

Investigating Customers' Intention to Adopt Click and Collect Service In E-Commerce in Indonesia

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Abstract. This study aims to investigate the factors that influence customer intention in adopting click and collect service in e-commerce in Indonesia. The population of this study was e-commerce customers in Indonesia. The sampling techniques used was purposive sampling. The data analysis method in this study is using PLS-SEM. The results of this study show that epistemic and functional value has a positive effect on intention to adopt click and collect service in e-commerce. This research may help e-commerce practitioners who are seriously interested in developing click and collect service in Indonesia and providing better service for their customers. This study also suggests some recommendations about increasing the customer intention to adopt click and collect service in e-commerce

Keywords: conditional value, epistemic value, functional value, hedonic value, intention to adopt

1 Introduction

Indonesia's internet economy is the largest and fastest-growing in the Southeast Asia region. Indonesia's internet users are about 152 million, which increased by 39.47% from 2015. Indonesia's internet economy has more than quadrupled in size since 2015 at an average growth rate of 49% a year, from \$8 billion to \$40 billion in 2019, which led by e-commerce. Indonesia's e-commerce market revenue is about \$ 21 Billion in 2019, followed by online travel \$18 Billion, online media \$4 Billion, and ride-hailing \$6 Billion. All internet economy sectors continued to grow at a healthy pace in 2019, with e-commerce and ride-hailing were the standout performers, eclipsing expectations [1]. In the third quarter of 2019, total transaction value through e-commerce market platforms was recorded at US\$584 million [2].

Although Indonesia's e-commerce market is still growing, it does not mean without problems. Based on [3] report, 46.76% problem in online shopping is long delivery time, 9.76% because of mistakenly sent the product (swapped), 7.32% because of products are difficult to track and 6.34% because of products undelivered, with a total of 70.18% problems is coming from delivery. And the primary factor for customer dissatisfaction in online shopping is long delivery time/ not delivered for product brought. To handle this problem, some e-commerce started to launch new initiative called click and collect. Click and collect is when customer buy product from internet and collect the product in designated area. Since this initiative is still new and limited adopted by e-commerce in Indonesia, therefore this study aims to investigate factors of customer's motives in adoption click and collect services in Indonesia. The other consideration is in order to begin a relationship with the customer;

company should provide value for customers. The value should be in an advantageous position for the customer, so they want to adopt the products or services. Understanding the best customer value is vital for the company, because it saving cost, work of employees will be more productive because they know what customer wants and values, and if the customer satisfied they will give referrals [4]. The E-commerce sector has recently started to disseminate many features to make the shopping experience easier for its customers, such as enabling the customer to decide where to collect the product. Many works of literature have studied the dimensions of perceived value or consumption values from benefits facet (such as functional, social, emotional, economic, relationship, and so on). This study adopts the theory of consumption values from [5] and [6] and focuses on conditional, epistemic, functional value, utilitarian, and hedonic value. The current study extends previous research by incorporating five different consumption values into the conceptualization of value creation: conditional, epistemic, functional value, the utilitarian and hedonic value in adopt click and collect service in e-commerce in Indonesia. This paper intends to understand the factors that influence customers' intentions when adopting click and collect service, so that e-commerce firms, and regulatory bodies can create the required strategic framework to improve their adoption.

2 Literature review

2.1 Intention to adopt

The TRA model, developed by [7], is a belief-attitude-behavioral intention model, which postulates that an individual's perception of what others consider relevant is affected by their intention and plays a significant role in predicting behavior. Previous studies have suggested that the value a customer perceives plays a significant role in determining the customer's relationship intention towards a company. Intention refers to the measure or degree of the intensity of an individual's intention to perform a specific behavior [8].

2.2. Conditional value

Conditional value is "the perceived utility acquired by an alternative as the result of the specific situation or set of circumstances facing the choice maker" [5, p. 162]. Past research indicates that conditional value has a positive effect on behavioral intention [9]. Thus:
H1: Conditional value has a positive effect on intention to adopt

2.3 Epistemic value

Epistemic value plays an essential role in intention to adopt [10]. Epistemic value is the "capacity of the product or service to surprise, arouse curiosity, or satisfy the desire for knowledge" [5]. Epistemic value relates to a product's capacity to arouse curiosity, offer novelty, or satisfy a desire for knowledge and may be necessary for consumers who are considering new experiences [11]. Previous studies found that epistemic value has a positive effect on consumer intention [12]–[14]. Based on the description above, thus:
H2: Epistemic value has a positive effect on the intention to adopt

