



ANTECEDENTS OF CUSTOMER TRUST AND LOYALTY ON SHOPEE INDONESIA

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ABSTRACT

Lack of face-to-face interaction, network and software issues, and inability to touch the product become one of E-commerce constraint. Additionally with the widespread news about unsafe transaction and leak of user's personal data on e-commerce, lead to decreasing of customer trust toward e-commerce. The decrease of customer trust could impact customer loyalty, if this problem does not resolve. This research is to investigate factors that affect customer trust and loyalty on Shopee among generation Z in context of fashion category, utilizing technology Acceptance Model (TAM). Since Shopee is the top e-commerce with annual growth, while generation Z dominating the e-commerce. Additionally, fashion category is the most category that produce the biggest revenue. Data collected using a survey within 400 respondents that fulfil the requirements. Utilizing descriptive analysis and PLS-SEM, to find whether Perceive Ease of Use (PEoU), Perceive Security (PS), Privacy Concern (PC), Product Variety (PV), and On-Time Delivery (OD) affect Customer Trust (CT), while measuring how Customer Loyalty (CL) affected by Product Variety (PV), On-time Delivery (OD), and Customer Trust (CT). The results indicate that CT relies on PEoU, PS, PC, PV, and OD. While PV, OD, and CT significantly impact CL on Shopee especially generation Z. This research provides e-commerce with insights on which factor influence CT and CL the most. Furthermore, this research aims to contribute to the literature regarding antecedents of trust and customer loyalty in Shopee.

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INTRODUCTION

The internet development is growing rapidly, evidence of the wireless communication from 1G to 4G. The latest generation of wireless communication is 5G, launched in 2019. It is the latest change in mobile technologies that transformed the global economy in the last quarter of the 20th century (Freeman & Louca, 2001). With the fact that shown in Figure 1 the connection has been invested, deployed, and launched. Based on data in January 2024, there are 5.35 billion internet users in the world, with 1.8% (97 million) increase from the last year (Fig. 2).



Figure 1. Global Map of 5G Availability
Sumber: Statista (2022)



Figure 1. Annual Digital Growth 2024

According to Chang, Chih, Liou, and Yang (2016), Moreno, Calderon, and Moreno (2016) reveal that internet technology has reshaped how people live, providing them with product offering and choices, providing efficiency with low price, unlimited information and expanding distribution channels. The world's population's lifestyle surely has shifted. That could be concluded that nowadays, gadgets and the internet couldn't be separated and became primary needs. Every daily activity supported by the usage of the internet, such as student education, increasing the efficiency of activities, research and development, communication, money management, teaching and knowledge sharing, cashless transaction, working remotely and provide business services, especially on business promotion and innovation, and shopping (V. Sharma, 2016).

The internet growth and lifestyle shift not only happened worldwide, but also happened in Indonesia. Based on January 2024 (Fig 3), Internet users in Indonesia

was 185.3 million in January 2024, with the internet penetration rate stood at 66.5%. An increase of 0.8% (1.5 million) from January 2023 to January 2024. Not only the internet user expanding, but Indonesia is also presently embracing the latest advancement in wireless communication, notably the implication of 5G technology. According to Eraspace (2023), there are 3 providers that provide 5G connection, namely Telkomsel, Indosat Ooredoo, and XL Axiata. Furthermore, right now there are 9 areas that utilize 5G: Jabodetabek, Bandung, Batam, Surabaya, Balikpapan, Makassar, Surakarta, Denpasar, and Medan.



Figure 2. Indonesia Digital Growth 2024

Based on the statement above, the lifestyle of people nowadays has been shifted, especially their shopping behavior. Supported by data from January 2024 (Fig. 4). Shopping became top 5 types of websites visited and applications used across ages. Based on data in January 2023, there are 4.11 billion people purchasing goods via online and estimated total annual spend of \$3.59 trillion. That could be concluded that there is a change in customer behavior in shopping.

