

**THE EFFECT OF PERCEIVED RISK TOWARDS PURCHASE
INTENTION ON SHOPEE BANDAR LAMPUNG**

(Undergraduate Thesis)

By

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UNIVERSITY OF LAMPUNG
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2021**

ABSTRACT

THE EFFECT OF PERCEIVED RISK TOWARDS PURCHASE INTENTION ON SHOPEE BANDAR LAMPUNG

**BY:
YENNY AGUSTIANA**

Over the past few decades, the improving in the market world in Indonesia are changes. Especially in this digital era, markets tend to be changed from conventional market to modern market. Everything became so simple, for example from using money to e-money and from needing place to needing smart phone only. Nowadays, people are using their smartphone to buy something via online because it is the simplest way. In order to compete with competitors, the company must increase its competitiveness, especially in minimizing the risks to maximizing the purchase intention.

This study aims to explore the risk perception of Shopee and their relationships with Purchase Intention. It provides insight as to what dimension of perceived risk would deliver the best result of Purchase Intention. This research used purposive sampling method in accordance with certain criteria. The questionnaire distributed to 220 respondents via online. Multiple regression analysis and hypothesis testing

in partial (t-test) were conducted.

The result obtained from this research analysis indicated that three dimensions among four perceived dimensions, namely, product risk, security risk, and time risk have the negative and significant contributing factors to the enlargement of Shopee purchase intention. Meanwhile financial risk does not have significant contributing factors to the enlargement of Shopee purchase intention.

Keywords: Perceived Risk, Product Risk, Security Risk, Time Risk, Purchase Intention.

ABSTRAK

PENGARUH RESIKO TERHADAP NIAT BELI DI SHOPEE BANDAR LAMPUNG

**OLEH:
YENNY AGUSTIANA**

Selama beberapa dekade terakhir, perkembangan dunia pemasaran di Indonesia mengalami perubahan. Apalagi di era digital ini, pasar cenderung berubah dari pasar konvensional ke pasar modern. Semuanya menjadi begitu sederhana, misalnya dari menggunakan uang hingga e-money dan dari membutuhkan tempat hingga hanya membutuhkan ponsel. Saat ini, orang menggunakan smartphone mereka untuk membeli sesuatu secara online karena itu cara yang paling sederhana. Untuk dapat bersaing dengan kompetitor perusahaan harus meningkatkan daya saingnya terutama dalam meminimalisasi risiko untuk memaksimalkan niat beli.

Penelitian ini bertujuan untuk mengeksplorasi persepsi risiko Shopee dan hubungannya dengan niat beli. Ini memberikan wawasan tentang dimensi apa dari risiko yang akan memberikan hasil terbaik dari niat beli. Penelitian ini menggunakan metode purposive sampling sesuai dengan kriteria tertentu. Kuesioner disebar kepada 220 responden melalui online. Dilakukan analisis regresi berganda dan pengujian hipotesis secara parsial (uji-t).

Hasil yang diperoleh dari analisis penelitian ini menunjukkan bahwa tiga dimensi dari empat dimensi yang dipersepsikan yaitu, risiko produk, risiko keamanan, dan

risiko waktu mempunyai faktor-faktor yang berkontribusi negatif dan signifikan terhadap peningkatan niat beli Shopee. Sedangkan risiko keuangan tidak mempunyai faktor-faktor yang berkontribusi negatif dan signifikan terhadap peningkatan niat beli Shopee.

Kata Kunci: Persepsi Risiko, Resiko Produk, Resiko Keamanan, Resiko Waktu, Niat Beli.

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INTENTION ON SHOPEE BANDAR LAMPUNG**

By

Yenny Agustiana

Undergraduate Thesis

As One of the Requirements to Achieve Bachelor Degree
BACHELOR DEGREE OF MANAGEMENT

At

Management Department
Faculty of Economics and Business
University of Lampung



**FACULTY OF ECONOMICS AND BUSINESS
UNIVERSITY OF LAMPUNG
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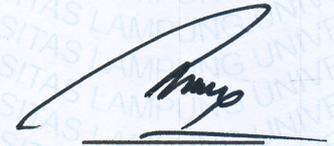


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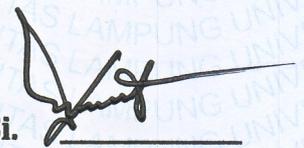
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Hereby declare that the thesis entitled – “The Effect of Perceived Risk towards Purchase Intention on Shopee Bandar Lampung” is true of my own work. In this thesis there is no whole or part of the writing that I took by copying or imitating in the form of a series of sentences or symbols that indicate the ideas or opinions or thoughts of other writers, which I acknowledge as my writing, other than that or what I took from the writings of others without giving recognition of the original author. If in the future it is proven that my statement is not true, then I am ready to receive sanctions in accordance with applicable regulation.

Bandar Lampung, September 21st, 2021



Yenny Agustiana

BIOGRAPHY

Researcher was born in the city of Metro on August 14th 2000 into a loving family of Karmin and Nely Tansir as the youngest daughter and has two older sisters named Verawati and Chyntia Apriani. Researcher started formal school at TK Xaverius Metro and finished in 2006. Researcher started elementary school in 2006 at SD Xaverius Metro then continued to junior high school at SMP Xaverius Metro (2012-2015) and senior high school at SMA Kristen 1 Metro (2015-2018).

In 2018, the researcher was accepted to enter Faculty of Economic and Business, University of Lampung. The researcher was majoring Management and concentrating on marketing management and was a member of the International Class. During the study in the University the researcher also listed as the member of EEC Unila and UKM Buddha Unila. The researcher take responsibility as the Council of Bureau in EEC Unila 2021 period, in EEC Unila the researcher get a lot of experiences to be a committee in many events such as a Convenor in National Debate Competition, PIC in EEC's Upgrading 2020 and as the Steering Committee on Story Telling branch. Being a part of EEC Unila, the researcher got a lot of achievements, such as 1st winner of Debate Internal Competition of FEB Unila, 3rd Winner of FEF Debate Competition in Sriwijaya University and 1st Runner up of Debate Competition on Pesta KBM Unila. The researcher was also honored to be brand ambassador of Wardah Beauty Circle in 2021. The researcher was a part of Short Course Program held in Aoyama Gakuin University as an exchange student in 2019.

MOTTO

“Anything that can go wrong, will go wrong. Risk first”

(Murphy’s Law)

“You will never know what you are doing until and unless you have done it.”

(Santosh Kalwar)

“Be Grateful for the things that still exist”

(Yenny Agustiana)

DEDICATION

I dedicate my undergraduate thesis for my family and many friends. A special feeling of gratitude to my loving parents, Karmin and Nely Tansir whose words of encouragement and push for tenacity ring in my ears. My sisters Verawati, S.Ak. and Chyntia Apriani, S.Si. have never left my side and are very special.

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In writing this undergraduate thesis, the researcher noticed that this achievement was not done alone and supported by many different people who were willing to offer the researcher with some guidance, help, and motivation. Thus, the researcher would like to express her gratitude to:

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Finally, the researcher realizes that this thesis is far from being perfect, but the researcher sincerely hopes that this undergraduate thesis will be useful for the readers. Amen.

Bandar Lampung, April 6th 2021

Yenny Agustiana

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CHAPTER I

INTRODUCTION

A. Background

Over the past few decades, the improving in the market world in Indonesia are changes. Especially in this digital era, markets tend to be changed from conventional market to modern market. Everything became so simple, for example from using money to e-money and from needing place to needing smart phone only.

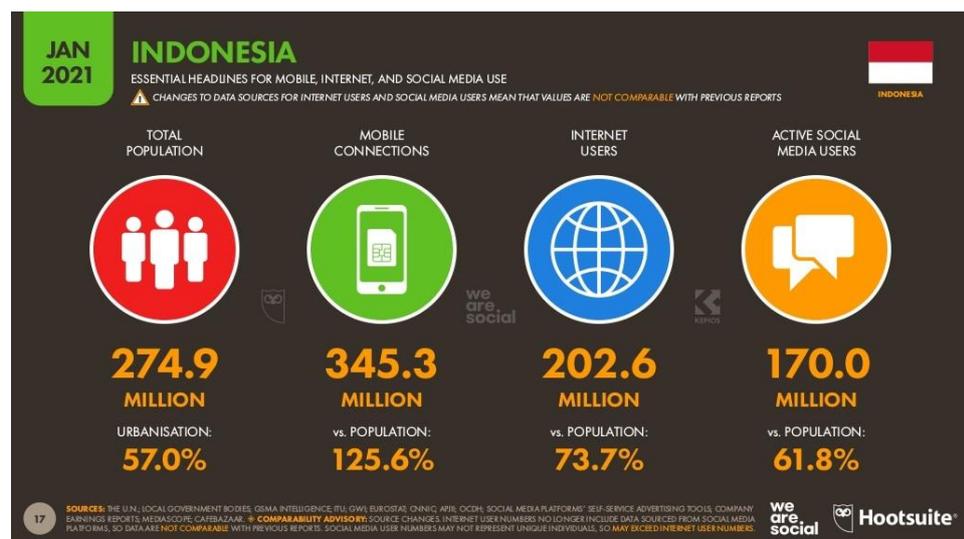
In Indonesia, digital marketing is so popular. Digital marketing is selling-buying transaction by using internet as their platform. The big difference with the conventional market is when the conventional need both part (buyers and sellers) to meet to do transaction, digital market doesn't need that; they only need their phone to do the transaction.

