

CHAPTER I

INTRODUCTION

1.1 Research Object Overview

Figure 1.1
Company Logo



Source: Wikipedia (2016)

- | | |
|------------------------|--|
| A. Company Name | : Sony Interactive Entertainment, LLC
(Formerly known as Sony Computer Entertainment) |
| B. Established in | : November 16, 1993 (Company new name founded on April 1, 2016) |
| C. Headquarter | : 2207 Bridgepointe Pkwy. San Mateo, CA 94404, U.S.
1-7-1, Konan, Minato-ku, Tokyo, 108-0075 Japan. |
| D. E-commerce Website | : https://store.playstation.com |
| E. E-commerce Launched | : 11 th November 2006 |

1.2 Research Background

A large population of internet users caused the online shopping become more popular nowadays. Not only by shopping physical goods through internet, people now can also purchase and pay for services online, for example by purchasing digital contents through a website. The example for this event is

PlayStation Store. Sony PlayStation Store offers digital contents such as base game (digital game), and DLCs (Downloadable Contents) on their site since 2006.

A good service that is provided by the company will lead into the enhanced customer satisfaction. According to Parasuraman, Zeithaml, and Berry (1988), “Customer satisfaction can be measured by five aspects that is known-well as TERRA (Tangibles, Empathy, Responsiveness, Reliability, and Assurance). In terms of e-commerce, service quality may be different with the TERRA concept of service quality, such as Efficiency, Reliability, Responsiveness, Fulfillment, and Privacy.”, based on Saha, P. and Zhao, Y. (2005).

The number of gamers in Indonesia is increasing from time to time. Of 126 million gamers, 60 million spend money on games. Last year, these 60 million consumers spent an average of \$18.40 on games annually. As KPIs differ drastically per country in Southeast Asia, Newzoo believes Thailand will remain the largest games market in terms of revenues come 2017, followed closely by Indonesia and Malaysia. Similarly, Vietnam is expected to grow in line with the overall market to maintain its market share of 14 percent. Singapore will continue to grow, but lose some of its market share to faster growing countries, namely Indonesia and the Philippines. (TechinAsia.com, 2016)

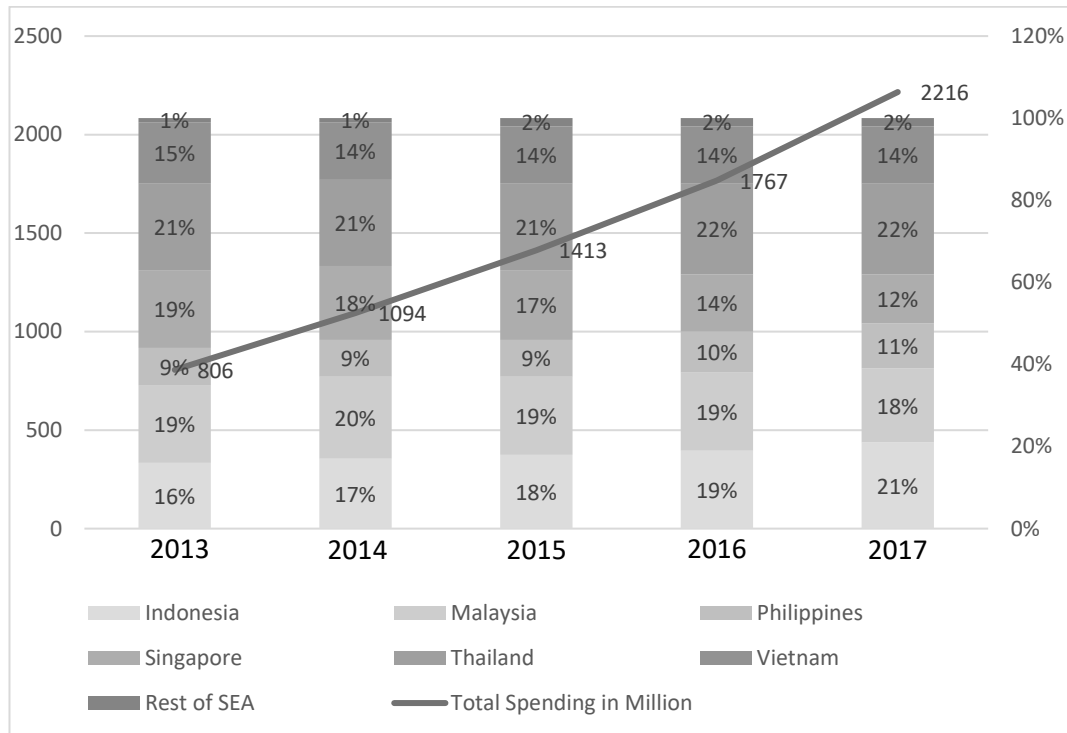
Table 1.1
Games Revenue Growth in Southeast Asia

