  Functionality, Technical of a site or application, the extent which the site or
    application can function properly

4.  Customer Relationship. A virtual community formed on a website can be
    viewed as an online social organization, providing a platform for users and
    consumers to discuss opinions and exchange information within their
    community.

5.  Responsiveness. Refers to how quickly a website handles client requests or
    issues in an online setting. This involves quickly answering client questions and
    responding to their wants and complaints in a timely manner.

6. Fulfillment. Fulfillment refers to a website's ability to successfully deliver its items or services, as well as its ability to correct any faults that may occur throughout the transaction.

C. Purchase Decision

According to Kotler and Armstrong (2002) purchasing decisions indicators are as follows:

1. Product Choice

   Consumers have the freedom to choose whether to buy or use a product. As a result, businesses should focus their efforts on individuals who have an interest in purchasing products and exploring the options they are contemplating.

2. Brand Choice

   Buyers must decide which brand to buy or use, with each brand offering its own set of benefits.

3. Dealer Choice

   The buyer must decide which dealership to visit. Each buyer has unique concerns in terms of issues.

4. Purchase Timing

   Consumer decisions in choosing when to purchase can vary,

5. Purchase Amount

   Consumers can make decisions about how much of a product they will buy/ use it at some point.

6. Payment Method

Consumers can make informed decisions about the method of payment to be

made in the consumer's decision making using the product or service.

**A.      Customer Satisfaction**

Hawkins and Lonney quoted in Tjiptono (2014) indicators forming customer

satisfaction consists of:

1.   Conformity to Expectations

Is the level of conformity between the service performance expected by

consumers with what is perceived by consumers

2.   Interested in Returning

Is the consumer's willingness to visit again or do something reuse of related

services

3.   Willingness to Recommend

It is the willingness of consumers to recommend services that have been

provided felt towards friends or family.

**Table 1. 4 Operational Table**

| No | Variable | Indicator | Item | Reference |
|----|----------|-----------|------|-----------|
| **1.** | Brand Image (X1) | 1.  Brand Identity | 1. Logo 2. Color | Kotler, P., & Keller, K. (2018). |
| ` | | 2.  Brand Personality | 1. Competence 2. Convinience | |

| No | Variable | Indicator | Item | Reference |
|----|----------|-----------|------|-----------|
| | | 3. Brand Association | 1. Taglines (Belanja Di Shopee Menggunakan ShopeePay) 2. Songs (Transfer gratis tanpa batas) | |
| | | 4. Brand Attitude and Behavior | 1. Polite 2. Sophisticated | |
| | | 5. Brand Benefits | 1. Cashback 2. Voucher | |
| **2.** | E-Service Qualities (X2) | 1. Information Quality | 1. Information 2. Guidance | Ho, C. I., & Lee, Y. L. (2007). |
| | | 2. Security | 1. Personal Data 2. Trust Worthy | |
| | | 3. Customer Relationship | 1. Opinions 2. Critique 3. Community | |
| | | 4. Responsiveness | 1. Customer Service 2. Solution | |
| | | 5. Functionality | 1. Function 2. Lag Input | |
| | | 6. Fulfillment | 1. Refunds 2. Errors | |
| **3.** | Purchasing decision (Y) | 1. Product Choice | 1. Priority 2. Cash 3. Transaction | Kotler et al. (2016). |
| | | 2. Brand Choice | 1. Competitor 2. Prefer 3. Efficient | |
| | | 3. Dealer Choice | 1. Partners 2. Rewards | |

| No | Variable | Indicator | Item | Reference |
|---|---|---|---|---|
| | | 4. Purchase Timing | 1. Stores<br>2. E- Commerce<br>3. Direct | |
| | | 5. Purchase Amount | 1. Limit<br>2. Amount of time | |
| | | 6. Payment Method | 1. Debit use<br>2. Cash Use | |
| **4**. | Consumer Satisfaction (Z) | 1. Conformity to expectations | 1. Easy to use transaction<br>2. User Interface | Hawkin and Lonney (2010). |
| | | 2. Interested In returning | 1. Faster and no delay transaction<br>2. Accurate order tracking | |
| | | 3. Willingness to recommend | 1. Friends<br>2. Family<br>3. Forums | |

## 1.12 Research Methods

### 1.12.1 Type of Research

According to Sugiyono (2017), explanatory research is a methodology aimed at elucidating the positioning of the variables under examination and the relationship between the primary and secondary variables.