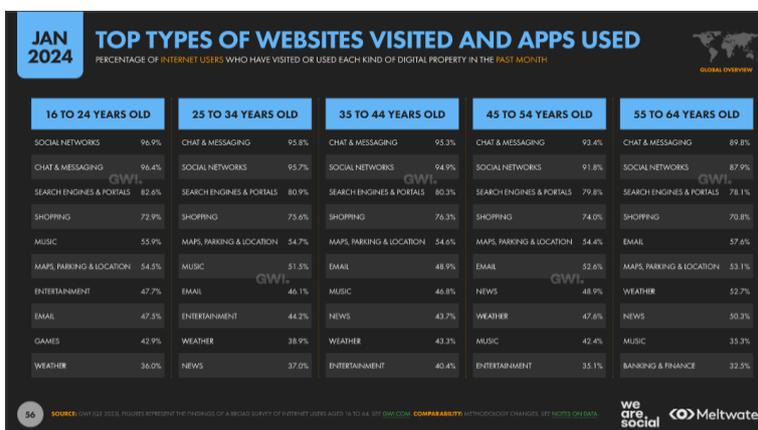


Figure 3. Top Types of Websites Visited and Apps Used

The internet serves as a potent tool for commerce, with the array of services provided by websites continually expanding. In the current century, online media marketing communication has emerged as the foremost and rapidly advancing promotional strategy (Dong et al., 2017). This encompasses interactions within businesses, between businesses (business to business), and between businesses and consumers (business to consumer). The delivery of products or services may occur over or outside of the internet (Whinston, Chaim & Stahl, 1997). In the past the majority of people used conventional approaches in making purchases, but now internet technology has brought people's interest in online shopping. Based on the

Global Online Consumer Report in 2017 (Fig 5), there are several reasons why consumers prefer shopping online than in store. The main reason for shopping online is the convenience, such as the availability of the online shop, to conserve time, and all-in-one place. The second reason is price-related, for example the ability to compare prices, the price that online shops offer is better than offline, and free shipping offers (Global Online Consumer Report, KPMG International, 2017).

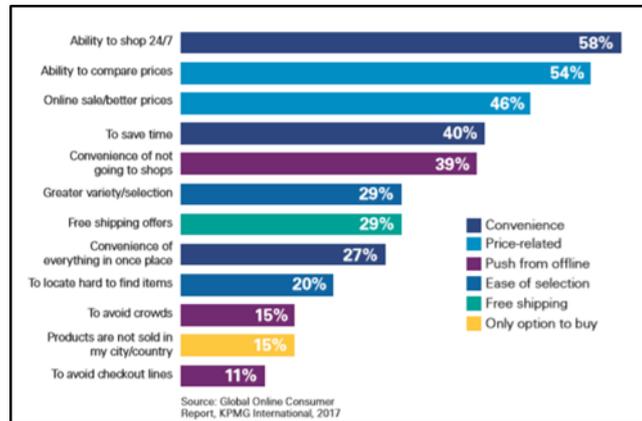


Figure 4. Reason Consumers Shop Online Instead of in Stores
 Sumber: Global Online Consumer Report, KPMG International (2017)

Moreover, fashion and electronics are forecast as the top online shopping categories worldwide in 2024, with expenditure set to hit nearly \$1.4 trillion as shown in data from Shopify in 2022 (Fig. 6). We could see fashion is the most popular online shopping category online, with forecast spending of \$745.4 billion. Followed by electronics, with forecast spending of \$637.6 billion. The rest are food, DIY and hardware stores, beverages, furniture, and media.



Figure 5. Forecast Top Online Shopping Categories Worldwide in 2024
 Sumber: Shopify (2022)

Based on E-commerce Nation in 2023 (Fig. 7), there are 10 countries with the largest e-commerce industry. Amazon is the most dominating e-commerce in 7 countries out of 10. Such as, USA, United States, Japan, Germany, India, France, and Canada. Indonesia is one of the top 10 largest e-commerce industries. Additionally, Indonesia in 2022 hitting \$59 billion in online sales. This represents 1% of the global e-commerce.