Country	Revenue					CAGR
	2013	2014	2015	2016	2017	
Indonesia	16%	17%	18%	19%	21%	+37.3%
Malaysia	19%	20%	19%	19%	18%	+27.0%
Philippines	9%	9%	9%	10%	11%	+14.4%
Thailand	19%	18%	17%	14%	12%	+30.9%
Vietnam	21%	21%	21%	22%	22%	+27.2%
Rest of SEA	1%	1%	2%	2%	2%	
Total	\$806M	\$1,094M	\$1,413M	\$1,767M	\$2,216M	+28.8%

*CAGR = Compound Annual Growth Rate.

Source: Newzoo (2016)

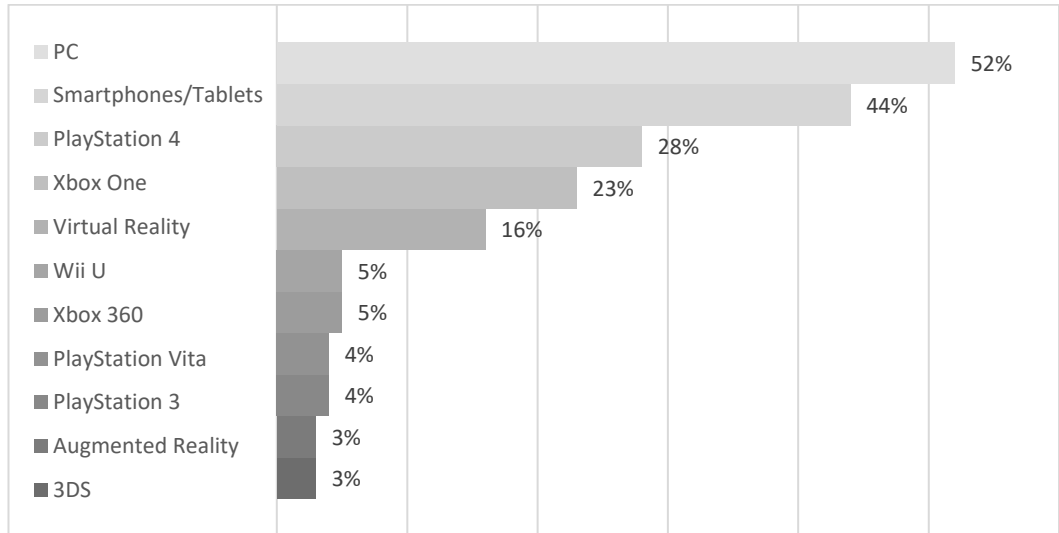
Figure 1.2
Southeast Asian Gaming Market 2013-2017



Source: Newzoo (2016)

