Online Shopping Culture and Internet Generation Consumer Behavior in Indonesia

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Abstract
The shopping culture of Indonesian people has changed from conventional shopping to online shopping as a result of advances in information technology. The aim of this research is to learn about the culture of online shopping and the behavior of Internet-generation customers in Indonesia. The study uses qualitative research methods and triangulation approaches to analyze the data. The study found that reviews or testimonials from relatives and Key Opinion Leaders (KOL) that the Internet Generation makes a prompt to buy goods or services significantly influence their online shopping behavior. The Internet generation uses the efficiency of time, location, and advertising as important factors in their shopping behavior, but price is the most important. In addition, the results show that consumer behavior and online shopping habits known by the internet generation in Indonesia are influenced by several factors such as brand, price, advertising, location and lifestyle. This is due to the Millennial Generation's assumption that the internet generation is able to utilize technology, the difficulty of shopping for products offline, decision making based on product factors and a consumptive lifestyle. Online shopping is very practical and easy, and the generation that is very familiar with the internet does not experience any difficulties. Besides, the Internet generation prefers to shop online through e-commerce, although sometimes they still do mixed shopping. Mix shopping here is defined as a mix between online and offline shopping, according to a particular consideration.

Keyword: online shopping culture; consumer behavior; internet generation
1. Introduction

The phenomenon of the emergence of online shops has led to a change in shopping behavior among the public. Increasing online shopping behavior is not apart from the development of technology, and ease of access is a supportive factor that gives rise to many online shops today (Farasyi et al., 2021). The online shopping system is different from conventional shopping. When shopping online, the buyer does not need to meet directly with the seller for funds. On payment, the buyer simply makes a transfer of funds according to the goods or services purchased from the vendor.

Online shopping is chosen because it has many advantages for the public. Some of the advantages that people choose to shop online are: it is more time-saving; the models of goods offered are more varied; there are more up-to-date types of items; and it is cheaper than the prices in conventional stores. This is because online stores do not require large operating costs. In online shopping, shopping activities change functions as leisure time fillers or places to spend money (Sazali, 2020).

Initially, in conventional shopping, interactions occurred between people, whereas in online shopping, the interaction occurred among people and technology, thus promoting the birth of various online shopping applications. (Hardiyanto et al., 2020). In Indonesia, starting in 2014, the government began to focus on the development of e-commerce. It is no secret that Indonesia has huge market potential in the eyes of entrepreneurs, both locally and abroad. With increasing mobile penetration, new business opportunities are opening up, and one that is starting to rise to the surface is the mobile e-commerce marketplace. (Sampouw and Wulandari, 2020).

Especially at a time when the pandemic occurred as a result of the COVID-19 virus. Pandemic conditions that require everyone to do activities from home and have an impact on increased use of the Internet and online shopping are developing very rapidly. According to data from We Are Social in July 2020, Internet users by January 2020 were 175.4 million. Compared to the previous year, there was a 17% increase. (We Are Sosial, 2020). According to data from Ministry of Communication and Information, Indonesia is the 10th largest e-commerce growth country with a growth rate of 78% and is ranked first. (Ministry of Communication and Information, 2019). According to a survey by Alvara Research Center (Bisnis.com, 2020), online shopping activity reached 44.6%, or the 6th highest, but globally, Indonesia ranks first in online shopping through e-commerce by July 2020. (Age 16-64 years) This increase in online shopping is also driven by consumer behavior in Indonesia.

In recent times, the marketplace platforms of the children of the nation have embellished the online shopping market in Indonesia. According to data from SimilarWeb (2021), Tokopedia, Shopee, Lazada, and Blibli are among the top five most frequently visited online shopping sites in Indonesia. From the data, during the period January 2021, Tokopedia led with a traffic share of 32.04 percent. Total monthly consumer visits to the e-commerce service were 129.1 million.
Furthermore, Bank Indonesia data (2021) recorded e-commerce transactions in Indonesia will continue to increase until 2024. The Bank of Indonesia has recorded those transactions in e-commerce since 2020, which reached IDR 105.6 trillion and is projected to continue to increase from year to year until 2024. This transaction is estimated to increase in 2021 to IDR 330.7 trillion, or 33.2 percent. Meanwhile, transactions using e-money are also predicted to rise by 32.3 percent. In addition, digital banking transactions are expected to grow by 19.1 percent.

