Influencing of E-Commerce Website Towards Young Adult Customer Purchase Decision In Jakarta Area

Sonny V.Sudtejo*, Fajar Putra Ryanda, Kezia Sugiarto & PutriAsriAzizah
President University, *Corespondent Email : sonny@president.ac.id

Abstract

The online shopping in Indonesia from year to year has increased rapidly. Consumers often do online shopping is a group of young adults in the big cities. Jakarta is a city that many young adult doing shopping online. Base on the pre-survey, researchers found that Online shopping experience is not always pleasant. Consumers often experience disappointment for many reasons, such as data security issues, payment, web design, product quality and delivery of goods. Research was conducted online by using google docs. The number of respondents in this study as many as 136. Questionnaire results were processed using SPSS version 20. *The results show that there is a positive and significant effect payment and web design on purchase decision.*

Keywords: E-commerce, wed design, product, payment, purchase decision

Introduction

The market share of e-commerce in Indonesia is growing rapidly. With the number of internet users who reach 82 million people or about 30% of the total population in Indonesia, the e-commerce market becoming a gold mine that is very tempting for some people who can see the potential market in the future. This growth is supported by data from the Ministry of communication (Menkominfo) said that the value of e-commerce transactions in 2013 to reach IDR 130 billion. This number is expected to rise in line with increases the use of smartphones, internet penetration in Indonesia, the use of credit and debit cards, and the level of consumer trust to online shop.

Known as a vast archipelago country, e-commerce is a market that could potentially grow very large in Indonesia. `Nowadays, it is been getting a lot of small towns in Indonesia who started shopping online. In 2012, an e-commerce company in Indonesia noted that 41% of their sales come from Jakarta in the next six months, but this figure dropped to 22%. This shows that not only consumers in Jakarta who regularly shop online, consumers outside Jakarta did not want to miss the following times by showing their contributions on the e-commerce market in Indonesia.

Data from the research institute IDC predicts that e-commerce market in Indonesia will grow 42% from a year from 2012 to 2015. This figure is higher compared to other countries such as Malaysia (14%), Thailand (22%) and the Philippines (28%).Thisamount of value is very tempting for many investors, both domestic and foreign. Some VC (Venture Capital) as large as Rocket Internet, CyberAgent, East Ventures, and Ideosourceeven been invested into e-commerce company based in Indonesia. There are several biggest e-commerce company in Indonesia such as Lazada and Zalora, Berrybenka, Tokopedia, Bilna, Saqina, VIP Plaza, Ralali and many more.

Those are some examples of the company's e-commerce success and succeeded in exploiting market opportunities of e-commerce in Indonesia is on the rise.

E-Commerce opens up the smallest business to the global market. The prospects excite entrepreneurs who dream of maximizing their companies' exposure. But it takes more than merely owning a site to make this dream a reality. Customers expect certain standards from online retailers. They want to trust them with their most private account information. Avoid many problems ecommerce business face by heeding principles that create a convenient, safe, and pleasant shopping environment for consumers. The problems that we face in e-Commerce are *some* of them have poor site design and poor quality image. They also can not provide customers with the irreplaceable option to touch, manipulate, or try on a product before purchasing it; therefore product descriptions are paramount. Some of e-Commerce website doesn't offer a variety of payment options and they also don't maintain a real apprehension with how the website handles their personal information, so that decreasing customer trust.

Literature Review

1. E-Commerce

E-commerce refers to all transactional activities occurring online. E-commerce opened a new channel of distribution in the lodging market. The electronic connectivity based on computer technology led to the emergence of the World Wide Web (Chu, et al., 2007) that enabled electronic commerce in the market. E-commerce refers to the ability to purchase goods and services on the Internet (Skinner & Woodill, 2004).