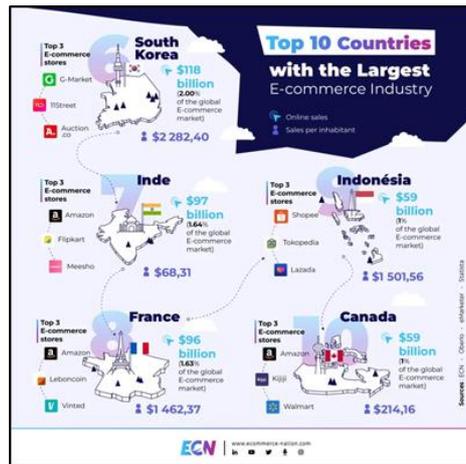


Figure 6. Top 10 Countries with the Largest E-commerce Industry (6 place-10 place)
 Sumber: E-commerce Nation (2023)

E-commerce has a big impact in Indonesia, it was the largest contributing sector to the digital economy in Indonesia based on Databoks in 2023 (Fig. 8). E-commerce contributes 62 million in US dollars, while it contributes 75.6% to Gross Merchandise Value (GMV) in Indonesia's economic digital (\$82 million). The top e-commerce with the largest average number of visitors from quarter I until quarter III in 2023 is Shopee, followed by Tokopedia, Lazada, Blibli, and Bukalapak (Databoks, 2023). Furthermore, as shown in Figure 1.9 Shopee is the most e-commerce with the largest growth each quartal. Other than Shopee, Blibli has a small growth each quartal. Unfortunately, there is some deterioration in Tokopedia, Lazada, Blibli, and Bukalapak.

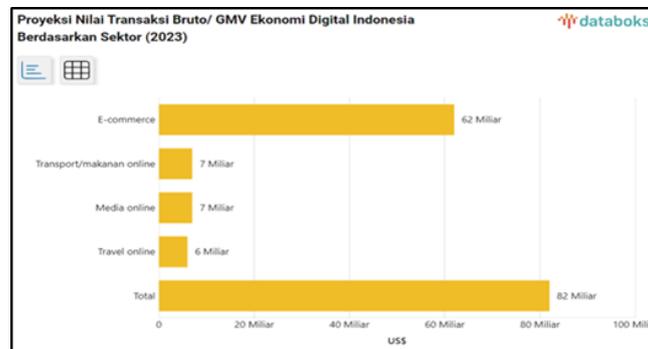


Figure 7. Projection of Gross Transaction Value/ GMV of Indonesia's Digital Economy by Sector
 Sumber: Databoks (2023)

Rata-rata Jumlah Kunjungan ke 5 Situs E-Commerce Terbesar di Indonesia (Kuartal I-Kuartal III 2023)*

No.	Nama Data	Q1	Q2	Q3
1	Shopee	157.966.667	166.966.667	216.766.667
2	Tokopedia	117.033.333	107.200.000	97.066.667
3	Lazada	83.233.333	74.533.333	52.233.333
4	Blibli	25.433.333	27.100.000	28.400.000
5	Bukalapak	18.066.667	15.566.667	12.366.667

Figure 8. Average Number of Visit to the 5 Largest E-commerce Sites in Indonesia
 Sumber: Databoks (2023)

According to Databoks in 2024 (Fig. 10), Generation Z dominating Shopee by 76% out of 1.043 respondent of Generation Z. Additionally Populix (2023) stated that the majority of Indonesian population (58%) are using e-commerce and social commerce. Generation Z became the most generation that are spending their money in online shopping. People who were born between 1996 and 2010 are known as Generation Z. The term "digital natives" refers to Generation Z as well, as they are the first to have grown up with the internet integrated into everyday life (McKinsey & Company, 2023).