In this case, the transaction involves the use of mobile banking, online banking, and other banking services. The data from the Bank of Indonesia shows the phenomenon that online shopping and digital banking transactions, on the one hand, are a solution to preventing the spread of COVID-19, while on the other hand, without our realizing it, consumers will become more consumers and wasteful on the financial side. The ease of shopping, getting the goods or services you want, and the ease of paying make consumers sometimes buy things that are “unnecessary” or not really needed.

The generation that has a huge influence and a lot of involvement in online shopping activities is iGen (Z Generation and Millennial Generation). This is as by Muazam (2020), which shows that 85% of transactions that take place in e-commerce are transaction from e-business users aged 18-35, and tend to make purchases of fashion and beauty products. On the other hand, seen from the use of the Internet, many Internet users in Indonesia are largely dominated by the age range of 10 to 24 years which is iGen. (APJII, 2020). The results of the APJII survey, which was reinforced by the findings of Muazam, were that the people aged 18-35 are the people who are currently sitting on the college table and the people that have just entered the world of work.

The term iGen, or Internet Generation, refers to a demographic group born between 1995 and 2012. They are the first generation born in a world where social media and screens are commonplace, and digital communication is not something they should learn, because it's always around them. They are also known as digital natives, which means that they have grown up with access to the Internet and portable digital technology from a young age. Internet generation as a rich generation, better educated, ethnically diverse, and focused on teamwork, achievement, simplicity, and good behavior (Zorn, 2017). One of the characteristics of the iGen
community is increased usage and familiarity with communication, media, and digital technology.

This generation has an innate ability to master technology, such as multitasking in the use of digital devices. (Zis et al., 2021). Besides, iGen has a different understanding of previous generations in accessing information. (Adamson et al., 2018). They are also more interested in security and tolerance than other generations, and they have no tolerance for inequality. They have been exposed to technology massively, with access to an unprecedented amount of information on the Internet and hundreds of thousands of applications available with just a few clicks on their mobile devices.

Sazali (2020) in his paper entitled “Online Shopping and the Digital Living Culture Trap on the Millennial/iGen Society” found some reasons why iGen is doing online shopping. The reason is first, e-commerce perpetrators in Indonesia often do promotions. Second, the price of goods online is cheaper. Third, the good reputation of e-business. Fourth, the plethora of payment method options on e-commerce and fifth, the delivery time of the goods is relatively fast. From the various explanations above then the problem formula of this study is to find out how the culture of online shopping and consumer behavior of the Internet generation in Indonesia.

2. Literature Review

2.1 Customer Behavior

A consumer is a person who uses goods or services provided by a supplier to satisfy their wishes and needs. Consumer behavior is a term used to describe how each consumer makes a decision. Consumer conduct refers to how a customer acts and responds to various processes that occur in a business until they ultimately make a choice. According to Firmansyah (2018), consumer behavior is closely linked to the purchasing process, which consists of three stages of action: search, writing, and evaluation of products and services.

Consumer conduct includes the process of making decisions, use, and consumption of goods and services that have been purchased. This is in line with research conducted by Febriani (2019) that affect consumer behavior in the digital age and found four main things that influence consumers' behaviour in the Digital Age; the price of goods or services sold, advertising made by companies, consumer or buyer lifestyle, and the location of stores. Furthermore, various models of consumer behavior are built to describe these consumer conduct. Howard & Sneth's model (Sunyoto, 2013) prioritizes exogenous variables and inputs, hypothesis arrangements, and outputs.