The primary rationale for employing the explanatory research method lies in testing the hypotheses posited. Therefore, this research seeks to elucidate the connection and impact between the independent and dependent variables as postulated in the hypotheses. Likewise, this study aims to analyze the variables that are affected (the dependent variable) or in this case the purchase decision with the influencing

variables (the independent variable) in this case the brand image and e-service quality and the intervining variable which is customer satisfaction.

### 1.12.2 Population

The population according to Sugiyono (2021) is a vast realm that includes things or people with specified features and attributes chosen by researchers for investigation and subsequent conclusions. It includes not just individuals, but also things and natural occurrences. The population consists of not just individuals, but also objects and other natural phenomena. According to Nawawi (1983), The research population includes any elements, such as individuals, animals, objects, plants, events, symptoms, or values, that serve as sources of data or information with defined characteristics in a given study. In this research, the population of the data studied are unidentified people who uses ShopeePay applications in Semarang.

### 1.12.3 Sample Size

According to Arikunto (2006) the research sample is part or representative of the population studied in the study. Meanwhile, according to Sugiyono (2008) the research sample can be interpreted as a part of the whole and the characteristics possessed by the research population. Or in simple terms the research sample is part or representative of the data taken and has the same characteristics as the population in the study.

In this study, based on using a purposive sampling method where the sample taken from the population is a data sample that has specific characteristics and can represent the population itself. Calculation of the number of samples using the Bernouli formula, the researchers determined that there were 96 samples. Determining the number of samples itself uses the Bernouli formula with the following details:

$$n \geq \frac{\left[z\frac{a}{2}\right]^2 p - q}{e^2}$$

Information:
Z = Standard value of normal distribution
α = Degree of accuracy
p = Probability of being rejected
q = Probability accepted(1-p)
e = Error rate

This study uses a 95% confidence level with an accuracy level (α) of 5% which affects the value of Z = 1.96 and an estimated error rate of 10%, and the probability value of the questionnaire being accepted (correct) and or rejected (incorrect) is 0.5. So from what has been described, the formula for determining the number of samples is as follows:

$$n = \frac{[1,96]^2 \; 0,5 \times 0,5}{0,1}$$

$$n = \frac{0,9604}{0,01}$$

$$n = 96,04$$

From the calculation above, the results obtained were 96.04 samples, but the researchers decided to round off the number of samples to 96 to anticipate errors in filling out or validating the results of the questionnaire.

### 1.12.4 Sampling Techniques

This study used non-probability sampling. Non-probability sampling is a process in which not every element or member of the population has an equal chance or opportunity to be chosen as a sample (Sugiyono, 2018). The categories of the sample which will be used in this research are:

1. People who used ShopeePay application or website products and services at least 3 times in the last 1 month.

2. Minimum of 20 years old being a worker or student

3. Willing to be interviewed.

### 1.12.5 Types and Sources of Data

According to Winarsunu (2006) data can be interpreted as information about something. That information can be in the form of numbers, numbers, fractions and the like and can be called quantitative, but can also be in the form of letters, words, sentences or others and is called qualitative. While in this research itself the type of data used is quantitative.

According to Sugiyono (2015) research data sources are divided into 2, namely primary and secondary data sources. Furthermore, Sugiyono (2015) describes that primary data is a data source that is directly received by data collectors and not through other parties, while secondary data is data that is not directly owned by data collectors

from the object or subject of research, but there are third parties in the process. data collection.

This study, the primary data source is derived from questionnaires distributed through several information media such as WhatsApp, Line, Tiktok and Instagram to Semarang ShopeePay users, while the secondary data sources in this study are from journals. and previous research reports.