According to the new report of We Are Social, when 2020 held there are 175.2 million internet users of Indonesia. Comparing from 2019, there is an increase of 17% or 25 million internet users in Indonesia. Mean that 64% from population in Indonesia are using internet in 2020.

Table 1.1. List of Shopee Address in Indonesia

Name	Address
PT. Shopee International	Shopee was located at Wisma 77 Tower 2 nd floor 11, Jl. Letjen S.Parman Kav.77, Slipi, Palmerah. Kota Administrasi Jakarta Barat.

Table 1.1 shows the addresses of Shopee companies in Indonesia. One of the Shopping Apps that as the object of research is Shopee because Shopee is the big E-commerce and famous in Indonesia.

**Figure 1.1 Internet users in Indonesia**

Source: We are Social (2021)

From the information realistic above complete populace of Indonesia has arrived at 274.9 million, while it is realized that portable clients have arrived at 345.3 million. This implies that the flow of versatile clients is more than the all-out populace in Indonesia. It can occur on the off chance that one individual has at least two gadgets.

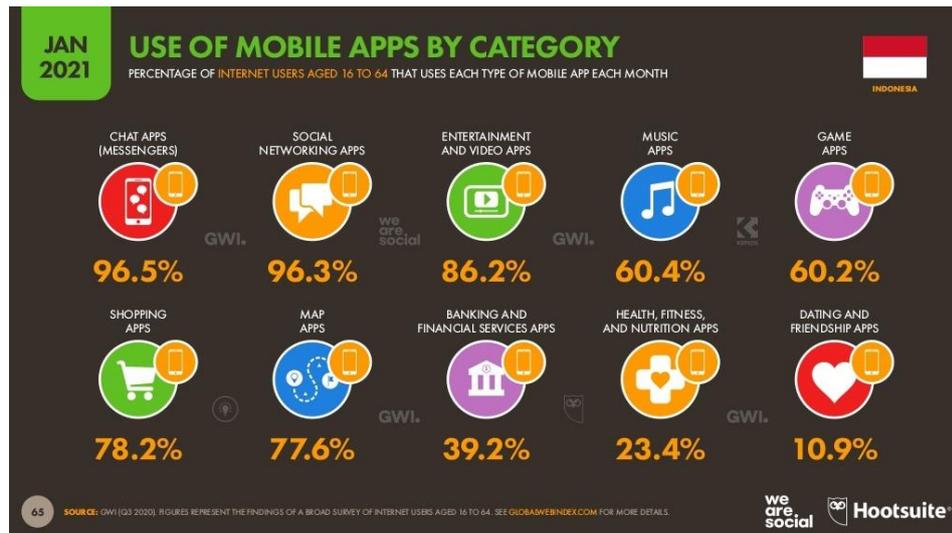


Figure 1.2 Use of Mobile Apps by Category

Source: We are Social (2021)

Based on figure above we can see that 78,2% of people that using shopping apps in their phone. It is shows that many people are using online shop or e-commerce to do their buying and selling activities.

One of the markets which popular is e-commerce, because of the simple way to buy and sell something, many markets was changed their method to the modern one by using e-commerce platform. According to iprice.co.id the trend of e-commerce users in Indonesia has grown considerably in recent years. The prediction is that growth will continue in the next few years.

Statista noted that the number of e-commerce users in Indonesia in 2017 reached 139 million users, and then increased 10.8% to 154.1 million users last year. This year projected to reach 168.3 million users and 212.2 million in 2023. The same things are happening in the level of e-commerce penetration which is always increasing. Until 2023 it is projected to reach 75.3% of the total population of the selected market. The e-commerce sector with the highest revenue is in fashion, which in 2023 is projected to reach US \$ 11.7 billion.

In an e-commerce-based economy, it can be described that only a medial ISP access number is needed to perform information retrieval regarding the desired item in the virtual mall using search engines or electronic catalogs and filling out the order form (order form) in less than an hour then we can do e-commerce activities.

Despite the groundbreaking development of web-based shopping and electronic business (online business), this shocking advancement has prompted some new issues and difficulties that the principal web clients' anxiety includes security of installment, information assurance, the legitimacy and enforceability of e-contract, deficient data exposure, item quality and authorization of rights (Paynter and Lim, 2001). Contrasted with the conventional retail structure, Lee and Tan (2003) brought up that when shoppers shop on the web, they will in general see higher dangers. The technique for web-based shopping led is diverse contrasted with customary exchanges, whereby it has created to be more complex, accordingly uncovering and expanding the weakness of shopper insight to irregularity internet shopping. A customer might deal with various issues, for instance, in submitting a request where some unacceptable item is conveyed or no conveyance at all even though installment was made to the provider through the buyer's credit or charge card. There are more dangers and less confidence in a web-based setting contrasted with actual stores since it is probable hard to evaluate the item and the security and protection issues in the buying system (Laroche et al., 2005).

Internet shopping is known as an unsafe movement in the e-commercial center (Almoussa, 2011). The likelihood of an online customer experiencing financial misfortune because of unsuitable item and not being worth the cost paid is higher (Featherman and Pavlou, 2003). The item may likewise not meet the presentation of what was shown initially on the site, for instance, its tone, shape and viewpoint (Dai et al., 2014). Online customers may feel a specific level of hazard with security apparatuses and time conveyance

because their assumptions for misfortunes on item data quality over the site, exchange over the web and conveyance are higher (Karnik, 2014; Forsythe et al., 2006; Dai et al., 2014). Other than that, online customers might see the conceivable loss of self-esteem because of the disappointment of not accomplishing a buying objective and disappointment in picking a helpless item or administration (Ueltschy et al., 2004). Helpless item or administration might make a shopper be adversely judged and assessed dependent on his/her inclinations (Semeijn et al., 2004). Customers' apparent dangers toward internet shopping has turned into an essential issue to investigate since it will straightforwardly impact purchaser mentalities toward online buys, and their perspectives will altogether affect web-based shopping practices (Ariff et al., 2014). Almousa (2011) expressed those apparent dangers in internet shopping will adversely impact the goal to buy items on the web. It is normal that purchasers may feel a specific level of hazard when they plan to shop through the web.

Nonetheless, the apparent dangers toward web-based shopping have not been distinguished totally as there are a great deal of online retailers confronting chances in the online business, and this will influence the exchange and execution of the retailers.

1. Financial risk will be affected by several factors such as

- How much money that they spend in Shopee determine how much the risks that customers will take. Financial risk also related with the burden of potential maintenance cost risk of the purchased product. Potentials cost of repairing the product and the hidden cost of maintenance that could be charged to the consumer. Pi & Sangruang (2011) defined that financial risk as the excess of realized cost of buying products online compared to what has been planned.

- Product may not merit the cash I spent. Featherman & Pavlou (2003) stated that financial risk is a potential money loss when price the customer paid is not worth the product, meaning it could be due to activities related to fraud.
- I do not trust the online company. Hong & Cha (2013) explained that many online consumers still perceive a relatively high financial risk. This generated hesitancy of the consumers in purchasing online products since it will create financial loss. It will create the untrust feeling if this condition happened.

2. Product risk will be affected by several factors such as

- I can't find the product that I want. Dai et. al. (2014) highlighted that product risk is the most common factors on determining the decision whether to purchase online. The nature of online shopping, where the shoppers cannot test the product directly and only relies to information provided, creates negative toward purchase intention (Bhatnagar, 2000). This caused by the inability to examine the product directly that further caused uncertainty whether to purchase or not.
- I probably won't get the specific nature of an item that I bought. Pi & Sangruang (2011) pointed to the potential risk that a product will not have same performance as what consumer expected. In other words, the expected performance of the product was not meet.
- The size description in Shopee may not be accurate. Ham et. al. (2019) confirms this by stating that product risk is a gap between the actual risk and the predicted risk, since consumer also recognized that there will be a risk that is caused by the nature of online

shopping, where consumers cannot examine the product directly (Saprikis et. al, 2010).