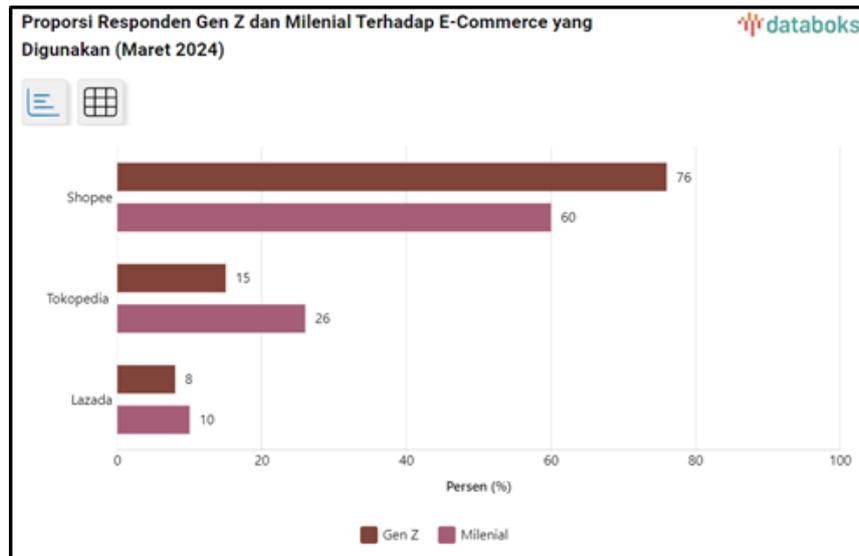


Figure 9. E-commerce's Generation Users
Sumber: Databoks (2024)

Unfortunately, there are a number of incidents that reduce e-commerce's level of reliability. According to CNN (2019), Indonesian e-commerce has a number of issues: internet speed, customer safety, cyber security, and logistics. Supported by problems that have arisen from a few years ago to the present, such as the illegal transaction of bank accounts on various e-commerce platforms and consumer data leaks (CNBC, 2020). The data leak occurs on Lazada, Bukalapak, and Tokopedia. Meanwhile in Shopee, Bukalapak, and Tokopedia, bank accounts are being sell illegally. It could show that customer safety and cyber security problems happen in almost every e-commerce. This issue could decrease customer trust toward e-commerce.

Furthermore, Kompas.com (2022) find that customer loyalty towards one e-commerce is low. Kompas.com (2022) done a survey with 1.000 respondents with results as follows. 42% respondent tend to switch between e-commerce and the reason behind it is the number of available products, 31% stay loyal, and 27% switch particularly for several categories and transaction method. These issues lead to researchers wonder which factors that could influence customers trust and loyalty toward e-commerce, especially Shopee Indonesia with the biggest number of users. To ensure the success of research efforts, the focus was placed on fashion products. Fashion products, such as clothing, shoes, bags and accessories are dominating top categories for online shopping in Indonesia, as shown in Statista Consumer Insights in 2020 (Fig.11).



Figure 10. Top Categories for Online Shopping in Indonesia
Sumber: Statista Consumer Insights (2022)

METHODS

This study employed a quantitative strategy to collect data. The goal of the quantitative method is to manipulate observation and represent data in order to describe and explain situations. The quantitative approach in this study will be carried out using a survey method. This approach was selected because it could collect data via in-person observations, cover a large number of participants, generate a significant amount of data quickly, and be relatively affordable. Nevertheless, there are drawbacks to the survey approach as well. For example, if the data is too broad in scope, it may be overlooked, and a high response rate may be difficult to manage. (Kelley et al., 2003).

A population is a group of people with predetermined requirements and similar characteristics. As a result, the respondents in this study is respondent who used Shopee as their e-commerce to purchase fashion products from January until June 2024 and had to be restricted to those who were born between 1996 and 2010. Responders from Jakarta and Banten are preferred since they have the highest internet penetration rates (APJII, 2023). There are no specific data that mentioned the population of people with those criteria, therefore the population is unknown.

Convenience sampling, a type of probability sampling, will be used in this study. Due to constraints on respondent availability, time, region, and coverage, a particular strategy was selected.

To calculate the study sample with a 95% confidence level, the Cochran Formula Approach will be employed. Given the unknown number of the population, this specific strategy was adopted. Since the research population is unknown, the size of the research sample will be 385 samples.

RESULTS AND DISCUSSION

Structural Path Significance

Researcher need to conduct bootstrapping in SmartPLS, to get structural path significance. Structural Path Significance is a process to determine whether each hypothesis in the framework can be accepted (Wong, 2013). The research framework itself consisting of 7 variables with 26 indicators in total after adjustment. For instance, Perceived Ease of Use (3 indicators), Perceived Security (4 indicators), Privacy Concerns (3 indicators), Product Variety (3 indicators), On-time Delivery (4 indicators), Customer Trust (5 indicators), and Customer Loyalty (4 indicators).