### 1.12.6 Measurement Scale

The measurement scale used in this study is the Likert scale, because it is used to measure attitudes, opinions, views, perceptions or descriptions of the target population for a phenomenon, event, or social phenomenon. This scale itself was put forward by Rensis Likert into 5 (five) categories with the following criteria:

1. Strongly Agree = Given a score of 5

2. Agree = Given a score of 4

3. Neutral = Given a score of 3

4. Disagree = Given a score of 2

5. Strongly Disagree = Given a score of 1

### 1.12.7 Data Collection Techniques

The data collection technique used in this study was by distributing online questionnaires. Before the questionnaire numbers are distributed, the researcher will make notifications and registration links for populations that meet the criteria as a

sample, then the researcher will record all individuals who have registered. After going through the process of re-checking the respondents with the criteria, then the researchers contacted the prospective respondents through the social media application Whattsapp, Line, and or Instagram to distribute the questionnaire link so that prospective respondents could fill out the questionnaire after clicking on the link provided.

### 1.12.8 Analysis Techniques

According to Sugiyono (2015), a quantitative method comprises positivist-based research that tries to explore populations or particular samples utilizing random sampling procedures, followed by data collecting via instruments and statistical data analysis. This study uses a quantitative research design. Furthermore, Wiratna Sujarweni (2014) defines quantitative research as a form of investigation that seeks to make findings using statistical tests or other measuring techniques.

To test the validity of this thesis the writer uses Smart-PLS which is a technique used to predict models with many factors and collinear's relationships. Smart PLS is used for a variety of objectives, including predicting correlations between constructs, validating hypotheses, and offering insight into the existence or lack of links between latent variables.

### 1.12.9 Classical Assumption Test Technique

1. **Validity Test and Reliability Test**

According to Sudjana (2004) Validity is an accuracy of the assessment tool regarding the concept being assessed. That way you can really make an assessment of what needs to be assessed. Thus, a study will not be misdirected. This test really needs to always pay attention to its existence and accuracy to ensure that a research is carried out in the right and proper way while maintaining the validity of personal documents.

While the reliability test, according to Anastasia & Susana (1997) reliability is the consistency of scores obtained by researchers when conducting tests at different times. Or it could be several equivalent items that are not the same and tend to be different for each person. Validity Test and Reliability Test of research instruments can be carried out using the Alpha Crobach formula.

## 2. Multicollinearity Test

Multicollinearity test is a test conducted to see the correlation between independent variables. A good multicorrelation test is a result that has a correlation for each variable because a strong correlation level indicates a high standard error, so the coefficient cannot be estimated with high precision. In addition, the difficulty in seeing the influence or correlation between variables is often a problem in multicollinearity (Ghozali, 2006). The multicollinearity test can be detected by calculating the Tolerance (TOL) and Variance Inflation Factor (VIF) on the basis of the following decisions:

a. If the tolerance value is > 0.01 and VIF < 10, it means that there is no multicollinearity disorder in the study.

b. If the tolerance value is <0.01 and VIF > 10, it means that there is a multicollinearity disorder in the study.

**1.12.10 PLS Model Specification**

The PLS method is divided into 2 parts including internal relationships (structural mode or Inner Model) and external relationships (measurement model or Outer Model).

a. **Evaluation of Structural Model (Inner Model)**

This model prioritizes the latent variable structure model, where between variables latent is considered to have a linear correlation and there is a clause linkage. Structural models or inner models also prove forces or relationships estimation between construct and latent variables based on substantive theory.

b. **Evaluation of Measurement Model (Outer Model)**

This measurement model analyzes the correlation of and between research indicators with assessment of the measurement model including validity tests using confirmatory factor analysis with the MultiTrait-MultiMethod (MTMM) approach by testing discriminant validity and convergent validity. Reliability test According to Ghozali (2015), it is also implemented using 2 methods, namely by Composite Reliability or Cronchbach's Alpha.

### 1.12.11  PLS Model Statistical Test

According to Sugiyono (2016), the descriptive statistical test of the PLS model has a function describes what kind of object is being studied from population and sample data existence, without analyzing or drawing conclusions that apply to the general public.