3. Security risk will be affected by several factors such as

- I think my financial card details are not have safety guaranty when I use it. Hong & Cha (2013) explained that many studies has concluded that security related issues has become a concern when purchasing online. Furthermore, this study stated that their credit card information could be captured, collected, and misused by online scammers, online fraudsters, and even online marketers.
- Shopee may disclose my personal information. Arshad et. al (2015) stated that security risk is a potential event that consumer's personal information could be misused by the company. This could burden the desire of consumer to purchase from that company.
- Online shopping can be insecure. Masoud (2013) stated that even though consumers could comprehend the information about the benefits and value of the product, capture the product and all the platform features that could make online shopping more convenient, but there is an absence of security mechanism, purchase intention will be negatively affected.

4. Time risk will be affected by several factors such as

- Purchasing an item in online can include an exercise in futility. Pi and Sangruang (2011) expressed that time hazard as the time spent on the acquisition of an item and the time squandered on account of a helpless item or administration decision.

- Tracking down the right item through online shop is troublesome. Time hazard incorporates when items didn't meet buyers' assumption levels and shoppers need to return the item for another substitution (Ariffin et al., 2014). Time, availability, or exertion may be unprofitable when a bought item must be fixed or supplanted. The case of time-wasting activity in online shopping is when the consumer tried to find information related to suitable seller or product. In marketplace platform such as Shopee, Lazada, Tokopedia, and Bukalapak, the process of finding product and seller is done through seeing and the information that is stored in the platform by the sellers. The information usually covers a display picture of the product, description and specifications, reviews, and discussions. Besides, when there are no photographs of the genuine item on the site, buyers might need to decide on the items' pictures via looking through them in a different site, and the time spent for the pictures to load will be considered as time hazard (Forsythe et al., 2006).

Ariffin et. al. (2018) clarifies that the time that clients spent to look for the data of new items and additional time hanging tight for downloading high-pixel pictures can diminish their expectation to shop on the web.

- Anxious to sit tight for the item showed up. Forsythe et al., (2006), that time hazard contains problematic side with modern transaction that are frequently brought about problems with the time also the delays in product shipment. It means that time risk covers the waiting time for the product to arrive at consumer's front door.

5. Purchase intention will be affected by several factors such as

- I am likely to purchase online shop product. Agreeing Pavlou (2003), online buy expectation is perceived as how much a buyer will purchase an item through an online store.
- I will suggest online shopping to my friend. According to pappas (2015) in case purchasers are happy with their online buy, they are probably going to recommend this method of shopping to their companions. This is the pathway to additional e-retailing advancement and the reinforcing of web-based shopping.
- I am probably going to make another online buy if the items I purchase end up being helpful. Kimppa (2014) characterizes the repurchase aim as an aim to purchase again the brand of an item. Hellier, et al. (2003) he person's judgment about purchasing again an assigned help from a similar organization, considering their present circumstance and possible conditions.

In this way, it is important to discover which of the dangers will carry the best effect on the online retailer, and it is trusted that the discoveries can add to online retailers by assisting them with detailing systems to decrease hazards in web-based shopping conditions for better internet business. Accordingly, this review intends to inspect the connection between four sorts of customer saw dangers and purchaser online buy goals. Four components, specifically, monetary danger, item hazard, security hazard, and time hazard, that impact online buy goals are tried. Writing Review is introduced straightaway. The audit is imperative to diagram the basic discoveries about online buy expectation and its determinants considering the quick changing speed of advanced innovation in advertising toward purchaser buy goals.

Toko Online	Pengunjung Web Bulanan	Ranking AppStore	Ranking PlayStore	Twitter	Instagram	Facebook	Jumlah Karyawan
1 Tokopedia	65,953,400	#2	#3	257,750	1,487,740	6,241,510	3,431
2 Shopee	55,964,700	#1	#1	117,490	2,970,980	15,434,730	3,225
3 Bukalapak	42,874,100	#4	#9	174,630	903,130	2,426,820	2,651

Figure 1.3 Rank of Online Shop Apps in Indonesia Q3 2019

Source: iprice.co.id (2019)

Based on figure, we can see that in Q3 2019, Shopee ever be a market challenger. Market challengers distinguish themselves as organization who consistently needs to acquire portion of the overall industry and who utilize forceful procedures to beat of the market chief (Kotler et al, 2005).

Toko Online	Pengunjung Web Bulanan	Ranking AppStore	Ranking PlayStore	Twitter	Instagram	Facebook	Jumlah Karyawan
1 Shopee	72,973,300	#1	#1	152,280	3,600,020	14,720	3,799
2 Tokopedia	67,900,000	#2	#3	347,950	1,617,380	891,440	3,865
3 Bukalapak	39,263,300	#4	#4	181,210	964,010	n/a	2,672

Figure 1.4 Rank of Online Shop's Visitor in Q4 2019

Source: iprice.co.id (2019)

In Q4 2019, at the short-term phase Shopee become the market leader. According to Wilson and Gilligan (2005) The market chief addresses the most prevailing type of market meddles in a particular market industry.

Filter berdasarkan Model Bisnis Store Type Asal Toko

Pilih Data per Kuartal Q2 2021

Toko Online	Pengunjung Web Bulanan	Ranking AppStore	Ranking PlayStore	Twitter	Instagram	Facebook	Jumlah Karyawan
1 Tokopedia	147,790,000	#2	#4	853,000	3,828,300	6,525,650	4,944
2 Shopee	126,996,700	#1	#1	6,038,000	7,757,940	21,855,970	12,192
3 Bukalapak	29,460,000	#6	#5	215,600	1,661,140	2,518,990	2,316
4 Lazada	27,670,000	#3	#2	430,000	2,975,370	31,364,410	4,126

Figure 1.5 Rank of Online Shop's Visitor in Q2 2021

Source: iprice.co.id (2021)

Unfortunately, in 2021 Shopee has decreased to the second place that made Shopee become the market challenger again. So Shopee need to make it become the first place of rank or become the market leader again.

According to sea.com, Shopee that Launched in 2015, is the main internet business stage in Southeast Asia and Taiwan. Shopee gives buyers a simple, secure, quick, and charming web-based shopping experience that is delighted in by a huge number of buyers every day. It offers a wide item combination, upheld by coordinated installments and consistent satisfaction. Shopee focuses on aiding brands and merchants prevail in online business and is profoundly custom-made for each market in which it works. But because of a lot of sellers and buyers in Shopee, the risk is still high too. With considering the risk, Shopee need to maintain their market to always be the market leader.

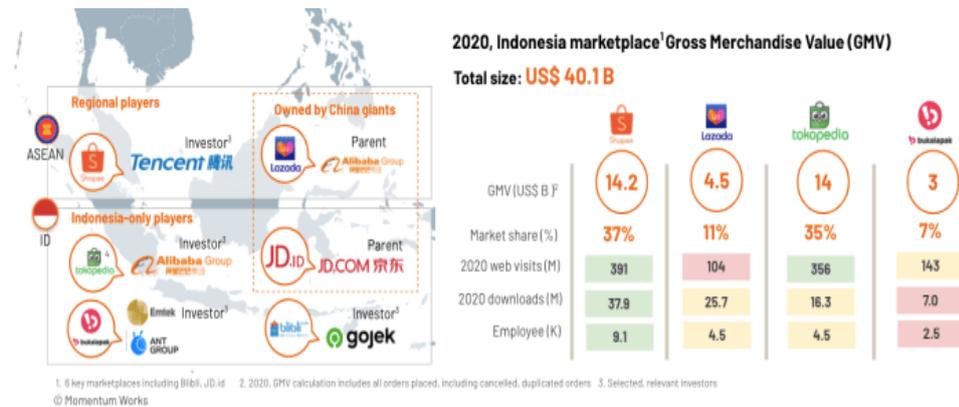


Figure 1.6 Market Share Comparison 2020

Source: Momentum Works

Shopee is leading with US\$14.2 billion GMV in 2020. It is also very mobile focused, with 37.9 million downloads in Indonesia in the same year. It is securing its moat by building a full ecosystem, spanning across food delivery, fresh groceries, payment / digital finances, and a bank. See on that data Shopee became the biggest Market Share in Indonesia. As defined in Marketing Management book by Philip Kotler, market share is the higher-level of specific demand for your product. Each company operates in a particular marketing environment, in a market segment with a particular set of products. Therefore, the market share of a product determines the demand for that particular product, in a particular market segment, given a particular marketing environment in a definite time period.



