CHAPTER I
INTRODUCTION

1.1   Background

The modern world relies heavily on technology and its applications. various industries like logistics, education, business, healthcare, retail and more are already integrating technology. In the application of Innovation is often the first process in enterprise technology. Innovation plays a big role because in business and technology, technology offers many opportunities to improve companies and their businesses. (Español et al., 2021). The e-commerce platforms sector is one of the sectors that feature components that are heavily integrated with technology. Initially, e-commerce was only used by a small number of companies in developed countries. However, with the wider access to the internet and technology, e-commerce has now spread worldwide, including in Indonesia. Many business actors in Indonesia have recently begun to open businesses using the electronic platform. Indonesia has seen significant growth in the online market. Currently, the percentage of e-commerce transactions has reached a high of around 36% and is expected to reach US$ 81 billion by 2025 (Santoso, 2022).

Indonesia is one of the countries with the fastest growth in e-commerce, with the number of internet users continuously increasing from year to year. This has led many companies and individuals to switch to e-commerce as a way to market and sell their products online (Santoso, 2022). The presence of e-commerce makes it easier for humans to carry out transactions, it makes easier for humans to carry out transactions, making human life more comfortable and saving time. (Bongso & Kristiawan, 2022).

In the e-commerce industry, good and effective customer service is essential to retain loyal customers and generate sustainable profits. Every e-commerce platform utilizes unique methods to interact with their customers. Some have their own Ai chatbots and others personally respond to their customer's concerns. The Ai

chatbots that every e-commerce companies were usually designed to provide customer support or service, to suggest products to their customers, and to complete the purchases of their customers (Español et al., 2021).

Based on Aziz, Uzman, and Muzammil (2021), An AI chatbot is a software program designed to communicate with humans and mimic human behavior and interactions. It has become a preferred method for establishing a communication link with customers due to its effectiveness. The chatbot uses textual or vocal communication to engage with customers, creating a conversational experience that resembles human interaction. This has led to its rapid adoption by e-commerce companies seeking more affordable and efficient customer support service. The company can utilize chatbots to fulfill the need for fast and responsive services, thereby creating convenience and satisfaction for the customers.

According to Nugraha, Masnita, and Kurniawati (2022) , Customer satisfaction is defined as the emotional response of customers to their experience in e-commerce. Satisfaction is also often defined as the comparison between customers' expectations before making a purchase and the reality that occurs when customers make a purchase. Customer satisfaction can be measured by several indicators, including customer happiness, experience during and after using the chatbot.
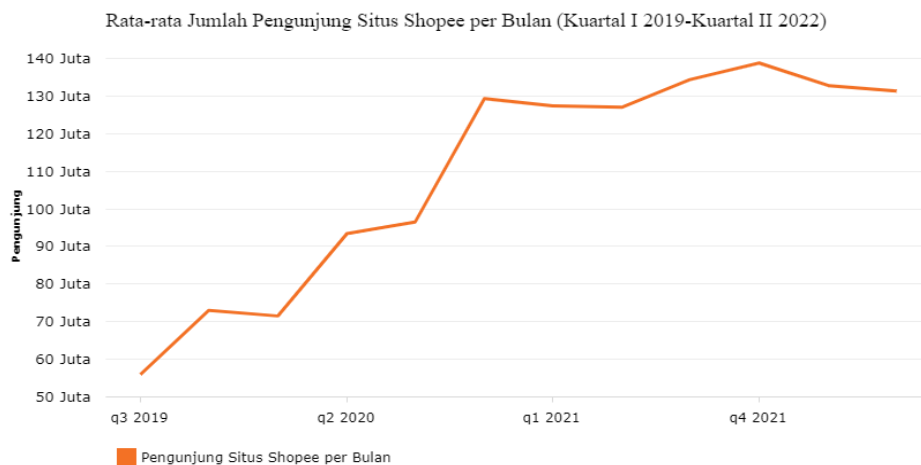

Figure 1.1 Monthly visitors to the Shopee
Source : iPrice, October 2022

According to data compiled by iPrice, in the second quarter of 2022, Shopee had an average of 131.3 million monthly website visitors. Shopee still maintains a significant lead in terms of website visitors compared to its other competitors. According to iPrice, during that period, there was a tendency towards a shift in consumer behavior in Indonesia, where consumers were initially accessing e-commerce through mobile applications but then started accessing it directly through websites. This consumer behavior shift reflects the success of e-commerce players in enhancing the quality of content, as well as improving user experience and user interface on their websites.