Indonesia has 66 million online population. The Indonesian games market is expected to generate revenues of \$321 million in 2015. This is a 56 million increase in 2014, making Indonesia the 24th largest games market in the world and second in Southeast Asia. Of the 42.8 million gamers in Indonesia, 24.1 million spend money on games, a payer-to-player ratio of 56%, above the regional average. However, the annual average money spent per payer of \$13.30 is below average. Total revenues will grow towards 2018 with a CAGR (Compound Annual Growth Rate) of +45.7%. (Newzoo.com)

Figure 1.3
The Most Important Gaming Platforms in 2016



Source: Statista (2016)

According to Statista (2016); Figure 1.3., current PlayStation gaming platform available in the market (PS4) is categorized on the third position in the most important gaming platforms in 2016 after PC, and Smartphones/Tablets. Gaming industry's competition is very tight especially with the current situation; existence of PC (Steam) and Smartphones/Tablets (Android and iOS). Meanwhile, PS4 is over-performed against Xbox One (Microsoft).

The author chose PlayStation 4 because the research regarding to PC and Smartphone/Tablet users are already conducted many times around places. Therefore, the author chose the console platform; which is PlayStation 4 as the chosen category within this research.

As of 6th February 2017, gaming software units sold globally (excluding USA, Europe (UK, Germany, and France), and Japan) as follows:

Table 1.2
Global Gaming Software & Hardware Sales Yearly

Platform	Software Sales Yearly (in million)	Total Software Sales (in million)	Hardware Sales Yearly (in million)	Total Hardware Sales (in million)
Sony PlayStation 4	18	372.87	2.1	55.9
Microsoft Xbox One	5.72	186.97	0.76	28.7
Nintendo Wii U	1.4	88.2	0.58	13.8

Source: VGChartz (2016)

Additionally, the following is the global top selling games (Top 10) based on VGChartz as of th August 2016:

Table 1.3
Global Top Selling Games[

Position	Game	Platform	Total (Copies)
1	Uncharted 4: A Thief's End	PS4	3,794,963
2	Tom Clancy's The Division	PS4	3,527,699
3	Call of Duty: Black Ops 3	PS4	13,866,955
4	Far Cry: Primal	PS4	2,028,782
5	Grand Theft Auto V	PS4	11,650,297
6	Tom Clancy's The Division	Xbox One	1,878,517
7	Dark Souls III	PS4	1,503,646
8	Overwatch	PS4	1,468,581
9	FIFA 16	PS4	8,371,712
10	Doom (2016)	PS4	1,211,628

Source: VGChartz (2016)

Based on the Table 1.3, we can conclude that most of games are sold from PS4 platform (Sony) with the highest number than Microsoft Xbox One. Therefore, the gaming ecosystem in PS4 platform is higher than Xbox One ecosystem.

According to the stated research background, the author is interested in conducting a research entitled, **“The Effect of E-Service Quality toward Customer Satisfaction: PlayStation Store.”**

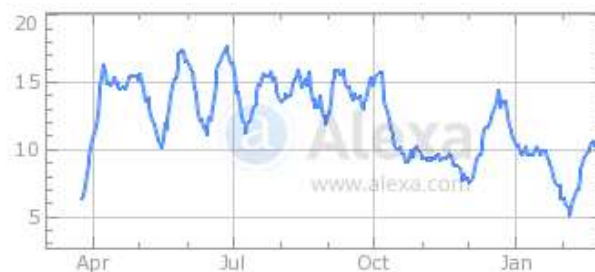
1.3 Problem Statement

The gaming user increasing time by time in worldwide, especially Southeast Asian countries. Gaming platform providers deliver services with their own way to the customer. There is numerous amount of e-commerce websites in Indonesia. Digital contents and physical contents are provided by e-commerce website as well. Then, PlayStation Store will have some challenges in order to provide its services.

With the availability of digital games in the market; for example, Steam which provides digital games for PC platform; could change the purchasing behavior or intention on using these digital games. Customer can now purchase games physically or digitally, depends on their desire. Therefore, the author tried to find the intention to use, especially PlayStation Store Indonesia customers.