2.4 Functional value

Functional value can be defined into various perspectives, such as functional value as price/value for money and as performance/quality. Functional value as price/value for money, defined as "the utility derived from the product due to the reduction of its perceived short term and longer-term costs" [11]. Functional value as performance/quality can be defined as "the

utility derived from the perceived quality and expected the performance of the product“ [11]. Previous research has been shown that functional value has a positive effect on behavioral intention [13], [15], [16]. Thus:
H3: functional value has a positive effect on the intention to adopt

2.5 Utilitarian value

Utilitarian value has been studied in adoption context [17], [18]. Utilitarian value is suitable for customers classified as problem-solvers [19], an example to overcome the time and place constraints, click and collect services can be seen as the benefit. Utilitarian value defined as the purchases made based on task-oriented and rational [20]. According to previous studies, utilitarian value has a positive effect on behavioral intention [21]–[26]. Thus:
H4: Utilitarian value has a positive effect on the intention to adopt

2.6 Hedonic value

In pursuing hedonic value, customers focus more on fun than on completing a task, and thus, their values reflect entertainment and emotions latent in consumption experiences [27]. Hedonic value is where the purchase made for entertainment and pleasure-seeking purposes instead of completing a task and more subjective and self-oriented. [20]. Previous research has found that hedonic value has a positive effect on customer intention [21]–[23], [25], [28]. Thus:
H5: Hedonic value has a positive effect on the intention to adopt

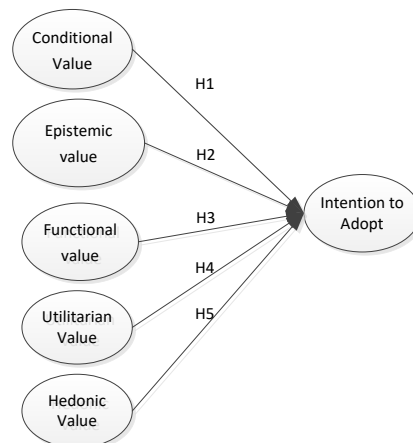


Fig. 1. Research Model

3. Methodology

Participants were screened for their patronage of e-commerce, who had shopped in e-commerce. A sample size of about 150 distributed to Indonesia citizens who were at least 18 years old and has previously shopped in e-commerce. To ensure that the respondents understand the study context, a brief description of click and collect service describe before distributing the questionnaire. The questionnaire was adopted and was taken from past literature, which is considered to be relevant for this study. The conditional value was measured using four indicators adapted from [29]. The epistemic value were measured using

four indicators adapted from [19]. The functional value consists of four indicators adopted from [30]. The utilitarian value consists of four indicators and hedonic value consists of six indicators adopted from [31]. And the intention to adopt consists of three indicators adopted from [32]. All indicators were assessed by five-point Likert scales ranging from strongly disagree to agree strongly. The data in this study were analyzed using PLS-SEM Before primary data collection. The result is all items' value are valid, and the variables are reliable.

4. Result and discussion

Of the 200 questionnaires distributed, 150 questionnaires were returning and were eligible for use in this study, with a response rate of 75%. Table 1 shown that all indicators of all the constructs have an outer loading value greater than 0.7, Average Variance Extracted (AVE) value above 0.5, and the Composite Reliability value above 0.7 It is concluded that this study had fulfilled the convergent validity requirements.

Table 1. Results of Measurement Model

Measurement item	Loading	Measurement item	Loading
Conditional Value (CR=0.903; AVE=0.701)		Utilitarian Value (CR=0.833; AVE=0.556)	
CV1	0.844	UV1	0.713
CV2	0.850	UV2	0.801
CV3	0.890	UV3	0.743
CV4	0.760	UV4	0.723
Epistemic Value (CR=0.902; AVE=0.697)		Hedonic Value (CR=0.856; AVE=0.598)	
EV1	0.778	HO1	0.742
EV2	0.888	HO2	0.792
EV3	0.798	HO3	0.817
EV4	0.870	HO4	0.741
Functional Value (CR=0.900; AVE=0.691)		Intention to Adopt (CR=0.942; AVE=0.845)	
FV1	0.864	IA1	0.913
FV2	0.824	IA2	0.920
FV3	0.838	IA3	0.925
FV4	0.799		

In Table 2, all square roots of average variance extracted (AVE) are higher than the correlation coefficient between the constructs. It means that this study has adequate discriminant validity.