Figure 1.7 The Market Share that significantly affect the MSME (UMKM) in Indonesia (2021)

Source: Katadata Insight Center (2021)

The survey released by the Katadata Insight Center (KIC) entitled "MSME Study Report 2021: The Role of the Marketplace for MSMEs" revealed that Shopee was the largest contributor to turnover for micro, small-medium enterprise (MSMEs) while survive during pandemic. In addition, Shopee has also become a favorite e-commerce platform for MSMEs due to promo programs and transaction security factors. KIC Survey Manager Vivi Zabkie said that this condition occurred because many business actors inevitably had to shift their business focus to the online realm due to the Covid-19 pandemic. In the survey, as many as 57 percent of MSMEs said that Shopee is an e-commerce platform that is able to bring in the largest turnover or sales value. In the survey, as many as 57 percent of MSMEs said that Shopee is an e-commerce platform that is able to bring in the largest turnover or sales value.

This figure makes Shopee far ahead of its competitors, such as Tokopedia 28 percent, Lazada 6 percent, Bukalapak 3 percent, and Blibli 2 percent. Not only that, as many as 89 percent of MSME players who are members of the Shopee ecosystem claim to have increased sales figures. This is thanks to the promo programs held by Shopee, such as free shipping (postage),

cashback, and discounts. Meanwhile, MSME players who are members of Tokopedia called KIC are in the next rank with a 45 percent increase in sales, followed by Lazada 17 percent, Blibli 12 percent, and Bukalapak 11 percent. For product marketing, as many as 85 percent of MSME users who use Shopee feel this benefit, followed by 53 percent of MSMEs using Tokopedia, 33 percent of MSMEs using Lazada, 17 percent of MSMEs using Bukalapak, and 12 percent of MSMEs using Blibli. In terms of transaction security, 69 percent of MSMEs concluded that Shopee is safe to support commercial activities and 66 percent said the orange e-commerce platform is easy to use or user friendly. In terms of security, Shopee again ranks at the top with 92 percent, Tokopedia 72 percent, Bukalapak 35 percent, Lazada 36 percent, and Blili 40 percent.

Based on problems and phenomena, the writers are also wanting in conduct research on beliefs and perceptions with online business risks. With various cases of fraud and other online crimes whether it will affect consumer purchasing intention. For that the author will do the research with the title “THE EFFECT OF PERCEIVED RISK TOWARDS PURCHASE INTENTION ON SHOPEE BANDAR LAMPUNG”

B. Formulation of The Problem

Figure 1.3 and Figure 1.4 shown that the customer come from Shopee was increase from Q3 to Q4. From the second rank to first rank, shown that Shopee ever be a market challenger but now going to market leader that should be keep their position in market leader again in the next period. Based on that phenomenon, research problem will be:

1. Does the financial risk affect purchase intention on Shopee?
2. Does the product risk affect purchase intention on Shopee?
3. Does the security risk affect purchase intention on Shopee?
4. Does the time risk affect purchase intention on Shopee?

C. Research Objectives

The Objectives of Research are:

1. To determine the effect of finance risk on purchase intention on Shopee.
2. To determine the effect of product risk on purchase intention on Shopee.
3. To determine the effect of security risk on purchase intention on Shopee.
4. To determine the effect of time risk on purchase intention on Shopee.

D. Research Benefit

There are a few advantages acquired recorded as a hard copy this exploration:

1. For Company

For companies studied, it can be an input for the company to minimize the risks and build the purchase intention in Shopee

2. For Academics

This research can be a useful information reading material, contribution of thought and insightful inputs.

3. For Researchers

This research is an effort to improve the ability to think through the writing of scientific works and to apply the theories that the author obtained for the next researchers at the University of Lampung.

CHAPTER II

THEORITICAL BASIS AND HYPOTHESIS DEVELOPMENT

A. Marketing

Kotler and Keller (2016: 27), Marketing is tied in with distinguishing and meeting human and social necessities. One of the most limited, great meanings of promoting is addressing needs productively.

American Marketing Association (AMA) in Kotler and Keller (2016: 27), Marketing is the movement, set of foundations, and cycles for making, conveying, conveying, and trading contributions that have an incentive for clients, customers, accomplices, and society on the loose.

A human need is a condition of hardship of some fundamental fulfillment. Individuals require food, clothing, cover, wellbeing, having a place, and regard. These requirements are not made by society or by advertisers. They exist in the actual surface of human science and the human condition.

Needs are cravings for explicit satisfiers of necessities. Despite the fact that individuals' necessities are not many, their needs are many. They are consistently molded and reshaped by friendly powers and foundations, including holy places, schools, families, and business partnerships. Individuals in various social orders contrast in the manner in which they fulfill their necessities.

Requests are needs for explicit items that are sponsored by a capacity and eagerness to get them. Organizations should gauge the number of individuals need their item as well as, more significantly, the number of would really be willing and ready to get it.

B. E-Commerce

1. Definition

Internet business includes the utilization of the Internet, the Worldwide (Web), and portable applications and programs running on cell phones to execute business. Albeit the terms Internet and Web are regularly utilized conversely, they are really two totally different things. The Internet is an overall organization of PC organizations, and the Web is one of the Internet's most well-known administrations, giving admittance to billions of website pages. (Laudon and Traver, 2018)

Web based business, otherwise called electronic trade or web trade, alludes to the purchasing and selling of labor and products utilizing the web, and the exchange of cash and information to execute these exchanges. Web based business is regularly used to allude to the offer of actual items on the web, yet it can likewise depict any sort of business exchange that is worked with through the web. While e-business alludes to all parts of working an online business, internet business alludes explicitly to the exchange of labor and products.

The historical backdrop of internet business starts with the very first online deal: on the August 11, 1994 a man sold a CD by the band Sting to his companion through his site Net Market, an American retail stage. This is the principal illustration of a buyer buying an item from a business through the World Wide Web or "web-based business" as we ordinarily know it today.

From that point forward, internet business has advanced to make items simpler to find and buy through online retailers and commercial centers. Autonomous consultants, private ventures, and huge organizations have all profited from online business, which empowers them to sell their labor and products at a scale that was unrealistic with conventional disconnected retail. Worldwide retail online business deals are projected to reach \$27 trillion by 2020.

2. Types of E-Commerce Models

There are four primary kinds of web-based business models that can depict pretty much every exchange that happens among customers and organizations.

- a) Business to Consumer (B2C): When a business offers a decent or administration to a singular purchaser (e.g., You purchase a couple of shoes from an online retailer).
- b) Business to Business (B2B): When a business offers a decent or administration to another business (e.g., A business sells programming as-a-administration for different organizations to utilize)
- c) Consumer to Consumer (C2C): When a purchaser offers a decent or administration to another shopper (e.g., You sell your old furniture on e-Bay to another customer).
- d) Consumer to Business (C2B): When a purchaser offers their own items or administrations to a business or association (e.g., A powerhouse offers openness to their online crowd in return for a charge, or a photographic artist licenses their photograph for a business to utilize).

3. Examples of E-commerce

Internet business can take on an assortment of structures including diverse conditional connections among organizations and customers, just as various items being traded as a feature of these exchanges.

- a) Retail: The offer of an item by a business straightforwardly to a client with no mediator.
- b) Wholesale: The offer of items in mass, regularly to a retailer that then, at that point sells them straightforwardly to buyers.
- c) Drop transporting: The offer of an item, which is produced and delivered to the customer by an outsider.
- d) Crowd financing: The assortment of cash from buyers ahead of an item being accessible to raise the startup capital important to put up it for sale to the public.
- e) Subscription: The programmed repeating acquisition of an item or administration consistently until the supporter decides to drop.
- f) Physical items: Any substantial great that expects stock to be recharged and orders to be truly transported to clients as deals are made.
- g) Digital items: Downloadable advanced merchandise, formats, and courses, or media that should be bought for utilization or authorized for use.
- h) Services: An ability or set of abilities gave in return to remuneration. The specialist organization's time can be bought for an expense.

4. Advantages of E-Commerce

- a) **A Larger Market:** online business permits you to arrive at clients all around the nation and all throughout the planet. Your clients can make a buy anyplace and whenever, particularly more individuals are becoming acclimated to shopping on their cell phones.
- b) **Customer Insights Through Tracking and Analytics:** Whether you're sending guests to your online business site through SEO, PPC promotions or an old-fashioned postcard, there is an approach to follow your traffic and clients' whole client excursion to get bits of knowledge into watchwords, client experience, showcasing message, evaluating technique, and then some.
- c) **Fast Response to Consumer Trends and Market Demand:** The smoothed-out coordination, particularly for traders who do "outsource," permit organizations to react to market and internet business patterns and buyer requests in a deft way. Traders can likewise make advancements and arrangements on the fly to draw in clients and create more deals.
- d) **Lower Cost:** With the development in online business stage advances, it has become extremely simple and reasonable to set up and keep an online business store with a low overhead. Traders presently don't need to spend an enormous financial plan on TV promotions or announcement, nor stress over the cost for faculty and land.
- e) **More Opportunities To "Sell":** Merchants can just give a restricted measure of data on an item in an actual store. Then again, online business sites permit the space to incorporate more data, for example, demo recordings, surveys, and client tributes to assist with expanding change.

