Chapter 1

Introduction

1.1 Background of the Study

The business model has been remarkably changed with the rise of Internet. The traditional means of consuming good by purchasing them in brick and mortar stores do not apply today as consumers have access to a new medium of exchange, the Internet. E-commerce's rising popularity can be greatly attributed to customers having quick and easy access to a large amount of information using Internet. This rising popularity can be seen by the online sales of United States of America, which will reach $65 billion in the year 2010 according to industry analyst (Johnson, 2005).

C2C (consumer to consumer) commerce has been around for a long time but it is only through the advent of Internet, that C2C commerce has a large impact financially and towards the customer behavior (Mäkeläinen, 2006). In this study, the researcher views exchange more than purchase of goods or services for money. (Bagozzi, 1975) In C2C exchange, it requires more than just the transfer of money from one party to another; there also exists a social exchange between two parties, whereby there is a give and take of something of value between the two parties (Lawler, 2008). This study uses the website Kaskus in order to establish relationship between buyers and sellers of the C2C exchange system. Kaskus is an online community where members of the website seek information that interest them or engage in C2C commerce. (Febrina, 2009) Members of Kaskus communities buy and sell their products using the form as their medium of exchange. Furthermore, this community was chosen because of the social

exchanges that occur with respect to buying products or services using the Kaskus forum.

1.2 Research Problem

According to Gonzalez, there is a lack of information in the field of consumer-to-consumer e-commerce. (Gonzalez 2003) The lack of information could be attributed to the nature of the consumer-to-consumer e-commerce for its informal and ever changing way of conducting transactions. Unlike business to business or business to customer e-commerce, which has a set of formal methods and structured business mechanics, consumer-to-consumer e-commerce is loosely done. This study aims to provide information that can assist in the developing the foundations in the field of consumer-to-consumer e-commerce.

1.3 Purpose of the Study

Based on previous studies, this research aims to give insight on C2C exchange. This is done by identifying factors that affects the usage patterns of the Kaskus community. These factors will then be used in a model in order to give a better understanding of its relationship as a whole. To determine the consumer behavior patterns of Kaskus users

1. To determine the demographic profile of Kaskus users engaging in e-commerce

2. To determine the factors affecting the use of Kaskus as a C2C (Consumer to Consumer) exchange system.

3. To determine if Kaskus is a system that is suitable for e-commerce

1.4 Hypothesis

H1: The greater the individual's satisfaction with Kaskus website, the greater their future behavioral intent to continue such systems.

H2a: The greater the individual's usage of the Kaskus website, the greater their future behavioral intent to continue using the Kaskus website.

H2b: The greater the individual's usage of the Kaskus website, the greater their satisfaction with such website.

H3: The greater the individual's sense that Kaskus website provides a wide assortment of goods in a desired category, the greater the positive effect on their satisfaction with the website

H4: The greater the individual's sense that the Kaskus website provide a sense of community and linking with others in the act of consuming goods in a desired category, the greater the positive effect on their satisfaction with the website.

H5: The greater the individual's sense that the Kaskus website is convenient, the greater the positive effect on their satisfaction with the website.

H6: The greater the individual's sense that the Kaskus website provides competitive prices of goods in a desired category, the greater the positive effect on their satisfaction with the website.

H7: The greater the individual's sense that the Kaskus website provides high quality products in desired category, the greater the positive effect on their satisfaction with the website.

H8: The greater the individual's chronological tenure of experience with the Kaskus website, the greater their behavioral usage of the website.

H9: The greater the individual's trust with the Kaskus website, the greater their behavioral usage of the website.

1.5 Significance of the Study

In the early 1990's, there was a growing trend of businesses engaging in e-commerce. Both old and new business would use e-commerce as a way of conducting business. In the year 2000, the so called "dot.com bubble" had burst (Mäkeläinen, 2006). This caused majority of business that had used e-commerce to collapse but there were several businesses that remained which include Ebay and Amazon. This exploratory study aims to prevent another dot.com bubble burst by assisting to increase the information on a growing field, which is the consumer-to-consumer exchange. The information gathered can be used by both academicians and business minded individuals.

E-commerce can be used as a competitive advantage (Hart et al 2000, Dawson 2000). But businesses must be aware that like other competitive advantages, there is much thought and planning that needs to be done for a successful way of conducting business. The results obtained from this study aims to help businesses and academicians in understanding the field of consumer-to-consumer e-commerce.

1.6 Scope and Limitations

This study makes use of the Kaskus community in order to obtain data surrounding C2C exchange. As such, information gathered would be strictly confined to this community and differences may be observed if another industry is used. Furthermore, the difficulty of obtaining volunteers to answer the survey questionnaires is caused by the anonymous nature of the Internet.

1.7 Structure

This study is composed of five chapters of which are:

Chapter 1 – this chapter is divided into the background of the study, purpose of the study, list of hypothesis, scope and limitations and the structure of the study.

Chapter 2 – discuses the theoretical foundation of the study and the theoretical framework which includes the research model that is used in the study.

Chapter 3 – gives an overview of the original study's methodology. Furthermore, it also discusses the methodology used in this study. This would include the questionnaire model, sampling method, language used in the questionnaire, questionnaire distribution method and the analysis methods.

Chapter 4 – consists of the data obtained through the online survey conducted for this study. A frequency analysis was done to obtain the demographic profile of the Kaskus users. Cross-tabulation tests were done to determine the consumer behavior of the Kaskus users. In order to determine the validity and reliability of the questions associated to the research model, a bivariate and reliability analysis

was conducted for each variable. Mean value analysis was also done to obtain patterns on how the respondents answered the questions related to the research model. Furthermore, an independent sample t-test was done to obtain any variations in the responses from the two types of Kaskus user, buyer and buyer/seller. Finally, the research model was analyzed using linear regression in order to accept or reject the hypotheses used in this study.

Chapter 5 – this chapter started off with a summary of the data collected to determine if the objectives of this study was met. In goes on with discussing the managerial implications of the study that can be used by Kaskus website and other businesses who wishes to engage in C2C e-commerce. Furthermore, the chapter gave recommendations to future studies based on the limitations encountered within this study and possible areas of the field of C2C exchange that future studies can explore. Finally, a conclusion was present in chapter 5 to tackle the research problem of this study.