Study of consumer behavior can help business people learn about customer orientation and viewpoints, facts about shopping behaviors, as well as ideas that influence human decision-making processes. By learning how their customers behave, they can create effective marketing strategies. Kotler and Keller defined consumer behavior as the study of how individuals, groups, and organizations choose, buy, and use goods, services, or experiences to meet their needs and desires (Kotler dan Keller, 2008) among them:

a. How is consumer behavior influenced by the environment?
b. How are consumer decisions to buy products influenced by product promotions and campaigns?
c. How do customers think about your product competitors?
e. How do customers choose the product among many choices?
Some types of consumer behavior include:

a. Complex buying behavior where customers tend to consider carefully before buying something.
b. Buying behavior that reduces dissonance, this behavior will keep customers deeply involved in the purchase process.
c. A familiar buying behavior, or common buying behavior, in which brand selection tends to be based on habit. Thus, the loyalty or promotion of the purchased product does not affect the purchase decision.
d. Behavior looking for product diversity. This type of consumer buys different things.

However, this was not done because of their dissatisfaction with the previous product. The motivation to look for variations of the stuff they've already had determines that behavior.

2.2 Online Shopping

After compiling the research instrument, the next step is to distribute the questionnaire form online through social media. After obtaining the number of samples, the data was analyzed using SEM PLS using the help of smart pls 3.0.

3. Material and Method

People's shopping behavior has changed as the economy and globalization have evolved. In the era before the Internet was found, the sale of goods was done offline, i.e., between the seller and the buyer, who met directly to make transactions. However, with the advancement of Internet technology, selling goods can now be done online. (Sari, 2015). Online shopping is an activity where customers can buy goods or services from sellers directly through the Internet without having to face the seller or buyer (Mujiyana & Elissa, 2013).

Online shopping can also be defined as the process of buying goods or services on the Internet (Sunyoto, 2013). According to Turban et al. (2000), as quoted by Sunyoto (2013), online shopping is the process of buying goods, services, and information through information networks, including the Internet. With online stores available at all times, more customers can access the internet anytime and anywhere. Online stores use text, photos, and multimedia files to describe the goods sold.

In addition, they offer product information, safety instructions, recommendations, and how to use them, as well as facilities to comment and rate products, access to review other sites, and a real-time customer question-answering service. It helps speed up the process of making purchasing decisions from various vendors that have online stores. One of the things that can help a business is the ease of shopping. Kotler (2008) says the ease of online marketing is that consumers can order products at any time.

They don't have to drive, look for parking, or walk through the long hallways to look for and check things. According to Hardiawan (2013), ease means that computer technology seems relatively simple to understand and use. This ease factor is related to the way online transactions are run. The most important thing that providers and online sellers should pay attention to is convenience. This level of convenience can vary depending on the buyer and user, but basically, there are the same convenience standards for all users. Online purchases are
usually compared to offline purchases; items sold online are usually better than items sold offline, and convenience is often an attractive factor.

4. Result

The Internet Generation (iGen) shopping culture is one of the most unique. This generation is entering the digital age, which ultimately affects and transforms the shopping culture, from traditional shopping culture to online shopping culture. From several previous studies, the main reasons why consumers shop online are: Trust (Chen & Dhillon, 2003), Convenience (Bhatnagar & Ghose, 2004; Eastlick & Feinberg, 1999; Korgaonkar & Wolin, 2002), Lower prices (Korgaonkar, 1984), Time efficiency and convenience (Soopramanien & Robertson, 2007). According to Schaupp & Belanger (2005) e-commerce makes it easy for consumers to find sellers and the goods and services they need. Forsythe (2006) suggest that availability includes the availability of various kinds of products and product information as a consideration for consumers when making online purchases. Security guarantees play an important role in trust formation by reducing consumer concerns about misuse of personal data and perishable data transactions (Park, Kim, & Forney, 2006). Hausman & Siekpe (2009) additional user features such as visual design and attractive graphics can attract consumers to visit the website of an online store and can encourage them to make online purchases.