PlayStation Store site allows PSN users to provide feedback if they have problems with the PlayStation Network services. Unfortunately, problems were found during the service delivered to the customer. Most reported problems that were found in PlayStation Network consists of Sign-in (77%), Game play (11%), and PlayStation Store (10%).

Figure 1.4
PlayStation Store Statistics



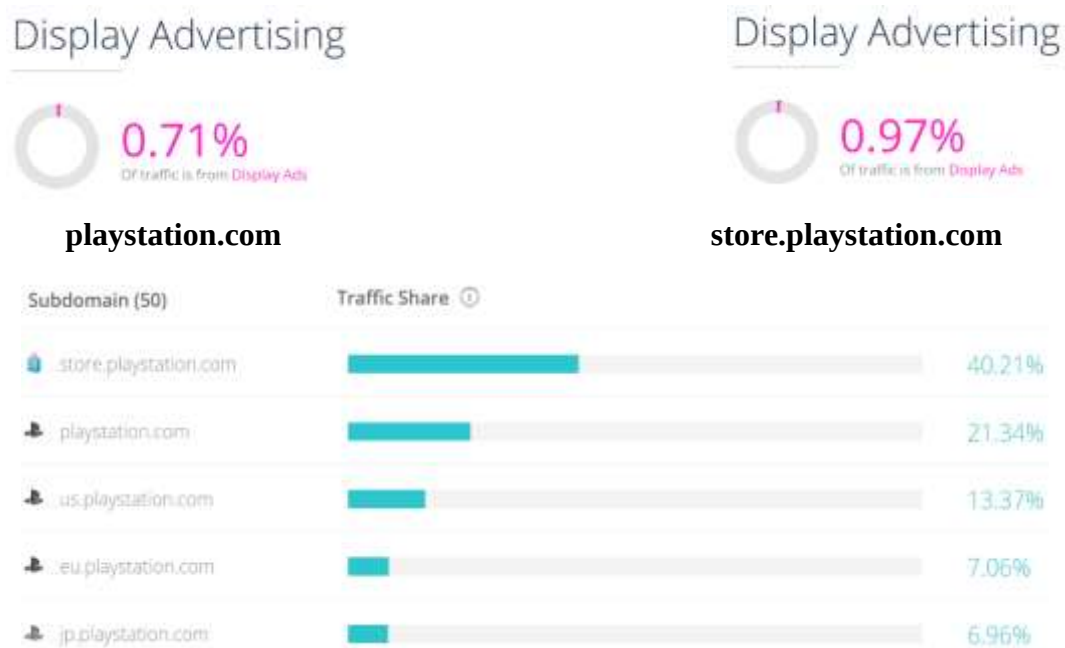
Source: Alexa (2016)

According to Alexa.com (September 2016), the ranking of the site is very low compared to the PlayStation main website, with global rank of 38,588 while

the main website ranking is 516 globally. In addition, the bounce rate increasing only 1% versus previous three months and the daily time that spent by visitors on site decreasing 9% versus previous three months. The worse scenario is the search visits decreasing about 14% against previous three months.

Figure 1.5

Display Advertising and Traffic Share



Source: SimilarWeb.com

According to SimilarWeb.com (September 25, 2016); Figure 1.5., PlayStation has only 0.71% of traffic is from Display Ads, while PlayStation Store has 0.97% on displaying ads. It's rare to find an advertisement on PlayStation Store website and the number of advertisement in PlayStation Store is being set in a very low, since PlayStation Store only provide digital contents only by gaming developers. The traffic is mostly shared with PlayStation Store website (Subdomain). The details are given as follows:

In addition; from the same source, PlayStation main website is ranked 4 for video games category after Twitch, GameFAQs, and IGN. On the contrary, PlayStation website is ranked #443 for global and #460 for United States.

According to DownDetector.com (Per 25th September, 2016), most reported problems that were found in PlayStation Network consists of Sign-in (77%), Game play (11%), and PlayStation Store (10%). This site allows PSN users to add comments whether they are having problems or not with the PlayStation Network. With these problems, the service quality could be considered as low which would affect the customer satisfaction.