- f) **Personalized Messaging:** internet business stages offer shippers the chance to present customized content and item proposals to enlisted clients. These designated interchanges can assist with expanding transformation by showing the most applicable substance to every guest.
- g) **Increased Sales with Instant Gratification:** For organizations that sell computerized merchandise, web-based business permits the conveyance of items promptly after making a buy. This fulfills customers' requirement for moment delight and helps increment deals, particularly for minimal expense things that are frequently "spur of the moment purchases.
- h) **Ability to Scale Up (Or down) Quickly and Unlimited "Rack Space":** The development of an online business isn't restricted by the accessibility of actual space. Even though coordination can turn into an issue as one develops, it's to a lesser extent a test contrasted with those for running a physical store. Web based business traders can increase or down their activity rapidly, and exploit the limitless "rack space," as a reaction to advertise pattern and purchaser requests.

5. Disadvantages of E-Commerce

- a) **Lack of Personal Touch:** Some customers esteem the individual touch they get from visiting an actual store and cooperating with deals partners. Such close to home touch is especially significant for organizations selling top of the line items as clients need to purchase the product as well as have an extraordinary encounter during the interaction.
- b) **Lack of Tactile Experience:** No matter how well a video is made, customers can't contact and feel an item. Also, it's anything but a

simple accomplishment to convey a brand insight, which could frequently incorporate the feeling of touch, smell, taste, and sound, through the two-dimensionality of a screen.

- c) Price and Product Comparison: With internet shopping, buyers can look at numerous items and track down the most minimal cost. This powers numerous vendors to contend on cost and decrease their overall revenue.
- d) Need for Internet Access: This is self-evident yet remember that your clients do require Internet access before they can buy from you! Since numerous online business stages have elements and functionalities that require high velocity Internet access for an ideal client experience, there's a possibility you're barring guests who have slow associations.
- e) Credit Card Fraud: Credit card misrepresentation is a genuine and developing issue for online organizations. It can prompt charge moves that outcome in the deficiency of income, punishments, and awful standing.
- f) IT Security Issues: More and more organizations and associations have succumbed to noxious programmers who have taken client data from their information base. Not exclusively could this have legitimate and monetary ramifications yet in addition diminish the trust clients have in the organization.
- g) All the Eggs in One Basket: web-based business organizations depend intensely (or exclusively) on their sites. Indeed, even only a couple of moments of vacation or innovation hiccups can cause a significant loss of income and client disappointment.
- h) Complexity in Taxation, Regulations, and Compliance: If an online business offers to clients in various regions, they'll need to cling to

guidelines in their own states/nations yet in addition in their clients' place of home. This could make a ton of intricacies in bookkeeping, consistence, and tax collection.

C. Research Variables

1. Perceived Risk

a) Definition

Shiffman and Kanuk (2008: 102) characterizes risk is the vulnerability looked by customers if they can't anticipate the results of their buying choices. Meanwhile, according to Samadi and Najadi (2009: 89), risk perception is a belief individual's subjective about the potential negative consequences of purchasing decisions made by consumers. When viewed from the two definitions, it can be said that risk is the uncertainty faced by customers which creates a subjective confidence in a decision that will be taken.

Perceived risk is the main reason why people are reluctant to shop online. Because of its nature that does not meet directly between buyers and sellers, e-commerce raises different perceptions of risk. There are those who worry about losing money, some worry about the time factor for delivery, some are concerned about security and privacy factors (Detiknet, 2012).

Engel et.al (1995: 162) reiterated that the greater the risk, greater to possibility of consumer involvement in purchases. When the perception of risk is high, consumers have a choice whether to avoid buying and using or minimizing risk through searching and evaluating pre-purchase alternatives in the

decision-making stage. This condition results in complex decision making.

Consumers may evaluate the brand in detail. Information about products is needed and consumers try to evaluate various brands. This decision-making process illustrates the involvement of consumers with a product.

Meanwhile, Assael (1998) states that risk perception is an important component in information processing performed by consumers. Consumers are increasingly motivated to seek additional information when faced with purchasing high-risk products.

The perceived risk is higher when:

- a. Little information is available about the product
- b. The product is a new product
- c. The product has a complex product
- d. Low confidence of consumers to evaluate the brand
- e. The high price of the product
- f. The product is important to consumers.

When the risk perception becomes high, there is motivation whether to avoid using the product / service or to minimize the risk through searching and evaluating pre-purchase alternatives in the decision-making stage.

b) Dimension

Research from Ariffin et.al (2018) shows some types of risk are highly relevant to online shopping:

1) Financial Risk

A solid indicator that impacts online customers' buy expectations, looking through data and incessant buy exercises was recognized to be monetary danger. Monetary danger is characterized as the likelihood of a web customer experiencing money related misfortune a buy when the item doesn't perform well or then again if the item does not merit the cost paid (Featherman and Pavlou, 2003).

In like manner, Popli and Mishra (2015) characterized monetary danger to incorporate the chance of fixing costs needed for an item bought online notwithstanding some secret upkeep charges to the clients.

Masoud (2013) tracked down that any type of monetary misfortune – either through Visa misrepresentation, lesser quality or item that didn't proceed true to form – deflects web based shopping and has solid adverse consequences on web based shopping expectations. Pallab (1996) expressed that the web has a low degree of safety that will make purchasers stressed to utilize their charge cards or reveal individual data. Buyers' feeling of frailty concerning on the web Visa utilization was the significant boundary to buy online items (Maignan and Lukas, 1997).

Monetary danger is additionally demonstrated to be a solid forecaster of clients' online buy expectations (Bhatnagar et al., 2000). In a comparative report on retailers' private names, the apparent monetary danger by a client is proposed to affect their buy expectation as contended by Bhukya and Singh

(2015). At the point when customers saw more elevated levels of monetary danger, they are less inclined to shop through the web and the aggregate sum spent on the web or pace of looking with expectation to purchase will likewise be influenced (Forsythe and Shi, 2003)

2) Product Risk

Portrayed as the misfortune experienced by customers when their assumptions for an item don't realize after buy (Forsythe and Shi, 2003). This danger is to a great extent because of the online customer's failure to look at items truly prior to purchasing (Bhatnagar et al., 2000), and buyers' apparent item hazard is probably going to rise when wanted data about the item is restricted, when the cost is high, and when the shopper can't satisfactorily assess the item (Forsythe and Shi, 2003).

Item hazard differs across item classes and retail channels. Since some item assessment is restricted in the online climate, customers are probably going to decrease item execution hazard by buying notable brand name items from notable retail sites.

As per Popli and Mishra (2015), one of the requirements a client needs to beat when shopping on the web is there is little chance to check the item truly prior to making the buy. A client will rely exclusively upon the data given by the online seller. Consequently, the item hazard implies a possible misfortune if the item didn't meet the customer assumptions as far as item standard and quality. Item hazard indicates the chance of item inability to meet the exhibition of what it was initially expected for (Zheng et al., 2012). For example, when the conveyed items and the showed items online were thought about, the items' tone, shape or

viewpoint may not be something similar, so it is past the client's scope and capacities to analyze and really look at the genuine item characteristics. Accordingly, purchasers might see an item hazard dependent on this condition (Dai et al., 2014).

Online customers' certainty and goal to buy items online are effortlessly decreased by the presence of item hazards. When a request has been made and if the item conveyed doesn't coordinate with buyers' assumptions, shopper will be bound to consider that the item does not merit the measure of cash spent on the thing.

As per a concentrate by Teo (2002), around 25 percent of purchasers are stressed over the nature of item that probably won't accommodate their assumptions. Item hazard is the motivation behind why numerous buyers would prefer not to buy items through the web. Other than that, it is likewise considered to impact buyer conduct toward web-based shopping (Zhang, et al., 2012; Dai et al., 2014). Buyers might see item hazard if the cost of the item is higher with restricted data shown on the site. Customers might experience issues to assess the items (Forsythe and Shi, 2003). Results from a past report by Han and Kim (2017) affirmed that item hazard contrarily impacts buyer buy aim at a significant Chinese online commercial center.