### 1.13    Evaluation of Measurement Model (Outer Model)

This measurement model analyzes the correlation of and between research indicators with assessment of the measurement model including validity tests using confirmatory factor analysis with the MultiTrait-MultiMethod (MTMM) approach by testing discriminant validity and convergent validity. Reliability test According to Ghozali (2015), it is also implemented using 2 methods, namely by Composite Reliability or Cronchbach's Alpha.

#### A.  Reliability

Apart from validity testing, model assessment is needed to carry out reliability testing a construct. Reliability testing has the aim of proving consistency, precision and accuracy of instruments for calculating constructs. Version used in the test analysis using PLS-SEM from the software SmartPLS 4.0, where the software is used to assess the reliability of a construct with reflexive indicators. The test data uses 2 methods namely Chronbach's Alpha and Composite Reliability. If the Cronbach Alpha score or Composite Reliability exceeds 0.70, then the score is considered reliable (Ghozali & Latan, 2015).

**B. Convergent Validity**

Convergent Validity is used to assess the magnitude of the correlation/relationship between construct with latent variables known from standardized factor loadings and Average Variance Extracted (AVE). if the size of the individual's reflective value exceeds 0.70, then the construct is rated high. For development stage research scale, loading 0.50 to 0.60 is still acceptable (Ghozali, 2015).

**C. Discriminant Validity**

For Discriminant Validity, it can be observed trough cross-loading of constructs and the indicator. If a construct's correlation with an indicator is larger than correlations with other constructs, it indicates that the latent construct predicts indicators within its block more accurately than indicators in other blocks.

Another method to measure Discriminant Validity 61 namely through square root comparisons from AVE to other constructs with models and each construct with relationships between constructs. If the root AVE of each construct exceeds the relationship between constructs and other constructs, then the model is considered quite good (Fornell & Larcker, 1981 in Ghozali, 2011). Ghozali & Latan (2015) also stated that explains other tests to measure the validity of the construct with know the AVE score, where the model will be considered good if every AVE construct has a score above 0.50.

**1.14    Evaluation of Structural Model (Inner Model)**

This model prioritizes the latent variable structure model, where between variables latent is considered to have a linear correlation and there is a clause linkage. Structural models or inner models also prove forces or relationships estimation between construct and latent variables based on substantive theory. There are several stages of the inner model test, namely as follows.

### A. R-Square

To measure the structural model, you need to calculate the R-Square first first for the type of endogenous latent variable that is the estimated power of the model structural. Structural model testing can be done using the R-Square score as a model goodness-fit test. Changes from the R-Square score can be used to describe the substantive influence between exogenous variables and endogenous latent variable. According to Ghozali & Latan (2015), the R-Square Score can be broken down into 3 categories, namely 0.75 (strong), 0.25 (weak), and 0.50 (moderate)

### B. Estimate for Path Coefficients

The next test is used to determine between variables and find out the parameter coefficient score of the T statistically significant number, namely by Boostrapping analysis method (Ghozali & Latan, 2015) in SmartPLS.

### C. Predictive Relevance (Blind Folding)

predictive relevance is a test used to find out whether the construct of each research variable can be used to measure the model study.

### D. Direct Effect Test

The direct influence test is used to determine the magnitude of the direct influence value between variables. This test was carried out by applying the bootstrapping method SmartPLS 4.0 software. This research has an independent variable, namely Brand Image and Customer Experience. The independent (exogenous) variable is considered possible affects the dependent (endogenous) variable if the T statistic score exceeds the T score and the P value is below the sig level. (significant) used, namely 5%.

**E. Indirect Effect Test**

The indirect influence test is used to determine the magnitude of the influence value indirect between variables. This test is carried out by applying the method bootstrapping on SmartPLS 4.0 software. This research has variables intervening, namely Customer Satisfaction. Intervening variables are considered possible mediate the influence of the independent variable (exogenous) on the dependent variable (endogenous) if the T statistic score exceeds the T score and the P value is below the sig level. (significant) used, namely 5%.