The World Wide Web in general and e-commerce in particular play an important role in contemporary society. Nowadays, information and communication technology has been the base of economic, social and cultural development of various countries. E-commerce is an objective aspect of information and communications technology, information technology revolutions in all economic fields. The advent of the Internet and its commercialization in recent decades has transformed traditional methods of trading. Electronic commerce is revolutionizing the business practices and procedures and work-speed and cost-saving have been fulfilled in the best way. Geographical distances and time and place restrictions have been vanished and commercial exchanges have been done on the basis of electronic information. E-commerce will remove international trade barriers and accelerate the process of global trade. (J. Miró-Borrás and P. Bernabeu-Sole., 2009) and (G. Schneider, 2006).

2. Product

Product is more than a tangible 'thing'. A product meets the needs of a consumer and in addition to a tangible value this product also has an abstract value. (Kotler, 2003).

The model of the five product levels consist are 1) Core Product, this is the basic product and the focus is on the purpose for which the product is intended. For example, a warm coat will protect you from the cold and the rain. 2) Generic Product, this represents all the qualities of the product. For a warm coat this is about fit, material, rain repellent ability, high-quality fasteners, etc. 3) Expected Product, this is about all aspects the consumer expects to get when they purchase a product. That coat should be

really warm and protect from the weather and the wind and be comfortable when riding a bicycle. 4) Augmented Product, this refers to all additional factors which sets the product apart from that of the competition. And this particularly involves brand identity and image. Is that warm coat in style, its colour trendy and made by a well-known fashion brand? But also factors like service, warranty and good value for money play a major role in this.5)Potential Product, this is about augmentations and transformations that the product may undergo in the future. For example, a warm coat that is made of a fabric that is as thin as paper and therefore light as a feather that allows rain to automatically slide down.

Figure 1 : Five Product Levels
Source : Kotler, 2003

3. Security Services

Secure is to make (something) safe by guarding or protecting it; to put (something) in a place or position so that it will not move; to make (something) certain. Definition of service according to Sumarni (2002) is an activity or an advantage which can be given by a party to another party which is mostly intangible and can not affect ownership, and its production or is not related to any tangible product."

A service is also an activity or series of activities of more or less intangible nature that normally, but not necessarily, take pace in interactions between the customer and service employees and/or physical resources or goods and/or system of the service provider, which are provided as solutions to customer problems (Gronroos, 2004).

Furthermore, Zeithamal et.al. (1996) give a limitation of service by stating that service is all economic activities whose output is not a physical product or a construction is generally consumed at the time it is produced, and provides added value in forms (such as convenience, amusement, comfort or health).

Lamb et. al. (2001) also mention that service has several unique characteristics, which differ it from the others, namely intangible, inseparability, heterogeneity, perishability.

4. **Payment**

The dynamic development of e-commerce stimulates the demand for the servicing of payments for the product purchased via the Internet. The suppliers of payment services used in e-commerce can be divided into two groups: (a) banks and acquirers and (b) non-bank intermediaries offering payments based on various innovative solutions. The emergence of a new group of intermediaries resulted from the demand for servicing transactions conducted on specific new electronic markets, particularly Internet ones. Initially, banks were not interested in such payment methods as they were unprofitable due to the limited value of transactions, especially the so-called micropayments (OECD, 2006; McGrath, 2006; Kisiel, 2006). Moreover, traditional bank and card payment methods were often inconvenient to make online transactions and did not guarantee security to the transaction parties, especially to the buyer. In many cases it is also difficult to use them due to legal or system limitations, e.g. when making cross-border payments. Consequently, there emerged a market niche that was used mostly by IT firms (Chande, 2008).

5. **Website Design**

Design is a key determinant to building online trust with consumers. For motivated users of an information site, bad design (busy layout, small print, too much text) hurts more than good design help (Sillence, Briggs, et al,.2004). Layout on a web page (whitespace and advanced layout of headers, indentation, and figures) may not measurably influence performance, but it does influence satisfaction. (Chaperro, Shaikh, and Baker., 2005).