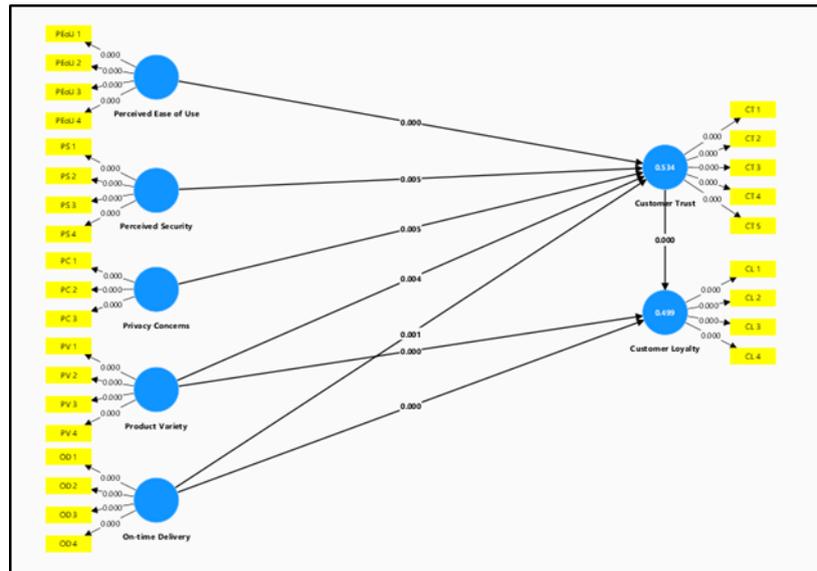


Figure 12. Structural Path Significant (After Adjustment)

T-Statistics need to be greater than 1.6487, to conclude that path coefficient between variables has strong relationship. As shown in Table 4.12, it shown that all the path has a strong relationship, with the largest T-Statistics is On-time Delivery -> Customer Loyalty with the value of 4.188. Meanwhile the lowest one is Perceived Security -> Customer Trust with T-Statistics of 2.556. Additionally, R² are utilizes to examine the proportion of variance explained by structural model's independents variables. Cohen (1988) suggested that R² interpreted as follows: 0.26 (substantial), 0.13 (moderate), 0.02 (weak).

Table 1. Path Coefficient

Path	Original Sample	Mean	Standard Deviation	T-Statistics	R ²	Q ²
Perceived Ease of Use -> Customer Trust	0.222	0.219	0.055	4.024	0.534	0.508
Perceived Security -> Customer Trust	0.143	0.147	0.056	2.556	0.534	0.508
Privacy Concerns -> Customer Trust	0.169	0.165	0.065	2.608	0.534	0.508
Product Variety -> Customer Trust	0.152	0.156	0.057	2.682	0.534	0.508
Product Variety -> Customer Loyalty	0.245	0.244	0.062	3.964	0.499	0.483
On-time Delivery -> Customer Trust	0.217	0.216	0.071	3.053	0.534	0.508
On-time Delivery -> Customer Loyalty	0.320	0.321	0.076	4.188	0.499	0.483
Customer Trust -> Customer Loyalty	0.256	0.253	0.065	3.941	0.499	0.483

R² of Perceived Ease of Use (PEoU) -> Customer Trust (CT) is 0.534, which states that 53.4% variance in CT; Perceived Security (PS) -> Customer Trust (CT) is 0.534, which states that 53.4% variance in CT; Privacy Concerns (PC) -> Customer Trust (CT) is 0.534, which states that 53.4% variance in CT; Product Variety (PV) -> Customer Trust (CT) is 0.534, which states that 53.4% variance in CT; Product

Variety (PV) -> Customer Loyalty (CL) is 0.499, which states that 49.9% variance in CL; On-time Delivery (OD) -> Customer Trust (CT) is 0.534, which states that 53.4%; On-time Delivery (OD) -> Customer Loyalty (CL) is 0.499, which states that 49.9% variance in CL; Customer Trust (CT) -> Customer Loyalty (CL) is 0.499, which states that 49.9% variance in CL. All the variables could be considerate substantial according to Cohen (1988). To measure whether this model is good or not, the researcher using the Goodness of Fit (GoF). To formula to calculate GoF is by square root of the average R^2 multiple by average Q^2 . The result has the interpretation of 0.36 (significant), 0.25 (moderate), and 0.1 (low/no effect) (Wong, 2013).