Internet generation is quite influential on the performance of online shops. A shopping period is a term that refers to a certain amount of time a person spends shopping online, which can obviously vary between individuals. This generation is very careful about prices when shopping. The price is the primary consideration when buying something for iGen, and the competitive price attracts this generation's interest in making a purchase. Family and friend reviews and testimonials are also factor that influence online shopping behavior.

When shopping, iGen tries to look for consideration in its purchase decisions. This is in line with Anang Firmansyah's theory of consumer behavior (Firmansyah, 2018). This theory explains consumer behavior through three phases: searching, writing, and displaying products. The writing phase begins when customers search for reviews or testimonials. To decide what they’re going to buy, prospective buyers conduct in-depth research. This is understandable because customers want to search and find items that meet their requirements during the shopping process, and one way to find out is by reading reviews and testimonials.

The Internet generation is more confident in a store, both online and offline, where relatives have been and feel satisfied shopping in that place. It is also in line with one of the basic ideas of consumer behavior presented by the American Marketing Association (Sunyoto, 2013), namely that consumer conduct involves exchange between individuals. Reviews from close relatives can be regarded as an exchange of information that affects a person's shopping decisions. Because of the intimate affinity and emotional aspects of the conversation as well as confidence in product reviews and shopping experiences. This generation considers customer satisfaction very important; they can even give a 1 (one) star rating if they feel dissatisfied with their online shopping experience. It is very important for iGen to have customer satisfaction, which can be achieved through good service.

A journal that explains why people favor grocery stores over more contemporary supermarkets confirms this. It states that the proximity between the seller and the buyer is the reason for this. (Nisa, 2020). A good emotional relationship is embedded between the seller
and the buyer through a good and harmonious commercial process. This generation is very
tative to how the seller serves them, in addition to the suitability of the ordered product for
the coming product.

This is in line with Tjiptono (2007), which states that the quality of service consists of an
effort to meet the needs and wishes of the customer as well as the accuracy of its delivery to
meet customer expectations (Ibrahim & Thawil, 2019). It's because iGen hasn't been too self-
sufficient in finding the right thing. The SCDM (Smart Content Digital Marketing) formula,
which Rina Suthia presented in a journal, aligns with the value of relationships and excellent
service (Hayu, 2019). Building relationships with millennial consumers through planned
engagement activities is one of the five primary tactics generated by this SCDM formula, which
is based on the characteristics of the Internet generation.

It is based on the iGen propensity to value connections above all else. This makes sense
because a business owner or online retailer that provides excellent customer service would have
positive relationships with their customers, in this case, the Internet generation. In terms of
shopping, the Internet generation tends to trust more brands or stores that have long existed
and are known to many people. This is also described in a journal that identifies some
characteristics of the Generation Internet, one of which is that the Internet generation trusts
more in big brands when interacting on social media (Hayu, 2019). It's due to the Internet
generation's assumption that a store or brand that exists and can be known by many people
increases public confidence in it.

Otherwise, the store would not have a lot of visitors or would be unknown to many people.
With the various positive and negative experiences of Generation Internet in shopping, this
generation has its own conveniences related to online and offline shopping choices. Negative
experiences make the Internet generation more comfortable and still prefer offline shopping to
online shopping. However, offline shopping is the second choice for the Internet generation.
This generation still prefers offline shopping when the things they are going to buy are things
to try before buying, like clothes and shoes, while outside of it, this generation can consider
shopping online. This shows that the Internet generation that lives in the era of
offline/conventional shopping is beginning to experience a shift in shopping behavior that is
fully in line with the evolution of the times.