3) Security Risk

Buyers find out with regards to the worth of merchandise over the site includes that offer item data quality, exchange and conveyance ability and skilled assistance quality. All things considered, without adequate data of safety devices set up, buy aim will be debilitate.

As per Karnik (2014), because of web sellers existing universally, purchasers' apparent danger toward web based shopping has additionally expanded, particularly when they feel that web security is deficient. Security hazard is characterized as a possible misfortune because of online extortion or hacking, which uncovered the security of a web exchange or online client (Soltanpanah et al., 2012).

Azizi and Javidani (2010) expressed that security relates to exposure of monetary data, for example, Mastercard number, account number and safe pin number. It is concurred that one of the hindrances for web-based shopping is security fears (Teo, 2002). However, internet shopping brings simplicity of procurement and utilization to customers, on the other hand, the shortfall of safety instrument will severely influence buyers' buy goal (Tsai and Yeh, 2010; Karnik, 2014; Meskaran et al., 2013).

Purchaser's dread giving their delivery data, Visa data or complete an online buy exchange (Leeraphong and Mardjo, 2013).

Youn (2005) uncovered that instability of the data and security is identified with individual data information the board that is taken care of by the online organizations and shoppers' set of experiences of validation of records. Hsu and Bayarsaikham (2012) called attention to that security chances contrarily affect online buy goals. At the point when clients are not sure with the site, they will try not to give their own information and will in general give bogus or deficient data (Kayworth and Whitten, 2010).

A review by Thompson and Liu (2007) likewise found that there is a huge connection between security dangers and goal to buy on the web. Martin and Camarero (2009) showed that clients stay away from internet shopping not in view of burden but since most clients are frightened of losing their Visa data to charge card robbery.

Along these lines, they infer that security hazard impacts internet shopping choice. Adnan (2014) proposed that protection strategies are expected to decrease security hazard apparent by clients and in this manner, upgrade buy goal in online field.

4) Time Risk

Time hazard is one of the powerful factors on buyers' buying conduct by means of the web (Zhang et al., 2012; Ye, 2004). Time hazard includes the problematic experience through online exchanges that are frequently brought about by the battle of route and additionally presenting the orders and postponements of getting the items (Forsythe et al., 2006). It alludes to the time that buyers take to make a buy, trusting that the items will be conveyed at their home and the time that shoppers had spent for perusing item data (Dai et al., 2014; Forsythe et al., 2006; Ko et al., 2004). Time hazard likewise incorporates when items didn't meet buyers' assumption levels and buyers need to return the item for another substitution (Ariff et al., 2014). Time, availability, or exertion may be pointless when a bought item must be fixed or supplanted (Hanjun et al., 2004). It is a tedious interaction for customers to look, peruse, buy, and trust that the item will show up (Leeraphong and Mardjo, 2013; Hsiao, 2009; Hassan et al., 2006).

Moreover, when there are no photographs of the genuine item on the site, shoppers might need to select the items' pictures via looking through them in a different site, and the time spent for the pictures to load will be considered as time hazard (Forsythe et al., 2006). Now and then, customers may very well leave the site without purchasing anything since they can't look through their ideal items on the site or have issues in exploring to the right destinations for the items (Gudigantala et al., 2011; Popli and Mishra, 2015). The time that clients spent to look for the data of new items and additional time sitting tight for downloading high-pixel pictures can diminish their aim to shop on the web. Time hazard will likewise stop the customers' buy choice to purchase online when it requires a great deal of time to track down an appropriate site (Forsythe and Shi, 2003; Forsythe et al., 2006).

2. Purchase Intention

The rise of web-based business has made online buy the third most well-known movement after email and Web surfing (Jamali et al., 2014). As per Close and Kukar-Kinney (2010), online buy expectation started from buy goal. Meskaran et al. (2013) characterized online buy expectation as the clients' availability to buy through the web. Buyers' eagerness to purchase an item or administration through web stores is characterized as online buy goal (Li and Zhang, 2002; Salisbury et al., 2001).

Close and Kukar Kinney (2010) additionally characterized online buy goal as the goal of online customers to purchase labor and products through the web or virtual shopping baskets. Other than that, Iqbal et al. (2012) characterized online buy goals as the clients' readiness to utilize internet providers, making a real acquisition of labor and products or looking at the costs of items. Purchaser's buy aim is fundamental in gauging buyer conduct that it clearly relies

upon the affecting elements that make the estimation troublesome under various conditions. Other than that, Schlosser et al. (2006) uncovered that the presence of solid protection and security explanations would not prompt a higher online buy aim. The specialist understands that client trust in the capacity of the organization to satisfy their requirements and needs is something beyond confiding in generosity to impact shoppers' buying expectations.

Buy expectation is much of the time utilized as an action to anticipate the clients' real purchasing exercises. Prior investigations uncovered that buyers' apparent danger will adversely affect online customers' buy aim for attire (Almoussa, 2011; Li and Zhang, 2002; Liebermann and Stashevsky, 2002; Meskaran et al., 2013; Suresh and Shashikala, 2011; Zhang, et al., 2012). The higher the view of hazard ascends among customers, the more it would hinder shoppers buying aim. Examination by Almoussa (2011) on 300 Saudi Arabian clients explored apparent dangers on attire web-based shopping by directing a Web-based study that deliberate the view of clients on the six kinds of dangers (item hazard, monetary danger, security hazard, and time hazard) associated with online clothing shopping and their impact on buy expectations. It was figured out that time hazard and execution hazard emphatically and contrarily impacted web-based shopping aims; it was likewise discovered that protection hazard and security hazard effects affect web-based shopping goals.

This examination by Almoussa (2011) is an applicable report as it indicated and epitomized apparent dangers in attire web-based shopping. A review by Masoud (2013) researched the impacts of apparent danger (time hazard, monetary danger, data security hazard, conveyance hazard and item hazard) on internet shopping aims in Jordan utilizing an example size of 395 respondents where

most of the customers are online customers. The review uncovered that monetary danger, item hazard, data security hazard and conveyance hazard contrarily influenced internet shopping expectations, and the review reasons that online dealers ought to know about clients' apparent dangers and methodologies enough to turn away these dangers. According to that, buyers will have a positive web-based shopping experience if buyers have lesser seen hazard levels on the web. Later, an increment in buy expectation will happen if a lower apparent danger level has been accomplished. In view of writing, the hypothetical system for this review would be conceptualized dependent on the previously mentioned discoveries, utilizing monetary danger, item hazard, security hazard, and time hazard, on the grounds that these factors are immensely perceived as shopper's apparent danger factors that ruin online buy aims and these factors had been generally considered by specialists in this field; accordingly, the factors are appropriate for this examination.

D. Previous Research

Table 2.1 Previous Research

No	Title	Name and Year of Research	Analysis Tool	Result
1.	Influence of consumers' perceived risk on consumers' online purchase intention. Journal of Research in Interactive Marketing	1. Shaizatulaqma Kamalul Ariffin 2. Thenmoli Mohan 3. Yen-Nee Goh School of Business, Universiti Sains Malaysia, Minden, Malaysia (2018).	Survey method was used for the purpose of data collection, and quantitative analysis was used to test the hypotheses. A total of 350 respondents participated on an online	The findings from this study suggest consumers' perceived risks when they intend to purchase online. Five factors of perceived risk have a significant negative influence on consumer online purchase intention, while social risk was found to be insignificant. Among these factors, security risk is the

			survey, and data were quantitatively analyzed via IBM SPSS Statistics 24	main contributor for consumers to deter from purchasing online.
2.	Marketing strategies, perceived risks, and consumer trust in online buying behaviour	1.Nikolaos Pappas University of West London, London College of Hospitality & Tourism (2015)	The collected data were analyzed using descriptive statistics, factor analysis, and regression.	The study has examined the influence of marketing on the development of perceived risks in online buying behavior and the formulation of consumers' trust.

Based on these table, the author will take the variable of x from the first research from Arifin et.al about financial risk, product risk, security risk and time risk. And for the second research came from Pappas, the author will take the variable of y.

E. Hypothesis Development

1. The Effect of *Financial Risk to Purchase Intention*

When consumers perceived higher levels of financial risk, they are tending to postpone or cancelled the intention to purchase the product. Zielke and Dobbstein (2007) defined financial risk as the possibility of a monetary loss from a poor purchase choice/decision. In other words, it is the state of losing money by purchasing an inadequate or unfamiliar brand. This definition can, however, be extended to include the risk that the product's quality does not match its price (Mitchell, 1998; Schiffman and Kanuk, 2004). Furthermore, price-quality association that consumers derive plays a vital role in perceived financial risk (Sweeney et al., 1999; Mieres et al., 2006; Zielke and Dobbstein, 2007; Liljander et al., 2009). It has been suggested that buy something on online shop like Shopee can create the financial risk.