Table 2. Goodness of Fit (GoF)

	Coefficient of Determination R^2	Cross-Validated Redundancy (Q^2)
Perceived Ease of Use	000.0	000.0
Perceived Security	000.0	000.0
Privacy Concerns	000.0	000.0
Product Variety	000.0	000.0
On-time Delivery	000.0	000.0
Customer Trust	0.534	0.508
Customer Loyalty	0.499	0.483
Average	0.517	0.496
GoF		0.5059

Hypothesis Testing

The result of Hypothesis Testing was obtained by evaluating the structural path for the evaluation of path coefficients using T-values calculated through PLS computation.

Table 3. Hypothesis Testing

Hypothesis	Structural Path	T Values	P Values	Result
H1	PEoU -> CT	4.024	0.000	Accepted
H2	PS -> CT	2.556	0.000	Accepted
H3	PC -> CT	2.608	0.001	Accepted
H4	PV -> CT	2.682	0.005	Accepted
H5	PV -> CL	3.964	0.000	Accepted
H6	OD -> CT	3.053	0.005	Accepted
H7	OD -> CL	4.188	0.000	Accepted
H8	CT -> CL	3.941	0.004	Accepted

H1. Perceived Ease of Use (PEoU) positively effecting Customer Trust (CT) on Shopee Indonesia.

H1 evaluates whether Perceived Ease of Use (PEoU) significantly and positively affects Customer Trust (CT). The result revealed that there is a positive relation between PEoU and CT on Shopee Indonesia. As shown in Table 4.14 the T-Value for hypothesis 1 is 4.024, which supressing the critical value of 1.6487 with P-Value lower that 0.05 (0.000). Thus, the hypothesis is accepted. In conclusion, there is evidence that PEoU has a positive impact toward CT on Shopee Indonesia.

H2. Perceived Security (PS) positively effecting Customer Trust (CT) on Shopee Indonesia.

H2 evaluates whether Perceived Security (PS) significantly and positively affects Customer Trust (CT). The result revealed that there is a positive relation between

PS and CT on Shopee Indonesia. As shown in Table 4.14 the T-Value for hypothesis 2 is 2.556, which supressing the critical value of 1.6487 with P-Value lower that 0.05 (0.000). Thus, the hypothesis is accepted. In conclusion, there is evidence that PS has a positive impact toward CT on Shopee Indonesia.

H3. Privacy Concern (PC) negatively effecting Customer Trust (CT) on Shopee Indonesia.

H3 evaluates whether Privacy Concern (PC) significantly and negatively affects Customer Trust (CT). The result revealed that there is a positive relation between PC and CT on Shopee Indonesia. As shown in Table 4.14 the T-Value for hypothesis 4 is 2.608, which supressing the critical value of 1.6487 with P-Value lower that 0.05 (0.001). Thus, the hypothesis is accepted. In conclusion, there is evidence that PC has a negative impact toward CT on Shopee Indonesia.

H4. Product Variety (PV) positively effecting Customer Trust (CT) on Shopee Indonesia.

H4 evaluates whether Product Variety (PV) significantly and positively affects Customer Trust (CT). The result revealed that there is a positive relation between PV and CT on Shopee Indonesia. As shown in Table 4.14 the T-Value for hypothesis 4 is 2.682, which supressing the critical value of 1.6487 with P-Value lower that 0.05 (0.005). Thus, the hypothesis is accepted. In conclusion, there is evidence that PV has a positive impact toward CT on Shopee Indonesia.

H5. Product Variety (PV) positively effecting Customer Loyalty (CL) on Shopee Indonesia.

H5 evaluates whether Product Variety (PV) significantly and positively affects Customer Loyalty (CL). The result revealed that there is a positive relation between PV and CL on Shopee Indonesia. As shown in Table 4.14 the T-Value for hypothesis 5 is 3.964, which supressing the critical value of 1.6487 with P-Value lower that 0.05 (0.000). Thus, the hypothesis is accepted. In conclusion, there is evidence that PV has a positive impact toward CL on Shopee Indonesia.