6. **Purchase Decision Process**

Engel, *Blackwell* and *Kollat* (2001) have developed in 1968 a model of consumer buying decision process in five steps: Problem/need recognition, information search, evaluation of alternatives to meet this need, purchase decision and post-purchase behavior.

Figure 2 : Purchase Desicion Process
Source : Engel, Blackwell and Kollat, 2001

Research Method

In this research, writers use quantitative research design. Quantitative research focuses on gathering numerical data and generalizing across groups of people or to explain a particular phenomenon. The following definition of the quantitative research design, taken based on Babbie, Earl R (2010). This quantitaive research method choosen for this research because this method is suitable with the data, and the outcome of the calculation is very objective to be analyzed. This research purpose is for measure the analysis of correlation between the e-commerce website and the purchase decision.

For this research, researcher use the usual instrument for quantitative research. Regarding the instrument for the research, researcher use primary data in order to fulfill the validity of this research. The research of this study conducted by spreading some questionnaires using digital questionnaire form which is google docs form to young adult in Jakarta area.

Sample in this research would be use to investigate research problem. In this research, researcher will use non-probability sampling. Sample size is the number of observations in a sample (Evans et al. 2000). In order to have confidence that your survey results are representative, it is critically important that you have a large number of randomly-selected participants in each group you survey. For a 95% confidence level (which means that there is only a 5% chance of your sample results differing from the true population average), a good estimate of the margin of error (or confidence interval) is given by $1/\sqrt{N}$, where N is the number of participants or sample size (Niles, 2006). N=136

Researcher will takes 136 sample in this research for implementing the non-probability sampling using Hair Theory sampling techniques. Questionnaires will be distributed to 136 young adults in Jakarta area who have ever do purchasing on e-commerce websites.

Result and Analysis

1. Descriptive Analysis

Table 1 : Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
PdT	136	1.50	5.00	3.6195	.65190
PaT	136	1.00	5.00	3.6809	.74531
SsT	136	1.40	5.00	3.5324	.68690
WdT	136	1.20	5.00	3.7662	.71328
PdcT	136	1.00	5.00	3.7882	.64945
Valid N (listwise)	136				

Source : Questionnaire

The table shows three independent variables, which are product (PdT), payment (PaT), and security services (SsT), web design (WdT) with 136 respondents from young adult customers in Jakarta. According to table, the standard deviation of PdT is 0.65190 and mean is 3.6195 that shows the data is good, because the value of standard deviations smaller than its mean value.

2. T-Test

T-test for the *partial* regression coefficient is intended to determine how far the influence of one variable independent (product, payment, security services, and web design) individually in explaining the dependent variable (purchase decision). T-test results in this study can be seen below.

Table 2 : t –test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.481	.292		5.064	.000
	PdT	-.064	.108	-.065	-.596	.552
	PaT	.181	.088	.208	2.049	.042
	SsT	.023	.096	.024	.243	.809
	WdT	.476	.076	.522	6.238	.000

Source : Questionnaire

From table 2, it shows that:
a. According to the table 2, it can be seen that Product (X_1) has the t result which is-0.596, and the significant t = 0.552, which is a greater than the α=0.05. From the table above, it can be seen that the product variable has negative effect and not significant towards purchasing decision.
b. Payment (X_2) has the t result which ia 2.049, and the significant t = 0.042, which is a lower than the α=0.05. From the table above, it can be seen that the Payment variable has positive effect and significant into purchasing decision.
c. Security Services (X_3) has the t result is 0.243 and the significant t = 0.809, which is a greater than the α=0.05. From the table 2 above, it can be seen that the Security Services has positive effect but not significant towards purchasing desicion.
d. Web Design (X_4) has the t result is 6.238 and significant t = 0.000, which is a lower than the α=0.05. From the table 2 above, it can be seen that the Security Services has positive effect and significant towards purchasing desicion.