Shopee has integrated AI-powered chatbots into their customer service system to handle customer inquiries, complaints, and assistance requests. This integration not only reflects Shopee's adaptability to changing market dynamics but also acknowledges the specific characteristics and preferences of the target consumer base, which includes not only Generation Z but also other generations with varying levels of technological familiarity, as outlined in the above:

Table 1.1 Type of generation and the characteristics

No	Generation Name	Year of birth	Information
1	Generation Baby Boomers	1946-1964	The generation born between 1946-1964, precisely after World War II ended.
2	Generation X	1965-1976	Gen X was born in the early days of the use of computers, cable television, video games, and the internet.
3	Generation Y	1977-1994	This generation was born and grew up in the era of technological transition, from analog to digital, the emergence of the internet and social media
4	Generation Z	1995-2010	Generation Z is a generation that grows in a digital and sophisticated world, so the generation is more familiar with technology.
5	Generation Alpha	2011 - 2025	Generation Alpha or also known as 'millennial children' is the youngest generation today, so its general characteristics are still not clear.

Source : Brain academy December 2023

In the current digital era, Generation Z were person who born after the millennial generation, between the years 2001 to 2010 (Fuad et al.,2021) is one of the significant market segments. Generation Z is known as a generation that is familiar with technology and has high expectations for efficient and responsive

services. These characteristics raise questions about how Generation Z's acceptance and satisfaction with customer service provided by AI-powered chatbots. With the information that Shopee has integrated chatbots into their customer service system, it becomes important to understand the extent to which this affects the satisfaction of Generation Z customers.

Previous research has shown that customer satisfaction is an important factor in e-commerce business. Customer satisfaction can affect customer retention, brand reputation, and customer loyalty. However, there are not many studies that research the impact of customer service through AI chatbots on customer satisfaction at Shopee, especially in the Generation Z. Therefore, this research aims to examine the impact of customer service through AI chatbots on customer satisfaction at Shopee among Generation Z.

Based on the above background, this research aims investigate further **"Analysis of The Effect of Customer Service through Ai-Powered Chatbot on Shopee for Customer Satisfaction Among Generation-Z".**

1.2   Formulation of the Problem

Based on the above background, the formulation of the problem taken from this research is how is the effect of Customer Service through AI-powered Chatbot at Shopee on customer satisfaction among Generation Z?

1.3   Purpose of the Study

Based on the formulation of the problem, the author can mention the objective of this study are:

1.   To find out perceptions of Generation Z consumers towards AI-powered chatbots in customer service.

2.   To identify the factors that influence customer satisfaction when interacting with an AI-powered chatbot in customer service.

3.   To determine the effect of Customer Service through AI-powered Chatbot at Shopee on customer satisfaction Generation Z.

1.4   Significance of the Study

Each research is carried out to obtain benefits that are beneficial for all interested parties. The benefits that are expected by the author in conducting this research include the following:

1.   For Author

This research is expected to train the author's information to ensure the author can keep exploring knowledge and information about things that the author has never known, both theoretically to be studied and in good writing and writing, and it can also be a graduation requirement to graduate and get a degree undergraduate (one) at the author's college through this research.

2.   For International Business Administration Study Program

The author's research is expected to become a useful library in the study program, which will be completed one day for academic purposes.

3.   For Company

The result of this study is expected to be reference material for Improve customer satisfaction by analyzing the effectiveness of customer service through AI-powered chatbots, companies can identify areas for improvement in the customer service process.

1.5   Scope and Limitation of the Problem

This research is expected to function and be useful for several parties. including:

1. This study only focuses on the effect of Customer Service through AI-powered Chatbot at Shopee on customer satisfaction.
2. This research is only intended for Generation Z who have been using AI-powered Chatbot at Shopee.

1.6   Writing System

The systematics of writing the Final Project Analysis of the Effect of Customer Service through AI-powered Chatbot at Shopee on customer satisfaction among Generation-z are as follows:

CHAPTER 1: INTRODUCTION

In this chapter, the author explains the background, the formulation of the problem, research objectives, research significance, scope and limitations of the problem, and writing system.

CHAPTER 2: LITERATURE REVIEW

This chapter describes the literature review and the previous theorical basis used to complete the research.

CHAPTER 3: RESEARCH METHODOLOGY

This chapter explains the research method, which consist of location and place of research, starting from the location, time and object of research, types and sources of data, data collection techniques, data analysis methods, types of research, and schedules.

CHAPTER 4: RESULTS AND DISCUSSION

This chapter explains the results, discussion and limitations of the research results. The thesis presents findings through tables, graphs, and other. The results are discussed theoretically, encompassing both quantitative and statistical explanations for a comprehensive understanding.

CHAPTER 5: CONCLUSIONS AND SUGGESTIONS

This chapter explains the conclusions and suggestions of the research conducted.

REFERENCES

WRITER BIOGRAPHY