Thus, perceived financial risk has a significant negative effect on purchase intention (Mieres et al., 2006).

So, the first formulation of hypothesis:

H1: *Financial Risk* effect the *Purchase Intention*

2. **The Effect of *Product Risk* to *Purchase Intention***

Online shoppers' confidence and intention to purchase products online are easily reduced by the existence of product risks. If the product doesn't match the expectation, the consumer will think again to buy a product via online.

Product risk is defined as the probability of the item failing to meet the performance requirements originally intended (Peter & Tarpey, 1975). A high level of product risk in online shopping may be expected due to online consumers' inability to physically examine and test product quality and alternatives (Alreck & Settle, 2002; Garbarino & Strahilevitz, 2004). The inconsistency in infrastructures required for enabling online shopping, such as computer monitor settings and computers software, may not always display product features as precisely as they may be in a traditional setting. Therefore, consumers' uncertainty increases with regard to a particular purchase decision when it comes to online shopping. For example, Goldsmith and Goldsmith (2002) found that, in online apparel shopping, consumers perceived higher level of product risk as opposed to in a traditional store. It has also been documented those risks associated with product uncertainty could negatively affect online shopping intention (Bhatnagar, Misra, & Rao, 2000).

So, the second formulation of hypothesis:

H2: *Product Risk* effect the *Purchase Intention*

3. **The Effect of *Security Risk to Purchase Intention***

Consumer sometime afraid to give their own data to the shipping information to complete purchase transaction. That's why the security risk can negatively impact to the purchase intention of their consumers. Security risk is defined as the probability of having personal information disclosed as a result of online transactions (Garbarino & Strahilevitz; 2004; Maignan & Lukas, 1997). Recent research has found that security risk is of growing concern among online consumers' (Drennan et al, 2006). Chapell's survey (2005) found that more than 69% of US Internet shoppers would limit their online purchases because of concerns related to the privacy and safety of their personal information. A separate survey of US consumers also found that 84% of consumers said that they thought Internet retailers had not done enough to protect consumers' privacy and that 76% would like to be better educated on how to protect themselves (TRUSTe, 2005). Online consumers may feel less control over their personal information and access to such information in the online setting, and thus hesitate to provide their personal information required for online transactions.

So, the third formulation of hypothesis:

H3: *Security Risk* effect the *Purchase Intention*

4. **The Effect of *Time Risk to Purchase Intention***

The complicated ways to open the online shop that can waste the time will give bad impact to everyone's intention to purchase.

Time risk involves the possible loss of convenience or time associated with the unsatisfactory delivery of a service (Mitra et al., 1999). Time risk refers to the amount of time required to purchase the product, the time lost because of product or service failure or having to return the product. The location of the store relative to work or home, time spent

driving, the speed of services offered, the organization and layout of the store, the range of goods, the presence of non-retailing functions and the overall ease of the shopping experience all have an impact on the time risk perceived by consumers (Mitchell, 1998).

So, the fourth formulation of hypothesis:

H4: *Time Risk* effect the *Purchase Intention*

Based on the development of hypothesis, so the research model:

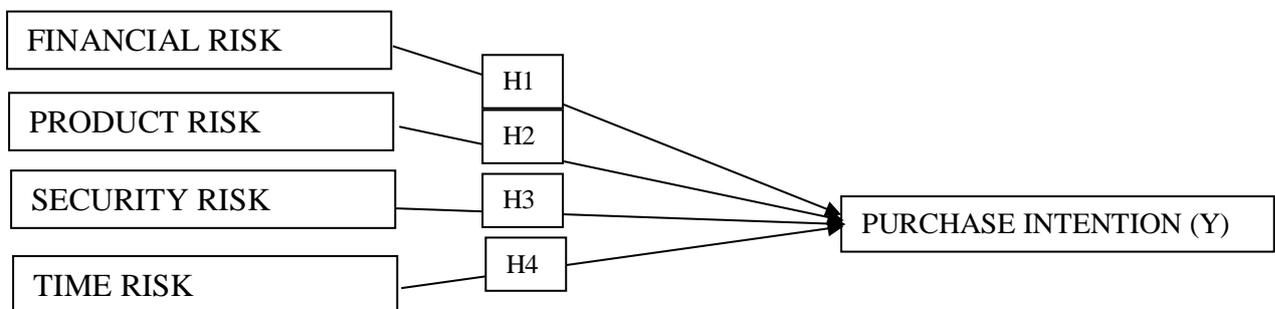


Image 2.3 Research Model

Source: Ariffin et.al (2018)

CHAPTER III

RESEARCH METHOD

A. Type and Object of Research

This research is a descriptive analysis using quantitative approach, the information is collected from respondents via questionnaire. The object of research is the consumers come from Bandar Lampung who ever do transaction in Shopee.

B. Source of Data

Data is all information from a person who is a respondent or that comes from documents both in statistical form and in other forms for research purposes (Maholtra, 2008: 174). Source of data used:

1. Primary Data

Primary data is data obtained directly from Shopee consumers in Bandar Lampung who are research respondents, through filling out questionnaires.

This measurement scale uses a Likert scale. Answers to the questions posed are Strongly Agree (SS) with a score of 5, Agree (S) with a score of 4, Neutral (N) with a score of 3, Disagree (TS) with a score of 2, and Strongly Disagree (STS) with a score of 1.

2. Secondary Data

Secondary data is data obtained indirectly. This data is obtained through a researcher that does not attempt to collect it himself, for example related literature, magazines, the internet, information, or other publications. So, secondary data comes from second, third and so on, meaning it passes through one or more parties who are not the researchers themselves.

C. Data Collection Techniques

The method that will use to collect the data on this research are:

1. Library Research

Library research is in the form of data that is relevant to research problems sourced from literature, books, and journals. It aims to find a theory or rationale that can support this research.

2. Field Research

Field research is collecting field data in the following ways:

- Questionnaire, which is a method of collecting data by giving questions to respondents with a questionnaire guide.
- Observation is a method or ways that analyze and make systematic notes on behavior by seeing or observing individuals or groups directly.

D. Population and Sample

1. Population

The population refers to the entire group of people, events, or things of interest that the researcher wishes to investigate. It is the group of people, events, or things of interest for which the researcher wants to make inferences (based on sample statistics) (Sekaran and Bougie, 2016:236). Population in this research is the people that ever made the transaction in Shopee.

2. Sample

A sample is a subset of the population. It comprises some members selected from it. In other words, some, but not all, elements of the population form the sample (Sekaran and Bougie, 2016: 237).

The method used in sampling that will be used is the method of Non-Probability Sampling with purposive sampling technique.

According to Ghozali (2015: 171) purposive sampling is that which is based on certain purposes in selecting sample members. The conditions for consideration in Non-Probability Sampling in this study are consumers come from Bandar Lampung have used Shopee aged 17 years and over. Samples are part of the population taken from as a resource and can and can represent the population (Hair et al, 2010: 165).

Hair et al. (2009) recommend that the minimum number of samples is five times the number of question items contained in the questionnaire. The number of indicators in this study was 15, so a total of 15 questions

were obtained. Thus, the sample size in this study was $15 \times 10 \Rightarrow 220$ samples.

E. Operational Definition

Each time doing explore, it is important to distinguish every factor, either the reliant variable not really set in stone or the free factor that is determinative. The identification of this variable is used as the problem being discussed.

Independent variable is one that influences the dependent variable in either a positive or negative way (Sekaran and Bougie, 2016:74). The independent variable of this research is Perceived Risk.