3. F-Test

The result of this F-test shows the F value = 19.335 with a significance level of 0.000. The F table value is found on the F table with df1 = 4 and df2 = 131. Significance level is 0.000 (< 0.05) means that Product, Payment, Security Services, and Web Design together have simultaneously positive influence and significant impact on purchase decision of ecommerce website towards young adult customer in Jakarta area.

Table 3 : F-test

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.138	4	5.284	19.335	.000ᵃ
	Residual	35.803	131	.273		
	Total	56.941	135			

Source : Questionnaire

4. Coefficient Determination (R^2)

The coefficient of determination (R^2) was essentially measures how much the ability of the model to explain the variations dependent variable. The coefficient of determination is between zero and one. The coefficient of determination represented in table4 below:

Table 4 : Coefficient Determinantion

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.609ᵃ	.371	.352	.52279	1.775

Source : Questionnaire

Results calculated using SPSS can be seen that the R square value of 0.352 is obtained. The 35. 2% means that purchase decision can be explained by the variable Product, Payment, Security Services, and Website Design while the rest is 64.8% of purchase decision is influenced by other variables which are not examined in this research.

Conclusion

1. This research has revealed factors that influence fashion customer of branded fashion in Indonesia. The product value factor is found as the most important key to drive customer purchase intention. The core benefit of product (quality, style, design and suitability) is the major consideration of customer to make purchase. Branded fashion customer is not only considering about product value given by retailer but also the emotion related to the brand. Customer's motivations are image, stability and self-discovery hence they aim to buy product which make them prestigious and proud wearing the product brand. In addition, the benefit of brand given by retailer have to be strengthen since has strong attachment to those emotions received by customer.

2. The unique finding found in branded fashion price will affect customer purchase intention. This research finds higher product price will trigger customer to buy more. Price is considered as quality indicator. Respondent trust high price is a reflection of quality of product they buy. This finding also shows an inelasticity of price for branded fashion retailer in Indonesia. In addition, since the customers of branded fashion product are middle up economy class people, price is not their consideration to reduce their purchase if branded fashion retailer sets high price.

Recommendation

The key success of fashion retail business rests with the company understanding about their customer wants and needs. The assessment of existed customer is an important thing to make fashion business practices understand the current situation of their customer and set the appropriate strategy for business.

The stiff competition in fashion retailer sector makes retailer has to build up and manage their competitive advantage that significant influence customer purchase intention. The advantage of product value, benefit of brand, positive emotion received by customer, pricing policy and an appropriate use of advertisement as marketing tools are things branded fashion retailer have to concern more.

Since product is a main item sold by fashion retailer, it have to be carefully controlled by retailer. Quality of product, durability, design and suitability have to be fulfilled customer needs, wants and in accordance with customer's expectations.

By raising of middle-up class in Indonesia, they see fashion not only from its tangible value but intangible as well. Branded fashion retailer is beyond ordinary fashion retailer for their customers. The key of intangible value is the power of its brand. Their customers are looking for the value of brand that can deliver positive emotion that motivate them to do purchase such as prestigious, pride and superior. It is important to every fashion retailer invest more and maintain their brand value: popularity, prestige, symbol of social status and its customer lifestyle reflection.

Branded fashion retailer also has to concern about their marketing communication strategy that integrated in advertisement. Advertisement is the communication tool that can deliver company message directly to their customer. But, ad superabundant will give negative impact for customer. For that reason, branded fashion retailer has to develop another communication tool or marketing strategy other than advertisement.

Recommendation for Future Research

This research is only use company "controlled" factors like product value, benefit of brand, price, advertisement and stock renew as its independent variable. In other hand, there must be other factor that not explained yet in this research which lead customer to do purchase.

Future research might add several factor to be explore more such as customer behavior, customer psychology, social psychology aspect and other dimensional factor in fashion retail. This is important for business practices to understand well their current customer to decide an appropriate strategy for the business.

Furthermore, this research use unknown population for its sample which means the findings of this research are the interpretation of general branded fashion retailer customer. Next research can be more specific to certain brand to get more comprehensive and deep-evaluation finding from the research.

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