H6. On-time Delivery (OD) positively effecting Customer Trust (CT) on Shopee Indonesia.

H6 evaluates whether On-time Delivery (OD) significantly and positively affects Customer Trust (CT). The result revealed that there is a positive relation between OD and CT on Shopee Indonesia. As shown in Table 4.14 the T-Value for hypothesis 1 is 3.053, which supressing the critical value of 1.6487 with P-Value lower that 0.05 (0.005). Thus, the hypothesis is accepted. In conclusion, there is evidence that OD has a positive impact toward CT on Shopee Indonesia.

H7. On-time Delivery (OD) positively effecting Customer Loyalty (CL) on Shopee Indonesia.

H7 evaluates whether On-time Delivery (OD) significantly and positively affects Customer Loyalty (CL). The result revealed that there is a positive relation between OD and CL on Shopee Indonesia. As shown in Table 4.14 the T-Value for hypothesis 7 is 4.188, which supressing the critical value of 1.6487 with P-Value lower that 0.05 (0.000). Thus, the hypothesis is accepted. In conclusion, there is evidence that OD has a positive impact toward CL on Shopee Indonesia.

H8. Customer Trust (CT) positively effecting Customer Loyalty (CL) on Shopee Indonesia.

H8 evaluates whether Customer Trust (CT) significantly and positively affects Customer Loyalty (CL). The result revealed that there is a positive relation between CT and CL on Shopee Indonesia. As shown in Table 4.14 the T-Value for hypothesis 8 is 3.941, which supressing the critical value of 1.6487 with P-Value lower that 0.05 (0.004). Thus, the hypothesis is accepted. In conclusion, there is evidence that CT has a positive impact toward CL on Shopee Indonesia.

F Square Effect Size

F² are used to assess the relative effect of independent (exogenous) variables on dependent (endogenous) variables in this study. The interpretation of the F² is 0.35 (significant), 0.15 (moderate), and 0.02 (low). The results shown in Table 4.15 revealed that F² effect size range from 0.021 (low) for PEOU on CT to 0.107 (low) for OD on CL. This conclude that majority of the independent variables although have a positive influence and relationship toward dependent variables, unfortunately they have low effect. This could be there result of the number of independent variables that researcher used to predict the dependent variable. This could lead to each independent variable only make a small contribution individually, because the variability is spread among many variables.

Table 4. F Square Effect Size

	Perceived Ease of Use	Perceived Security	Privacy Concerns	Product Variety	On-time Delivery	Customer Trust	Customer Loyalty
Perceived Ease of Use						0.054	
Perceived Security						0.021	
Privacy Concerns						0.039	
Product Variety						0.024	0.086
On-time Delivery						0.049	0.107
Customer Trust							0.072
Customer Loyalty							

Mediation Results

This mediator test is a method to help explain the effect of the independent variable on the dependent variable through the mediator variable (Hair Jr et al., 2014). As mention in chapter 3, there is 3 step or stages as requirement to prove the effect of mediation on this study (Jogiyanto and Abdillah, 2009):

1. Step 1: Researcher need to analyze the independent variable affect dependent variable, to seek accurate and relevant results.
2. Step 2: Researchers need to examines the effect of independent variables on mediation variables to seek statistically significant results.
3. Stage 3: Researcher need to combined the effect of independent and mediation variables on the dependent variables.

By examines the result, researcher can understand and provide a better understanding of the relationship between variables. CT as Mediating Variable between PEOU, PS, PC, PV, and OD on CL. The analysis results shown the impact caused by the independent variable, namely PEOU, PS, PC, PV, and OD, on

dependent variable Customer Trust. The significance can be assessed using the value of the T-Statistic and p-value. The value of T-statistic needs to exceed the critical value of 1.6487 and the p-value need to be smaller than significance level of 0.05. In conclusion, if the variable fulfils all the requirement, the variable is considered statistically significant or has a strong relationship.