The dependent variable is the variable of primary interest to the researcher. The researcher's goal is to understand and describe the dependent variable, or to explain its variability, or predict it (Sekaran and Bougie, 2016:73). The dependent variable of this research is Purchase Intention. The definition of operational variable exists in table 3.1

Table 3.1 Table of Operational Definition

VARIABLE	DIMENSION	INDICATORS	SCALE
Perceived Risk (X) (Ariffin et.al, 2018)	Financial Risk (X1) Refers to the probability of an internet shopper suffering monetary loss from a purchase when the product does not perform well or if the product is not worth the price paid.	1. I tend to overspend money in Shopee. 2. In Shopee, Product may not be worth the money I spent. 3. I do not trust the online company like Shopee.	Likert

	<p>Product Risk (X2)</p> <p>Refers to Loss experienced by consumers when their expectations of a product do not actualize after purchasing.</p>	<p>4. I am unable to find the desired product in Shopee.</p> <p>5. I might not receive the exact quality of a product that I purchased in Shopee.</p> <p>6. The size description in Shopee may not be accurate.</p>	Likert
	<p>Security Risk (X3)</p> <p>Refers to Potential loss due to online fraud or hacking, which exposes the security of an internet transaction or online user.</p>	<p>7. I feel that my credit or debit card details are not secured when I use it in Shopee</p> <p>8. Shopee may disclose my personal information</p> <p>9. Shopee can be insecure</p>	Likert
	<p>Time Risk (X4)</p> <p>Refers to Time-consuming process for consumers to search, browse, purchase, and wait for the product to arrive.</p>	<p>10. Buying a product in Shopee can involve a waste of time</p> <p>11. Finding the right product through Shopee is difficult</p> <p>12. Impatient to wait for the product arrived from Shopee</p>	Likert
<p>Purchase Intention (Y)</p> <p>(Pappas, 2015)</p>	<p>Consumers decide whether they intend to proceed with a purchase based upon the information available to them</p>	<p>13. I am likely to purchase Shopee product.</p> <p>14. I am likely to recommend online shopping to my friend.</p> <p>15. I am likely to make another online purchase if the products I buy prove to be useful</p>	Likert

Based on the table the author will use 15 indicators came from Ariffin et. al and Pappas to measure how big the effect of this indicators to sustainability from Shopee in the future. The author will X1 as financial risk, X2 as product risk, X3 as security risk, X4 as time risk, and Y as Purchase intention from those indicators. The Y variable will take from Ariffin et.al as all X and from Pappas as Y.

F. Validity and Reliability

1. Validity Instrument Test

The validity test is used to measure the validity of a questionnaire. A questionnaire is said to be valid if the questions on the questionnaire are able to reveal something that will be measured by the questionnaire. The instrument validity test is done by testing the construct validity through the use of factor analysis. Construct validity shows how valid the results obtained from the use of a measure or indicator are in accordance with the theoretical concepts used. If the results of the factor analysis model show Kiser-Meyer-Olkin (KMO) above 0.500 the loading factor is above 0.600 declared valid (Ghozali, 2015: 176).

2. Reliability Instrument Test

The reliability test uses the Alpha Chronbach measurement technique where an instrument can be said to be reliable if it has a reliability coefficient or alpha of 0.6 or more.

The decision-making criteria are as follows:

- a) If the overall Cronbach's Alfa value $>$ Cronbach's alpha If the item is deleted, it is declared reliable.
- b) If the overall Cronbach's Alfa value $<$ Cronbach's alpha If the item is deleted, it is declared unreliable, Ghozali (2011: 126)

G. Data Analysis

1. Quantitative Data Analysis

Quantitative analysis is used to determine the effect of Perceived Risk toward on Purchase Intention in Shopee by using the multiple linear regression analysis formula.

Multiple linear regression analysis is basically a study of the dependence of the dependent variable with one or more independent variables, with the aim of estimating and or predicting the population average or the values of the known independent variables (Ghozali, 2009 in Marlia 2015: 55). The equation model used is

$$Y = a + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Description:

Y	= Purchase Intention
a	= Constanta
b1-2	= Regression Coefficient
X1	= Financial Risk
X2	= Product Risk
X3	= Security Risk
X4	= Time Risk
e	= Standard Error

H. Hypothesis Testing

1. T test

The statistical t test basically shows how far the influence of one independent variable individually is in explaining the dependent variable (Ghozali 2005 in Kharis, 2011: 60). Tests were carried out using a significance level of 0.05 ($\alpha = 5\%$). Acceptance or rejection of the hypothesis is carried out with the following criteria:

- a) If the significant value > 0.05 then the null hypothesis is accepted (the regression coefficient is not significant). This means that partially the independent variable does not have a significant effect on the dependent variable.
- b) If the significant value < 0.05 then the null hypothesis is rejected (significant regression coefficient). This means that partially independent variable has a significant effect on the dependent variable.

CHAPTER V

CONCLUSION AND SUGGESTION

A. CONCLUSION

Based on the results of research and discussion that has been done regarding with effect of Perceived Risk toward Purchase Intention on Shopee (Study on Bandar Lampung Society), it can be conclude that this research answer the hypothesis:

1. The Financial Risk give negative but no significant effect toward purchase intention on Shopee. This show that the consumer does not tend to think about financial risk. This happened because 86,4% of respondent come from millennial, so they are just wanted to get modern, easiest, and simplest way to do the shopping activities. They didn't think about is it can spend much money, is it worth or not with the money that they spent and is it safe or not.
2. The Product Risk give negative and significant effect to purchase intention. It means that Shopee can increase the customer intention to buy their product if they maintain the risk of their product, such as the completeness about the product that provide on Shopee, give the exact product that they show on the description and the accurate description on Shopee.
3. The Security Risk give negative and significant effect to purchase intention. It means that Shopee can increase the customer intention to buy their product if they maintain the risk of their security systems, such as

they need to always maintain that the credit card and debit card details of their customer will be save, personal data will be privacy and can't be spread, and Shopee will give them the safety feeling.

4. The Time Risk give negative and significant effect to purchase intention. It means that Shopee can increase the customer intention to buy their product if they maintain the risk of time on their system, such as Shopee need to increase the speed (no lag or bug system), maintain that the customer is easy to access the product that they want to search and give the shortest period to send the product to customers.

This study also aims to explore the perceived risk of Shopee and their relationships with Purchase Intention. It provides insight as to what dimension of perceived risk would deliver the best result of Shopee. The result obtained from this research analysis indicated that three dimensions among all the four risk dimensions, namely, product, security and time are the negative and significant contributing factors to the enlargement of Shopee's Purchase Intention. Besides, it could help the company better understanding the risk they have from consumers perspective, and it could help the company to improve their purchase intention.

Perceived Risk affected Purchase Intention in line with the previous research. Each indicates that only certain dimensions of perceived risk have a direct impact on purchase intention and each company could have different risks dimension that affect Purchase Intention depend on its own sector. In this research, the risk dimensions that give negative direct impact and significance influence towards Shopee are product risk, security risk and time risk. The result clearly indicates the existence of the significant links between those three risk dimensions and Purchase Intention in Shopee.

B. SUGGESTION

1. In term of Time Risk, Shopee need to maintain their time to package the product and send the product. Now the wonder is Shopee give their assessed time yet can be changed dependent on the circumstance. For limiting the danger Shopee need to give the obligation to cause the item to show up dependent on what applications previously expected and composed on the Shopee applications. Shopee can make the specific time concerning when their item will be shown up with give the specific scope of cost as well, so their client can pick what the elective that can be pick by shopper. What's more, Shopee can make the guideline and discipline to all the conveyance organization and vender in case they are late to handle the item.

Shopee need to add their conveyance race which can accelerate conveyance, for example, Amazon utilized robot to send their item. Shopee need to give the constraint of their conveyance time. Since client will feel frustrated when they stand by excessively long and Shopee should the specific season of conveyance time. The buying system incorporates the time needed to track down a reasonable dealer, appropriate items and handling the buy. This is affirmed by Forsythe et al., (2006), that time hazard contains the risky experience through online exchange that are often achieved by the issues of the time and postponements in item shipment. It implies that time hazard covers the trusting that the item will show up at customer's front entryway.

2. In term of Product Risk, Shopee need to guaranty to their customers about the originality of description on Shopee. Dai et. al. (2014) highlighted that product risk is one of the most common factors on determining the decision whether or not to purchase online. The nature of online shopping, where the shoppers cannot test the product directly and only relies to information provided, creates negative toward

purchase intention (Bhatnagar, 2000). This caused by the inability to examine the product directly that further caused uncertainty whether to purchase or not.

If the genuine item doesn't same with the depiction, Shopee need to give certification as conciliatory sentiment, similar to give cash or the genuine item to trade the item that don't same like in the portrayal.

Shopee additionally need to boycott the shop that offer phony item to limit this danger by making any guideline or composed guideline if the vender can't submit to it. Shopee can make the check and once again check producer stuff of the item as the quality control before they send it to client so the item will be same with the portrayal. Also, Shopee can follow up their client about the item after that item show up at clients' hand.

3. In term of Security risk, Masoud (2013) stated that even though consumers could comprehend the information about the benefits and value of the product, capture the product and all the platform features that could make online shopping more convenient, but there is an absence of security mechanism, purchase intention will be negatively affected. This has been a great concern burdening the intention to shop online. Shopee needs to pay attention to the sense of security of its customers. Shopee should issue a statement letter if at any time a customer's debit card money is stolen. Shopee should add their human resource team in cyber side to strength their security.

Shopee need to overhaul their IT frameworks or projects, so it won't be so natural to take. For the preventive activity possibly Shopee need to make the group that has the errand of hacking their own projects so Shopee will know where their shortcoming is and tackle it.

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