Furthermore, according to IGN (2016), PlayStation Network (PSN) also had server down on 26th October 2016 worldwide. The outage occurred in all region, and Sony has not responded the reason behind the occurrence of the outage. IGN (2016) stated, *“Upon trying to connect to PSN on a PS4, the message displayed indicates that the network is down for maintenance. However, the Ask PlayStation UK Twitter account says that the problems are being investigated, indicating that this is a more unexpected problem.”* In addition, PSN has been targeted by group of hackers many years to attack against Sony’s PSN.

Based on the mentioned problems by the author, we can conclude that how important e-Service Quality toward customer satisfaction. According to Zeithaml et. al. (2002), e-SQ is one factor that driven customer satisfaction. Customer satisfaction is an important aspect in every business, especially in e-commerce for the online or known as e-service quality (e-SQ) experience. The customer satisfaction need to be fulfilled.

Finally, the latest problem in PlayStation Store are the downtime server, the decreasing number of the visitor, and groups hacker attack toward PSN that may affect and threat Sony’s e-SQ toward customer satisfaction.

1.4 Research Questions

- A. Does Efficiency give positive impact to the satisfaction of PlayStation Store customer?
- B. Does Reliability give positive impact to the satisfaction of PlayStation Store customer?
- C. Does System Availability give positive impact to the satisfaction of PlayStation Store customer?

- D. Does Fulfillment give positive impact to the satisfaction of PlayStation Store customer?
- E. Does Privacy give positive impact to the satisfaction of PlayStation Store customer?

1.5 Research Purpose

- A. Testing the effect of Efficiency toward customer satisfaction.
- B. Testing the effect of Reliability toward customer satisfaction.
- C. Testing the effect of System Availability toward customer satisfaction.
- D. Testing the effect of Fulfillment toward customer satisfaction.
- E. Testing the effect of Privacy toward customer satisfaction.

1.6 Theoretical Aspects

1.6.1 Academic Aspect

Hopefully, this research would be useful for upcoming research especially on providing knowledge and insight in e-commerce business field and other academic aspects related to customer satisfaction. This research is covering the previous research framework model by Saha, Parmita and Zhao, Yanni (2005) with e-commerce business especially in e-SQ toward customer satisfaction.

1.6.2 Business Aspect

The result of this research hopefully could provide some insights for business researchers and useful as a guideline for the next research. This research hopefully can be used as a reference for researchers and company that is related to marketing management and e-commerce field. In addition, this would be useful as a company knowledge for service improvement as well in the future.

1.7 Practical Aspects

1.7.1 Research Location and Research Object

This research is conducted in Indonesia, since the focus of this study is customer who purchased digital contents on PlayStation Store. Meanwhile, the

research object is all PlayStation customers who purchased digital contents with various ages. Other categories that are not fulfilling the requirement or does not have any relation with the digital contents that are bought in or from PlayStation are not included in this research.

1.7.2 Time and Research Period

On the first phase, the author prepared the background of the research, purpose, framework, and methodology that is applied for the research. Then, the author is obliged to retrieve respondents in order to collect data that would be generated next into results. Second phase is the generation of data and transform collected data into a meaningful result. The meaningful result will help the author to make decision(s) in the end.

1.8 Research Writing Systematic

CHAPTER 1: Preface

Contains research overview and background of the research.

CHAPTER 2: Literature Review

Contains theory, conceptual framework, and hypotheses.

CHAPTER 3: Research Methodology

Contains the description of research variables, sample determination, data size and sources, and data analyze methods.

CHAPTER 4: Results and Discussion

Contains result of the research in systematic and analyze with research methodology that already established and held for further discussion.

CHAPTER 5: Conclusion and Suggestion

Contains conclusion, research limitations and suggestions from research results.