

CHAPTER I

INTRODUCTION

1.1 Background

The rapid development of technology today, one of which is the use of the internet, has a huge impact on all aspects of life such as in the business sector. Technological developments make people's lifestyles more modern, people who are increasingly busy and want everything to be done quickly and easily. The use of the internet is not only as a provider of information through the media, but also used as a medium for buying and selling activities or online shop trading.

Consumers get many benefits of shopping online, online shopping can be done anywhere and anytime. In addition, online shopping provides product comparisons and helps in deciding which one to buy, more convenient, more diverse products, faster transactions and without queues, and can make time, energy and costs efficient. Along with the development of the online business, in fact, it is directly proportional to the emergence of payment methods for online buying and selling transactions. Previously, ordering goods or purchasing goods with payment made in advance, while the goods were delivered at a later date by transferring funds through an ATM (Automated Teller Machine). However, now the payment method in question has mutated and provides a variety of e-commerce payment methods



Figure 1.1 COD Payment

Source: Processed Data 2023

Cash on Delivery (COD) is one of the payment methods that is widely used by business people as a strategy in attracting buyers or finding customers so as to increase sales of their products. Transactions with the cash on delivery (COD) system are carried out when consumers and sellers meet directly at a place

that has been agreed upon beforehand, so that buyers get the advantage because the goods ordered can be checked first before making a payment cash on delivery (COD) system, among them are, the goods sent are in accordance with the order and the buyer is not responsible for payment through cash on delivery (COD) at the buyer's address.

other cases such as the seller sending goods to the buyer in the form of imported bags because the buyer cannot be contacted or is dishonest in providing information about the form of imported bags with payment by cash on delivery (COD) by courier then the buyer is not at home and cannot be contacted which means that the goods are not received by the buyer. and the goods are sent back to the seller then the seller feels disadvantaged because of default and the seller bears the shipping costs.

COD is a payment method that is made directly on the spot after the order is received by the buyer. This payment system has been used by several businesses that have buyers in the same city as the seller. but the seller does not have an offline store, the purpose of the COD payment system is to make it easier for buyers to make payments without having to have a bank account or credit card, and not being close to several outlets that work with the E-Commerce company, Alfamart and Indomaret. COD allows customers to make cash payments when the product is delivered to their home or location of their choice. This is sometimes called the "Post payment" system because the customer receives the goods before making payment (Halaweh, 2018).

Based on the background above, this research will focus on discussing "**The Influence of Seller's Trust Level consumers toward the Cod Payment Transaction system indonesia (case Study of Students of Polytechnic State of Bengkalis)**"

1.1 Formulation of the problem

From the background description above, the problem formulation in this research is as follows:

1. How does the level of seller trust affect consumers with the Cash on Delivery (COD) payment transaction system in Indonesia?
2. What factors influence the level of consumer trust in sellers in COD payment transactions in Indonesia?

1.2 Purpose of the study

The objectives of writing this research are as follows:

1. To find out the effect of the seller's level of trust on consumers with the Cash on Delivery payment transaction system.
2. To determine the factors that influence the level of trust in COD payment transactions in Indonesia.

1.3 Significance of the study

in Indonesia and the popularity of the COD payment method as a commonly used option by consumers. Through this research, we seek to understand whether the use of COD payment methods can influence people's shopping patterns and consumption habits, including whether COD payments can encourage impulse consumption or more deliberate purchases. Analysis of this data can provide valuable insights for researchers, merchants, and e-commerce businesses to better understand consumer behavior and optimize their sales strategies.

1. As one of the requirements to complete the research methodology assignment for the Department of Commercial Administration, International Business Administration Study Program.
2. As a development of insight for researchers and sellers about the effect of cash on delivery payment methods on e-commerce on people's consumption behavior in Indonesia.
3. As input to consumers to further limit consumption in e-commerce because it will affect consumptive nature and lifestyle.

1.4 Scope and Limitation of the problem

Scope in a study is very important because of the breadth of the problem and the limited knowledge of researchers. Limitation of this scope is intended so that the problem under study can be analyzed thoroughly. The problem limitation in this research is to determine the effect of the seller's level of trust on consumers with the cash on delivery (COD) payment system.

1.5 Writing System

CHAPTER I : Introduction which contains the background of the problem, problem identification, problem formulation, problem boundaries, research objectives, and research benefits.

CHAPTER II : Contains literature review, relevant studies that present the basis for previous research, framework of thought, research hypotheses, and statistical hypotheses.

CHAPTER III: The research method includes research variables, operational definitions of variables, types and sources of data, data collection methods, and data analysis methods.

CHAPTER IV: Result and Discussion, it explains the results of the research, discusses the research results obtained and the limitations of the research.

CHAPTER V: Conclusions and Suggestions, it explains the conclusions and suggestions from the research that has been done