In stage one (Table 4.16), the result shown all variables, such as PEOU, PS, PC, PV, and, OD, significantly influence Customer Loyalty. Because the T-statistics of each value is 2.550, 1.921, 2.171, 4.888, exceed the critical value of 1.6487. Additionally, in the p-value side, we could conclude that the relationship between independent variable and dependent variable are strong, since all the value are below 0.05. To conclude, the independent variable and the dependent variable in this research has a strong relationship.

Table 5. CT as Mediation Variable PEOU, PS, PC, PV, and, OD towards CL (Stage 1)

Variables	T Statistics	p-value
PEoU → CL	2.550	0.006
PS → CL	1.921	0.028
PC → CL	2.171	0.015
PV → CL	4.387	0.000
OD → CL	4.888	0.000

After analysing the independent and dependent variables has a strong relationship. The second stage is to analyze the independent variable toward the mediation variable, which is Customer Trust. Based on the result (Table 5), the relationship between independent variable, which is PEOU, PS, PC, PV, and, OD toward mediating variable, Customer Trust has strong relationship. Proven by T-Statistics which are 4.024, 2.556, 2.608, 2.682, and 3.052 respectively that exceed critical value and p-value that below 0.005.

Table 6. CT as Mediation Variable PEOU, PS, PC, PV, and, OD towards CL (Stage 2)

Variables	T Statistics	p-value
PEoU → CT	4.024	0.000
PS → CT	2.556	0.005
PC → CT	2.608	0.005
PV → CT	2.682	0.004
OD → CT	3.053	0.001

Lastly, the researcher will analyze the relationship between independent, mediating, and dependent variables. Based on Table 6 all variables have strong relationship. As shown the relation between independent variable, namely PEOU, PS, PC, PV, and, OD and mediation variable, which is CT are exceeding 1.6487 (4.024, 2.556, 2.608, 2.682, and 3.053). Same result as from mediating variable, which is CT to dependent variable, namely CL with T-statistics of 3.941. Additionally, supported by p-value that lower than 0.05.

Table 7. CT as Mediation Variable PEOU, PS, PC, PV, and, OD towards CL (Stage 3)

Variables	T Statistics	p-value
PEoU → CT	4.024	0.000
PS → CT	2.556	0.005
PC → CT	2.608	0.005
PV → CT	2.682	0.004
OD → CT	3.053	0.001
CT → CL	3.941	0.000

Based on analyze on stage 1 until stage 3, Customer Trust play an important role as a mediating variable between the dependent variables, namely PEOU, PS, PC, PV, and OD toward independent variable which is Customer Loyalty. This is proven by the fulfilment of requirement on stage 1 to stage 3. In conclusion all relationship between independent, mediating, and dependent variables in this research shown that they have a statically significant relationship.

CONCLUSION

Based on the findings, Perceived Ease of Use, Perceived Security, Privacy Concerns, Product Variety, and On-time Delivery have positively affected customers' trust and loyalty. That means that Perceived Ease of Use, Perceived Security, Privacy Concerns, Product Variety, and On-time Delivery factors have an impact on generating Customers' Trust and Loyalty.

Research Question 1: What are the factors that affecting customers' trust in using Shopee?

Based on the analysis on Chapter 4, there is several factors that influence customers' trust in using Shopee. Such as Perceived Ease of Use, Perceived Security, Privacy Concerns, Product Variety, and On-time Delivery. Perceived Ease of Use became the factor with the biggest effect towards customer's trust among others variable. This indicate that generation Z are easier to believe toward e-commerce, if they have an easy-to-use application. Followed by on-time delivery and perfect condition goods, protection toward users' personal data, variety of category and product, and safeness of online transaction.

Research Question 2: What are the factors that influence customers' loyalty in Shopee Indonesia?

According to the analysis using Smart PLS, factor that influence customer's loyalty is Product Variety, On-time Delivery, and Customer Trust. Especially On-time Delivery has the most affect toward customer's loyalty toward Shopee among generation Z. This statement could be concluded that Shopee's customer in this case generation Z loyalty toward Shopee because Shopee could keep their promise to deliver their product on-time and in perfect condition with wide range of delivery method. Continuously wide product range and their trust toward Shopee influence their loyalty.

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