The Internet generation's change in shopping behavior is also visible in the way they
shop. For example, they prefer to shop with the COD (Cash on Delivery) method, where
customers only have to pay after the goods arrive. This helps sellers reach wider customers
because some people are still worried about online shopping. However, this generation still has
concerns about online shopping. They believe that shopping online means buying something
on the assumption of what they're going to get and that it's buying something virtually or unreal.
Therefore, COD payment methods and e-commerce return guarantees are options and solutions
for the Millennial Generation in online shopping. Millennials recognize that they have a
positive online shopping experience. One of them, online shopping, offers a lot of convenience
to the community, like the freedom of customers to shop without having to go to a physical
store. In shopping, the Internet generation isn't stuck at a certain time.

Instead, they pay more attention to discounts and events than to online stores or relevant
traditional markets. Consideration in shopping is also done by the Internet generation. The
price is the main factor that affects them when shopping. The Internet generation compares prices between different stores to get the cheapest price for the same value.

Besides, Generation Internet is heavily influenced by influencers and key opinion leaders (KOLs) who spread across social media in choosing goods and services. The Internet generation easily trusts someone they don't even know because they believe that the KOL or influencer is an expert in their field. Besides, this generation is constantly looking for reviews about the goods and services they are going to buy. Because testimonials know about good reviews, buyers become more confident and interested in the product or service they buy.

Internet generations familiar with the internet prefer to make purchases through online stores like Shopee, Lazada, Tokopedia, and Bukalapak in Indonesia. This is in line with data collected by Ministry of Communication and Information Technology (2019), which shows a significant increase in the number of e-commerce users, reaching 78%. Users feel secure when transacting thanks to the security features offered by e-commerce, such as a refund guarantee. In addition, e-commerce provides a variety of goods from different sellers in one container, so buyers can choose the goods that suit their needs. Because of their ability to establish unlimited geographical and time connections with the help of technology, this generation is so easy to blend with and connect with others. Besides, according to SIRCLO (2019), Internet generations can easily interact with brands they like. By building a good relationship, consumers can gain greater confidence in the entrepreneur. This belief makes customers hesitate to buy goods or services from the company.

Nowadays, the Internet generation is considered less loyal to business, both online and offline. This shows that it is difficult to make the Internet generation loyal if the business does not provide a fair and cheaper price than the online store. Therefore, price becomes an important factor in the loyalty of the internet generation. This is in line with what Tjiptono (2007) quoted from Saputri (2019), stating that prices can also be set to prevent competitors from entering, maintain customer loyalty, support resale, etc. Based on their shopping experiences, the Internet generation prefers to shop online rather than offline. They also believe that online shopping is more practical and efficient. It makes sense because Generation Z lives in an era of technological development, so they can use the Internet easily and assume that the Internet is present to facilitate them in their jobs and other activities.

5. Discussion

This study is in accordance with research conducted by Hayu (2019) entitled "Smart Digital Content Marketing, a Strategy to Target Indonesian Millennial Consumers" which was conducted in Indonesia. The results showed that consumer behavior and online shopping habits known by the internet generation in Indonesia are influenced by several factors such as brand, price, advertising, location and lifestyle. This is due to the assumption of the Millennial Generation that the internet generation is able to utilize technology, difficulty in shopping for products offline, making decisions based on product factors and a consumptive lifestyle. Based on this thought, this article will reveal the online shopping cultures and iGen consumer behavior as presented in this discussion.
6. Conclusion, Implication, and Recommendation

Consumer behavior and online shopping habits shown by the Internet generation in Indonesia show that the shopping culture of this generation is heavily influenced by reviews from people they consider experts in their fields, such as COPD or influencers. Certain factors, such as price, advertising, location, and lifestyle, influence the shopping style of this generation. Price adjustments are the most significant. The generation that is very familiar with the internet does not experience difficulties in shopping online and acknowledges that online shopping is practical and easy. Besides, the Internet generation prefers to shop online through e-commerce, although sometimes they still do mixed shopping. Mix shopping here is defined as a mix between online and offline shopping, according to a particular consideration.

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