Table 2. Discriminant Validity

	CV	EV	FV	HV	IA	UV
CV	0.837					
EV	0.603	0.835				
FV	0.596	0.692	0.832			
HV	0.427	0.479	0.560	0.774		
IA	0.522	0.650	0.628	0.466	0.919	
UV	0.673	0.723	0.677	0.526	0.605	0.746

Table 3 shows the results of the structural model. From five hypotheses developed, two hypotheses are supported (H2 and H3), because of the p-value < 0.05 and t-value >1.65 and three hypotheses are not supported (H1, H4, and H5), because of the t-value >1.65.

Table 3. Path Coefficients and Hypotheses Testing

Hypotheses	Path	Coefficient	t-value	Conclusion
H1	<i>Conditional value</i> → <i>Intention to adopt</i>	0.071	0.856	Not supported
H2	<i>Epistemic value</i> → <i>Intention to adopt</i>	0.308	2.670	Supported
H3	<i>Functional value</i> → <i>Intention to adopt</i>	0.236	2.155	Supported
H4	<i>Utilitarian value</i> → <i>Intention to adopt</i>	0.128	1.088	Not supported
H5	<i>Hedonic value</i> → <i>Intention to adopt</i>	0.089	0.963	Not supported

The primary purpose of this study was to examine the relationships between conditional, epistemic, functional, utilitarian, the hedonic value on an intention to adopt click and collect service.

This study has succeeded in showing that epistemic and functional value has a positive effect on the intention to adopt click and collect service. The finding of H1 showed that conditional value does not affect the intention to adopt click and collect feature. It means that the customer is not taking concern about the conditional value of click and collect feature. In other words, conditional value is not an important factor for customers to adopt click and collect service. This result in-line with The finding of H2 showed that epistemic value has a positive effect on the intention to adopt click and collect service. Epistemic value had the strongest influence on the intention to adopt, among others value. This study in line with previous studies [12]–[14] and also support [11] statement, which epistemic value possibly less important when considering the purchase of a durable good since the object of this research is not a durable good, but a new service. The finding of H3 showed that functional value has a positive effect on the intention to adopt click and collect services. It means that when the customer considers the click and collect service have reliable performance, satisfied quality and value for money, it will improve customers' intention to adopt click and collect. This study in line with previous studies [13], [15], [16]. The finding of H4 showed that utilitarian value does not affect the intention to adopt click and collect services. It means that customers did not see utilitarian value as the important factors that affect their intention to adopt click and collect service. The finding of H5 showed that hedonic value does not affect the intention to adopt click and collect services. It means that hedonic value is not an important factor that affects their intention to adopt click and collect service — this study in line with [18], [24].

5. Conclusion

This study concludes that epistemic value and functional value have a positive effect on the intention to adopt. However, conditional, utilitarian dan hedonic value does not affect the intention to adopt click and collect service in e-commerce.

The theoretical implication of this research is this research succeeded in supporting past research about the effect of epistemic value and functional value on the intention to adopt a new service initiative, namely, click and collect service. Also, add recent references about the positive effect of epistemic value and functional value on the intention to adopt a new service

initiative, which the research is still limited at this time, especially in the e-commerce in Indonesia.

The managerial implications of this study are as follows. Epistemic value and functional value are essential factors that influence customers' intention to adopt click and collect service. Therefore, e-commerce should be improving those values in order to increase the intention to adopt click and collect service. In order to improve customers' epistemic value, e-commerce practitioners could do several actions. Such as communicating the new initiative they have launched in order to encourage the customer to try the new services via their marketing campaign. Describe the benefits of using the new service, giving a reward or gift to encourage the customer to try the new service, point out the pleasant experience when customers are trying the new service in their campaign. There is something that needs to be a highlight for e-commerce regarding epistemic value. According to [5], epistemic value dissolves soon after the trial period. However, customers who are motivated by epistemic value often return to their regular consumption patterns after satisfying their need to change. So, in this case, e-commerce practitioners should take concern about fulfilling consumers' needs and wants about this click and collect services, such as provide a convenient place and time to collect the product and give many options in selecting pick up places and time in collecting product. Secondly, to improve customer's motives in functional value, e-commerce can do several actions, such as offer excellent value for money in the new service initiative, design, and provide excellent service quality and reliable performance in the new service initiative.

The limitation of this study is that this study only focuses on conditional, epistemic, functional, utilitarian, hedonic value in adopting click and collect service. The suggestion for future research is (1) testing existing models on different new initiative services and or other industries to generate a better understanding and enriched the literature about these motives. (2) Conduct research in other large cities in Indonesia

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