

Behavioral Intentions and E-WOM (Electronic Word of Mouth) in Indonesia E-commerce

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Abstract. The e-commerce industry is one of the most promising and growing industries in Indonesia, this can be seen from the increasing number of e-commerce users, high CAGR, and GMV. However, Indonesia faces lots of problems such as a high level of dissatisfaction with online experience, poor logistics networks, low access to financial services, slow internet connection, poor cybersecurity, and complaints submitted by customers. This study aims to study the effect of access, transaction, and possession convenience on online convenience, online convenience on online customer satisfaction, and online customer satisfaction on behavioral intentions and E-WOM. The research model of this study is modified from the previous research. This research uses WarpPLS 7.0 to test the relationship between variables. The results of this research show that all hypotheses are accepted with customers tend to do positive E-WOM and have positive intentions. This can also be another reference for future research.

Keywords: Online convenience, online customer satisfaction, behavioral intentions, E-WOM

1 Introduction

The E-commerce industry has many potentials to be developed in the future that is not limited to age, gender, or location. Eshopworld data showed that Indonesia entered the top five in terms of the number of online buyers with Indonesia in fourth place (107 million) and CAGR growth rate in 2018 – 2022 in third place (16.6%) [1]. Indonesia also had a high e-commerce adoption rate of 88% compared to 74% as the average rate worldwide and m-commerce adoption rate in January 2020 by 80% compared to 52% as the average rate worldwide [2]. It was found that Indonesia had the fastest e-commerce growth in the world in 2018 by 78% together with the increase of internet users [3] and had the largest contribution to GMV (Gross Merchandise Value) for about \$21 billion in 2019 (e-commerce) in Southeast Asia [4].

On the other hand, Indonesia's online commerce also faces lots of problems and challenges such as poor logistics networks and poor logistics infrastructure, people who have access to financial services plus credit card and debit card ownership rates are low, poor cybersecurity, the ownership rate of online payment and ordering systems of MSMEs is low due to a lack of knowledge and time to learn about online commerce, poor human resources, and lack of start-ups [5]. There were also many complaints submitted by customers to YLKI (The Indonesian Customer Institution Foundation) regarding Indonesia's e-commerce problems that they felt for example goods that are not received, refunds, inappropriate product specifications, transaction systems, fraud cases, account hijacking cases, and others [6]. User experience on the website, time taken to deliver items, payment process, product selection, product quality, return policy, customer service, and price of items were also things that customers dislike in Indonesia [7].

Those could make customers dissatisfied with their online experiences, according to data from blackbox, it can be seen that Indonesia ranks second in terms of the level of dissatisfaction with the online experience for about 54% [8]. This makes a gap between Indonesia with other countries such as the USA, China, England, Japan, or Germany that have good logistics infrastructure, higher sales, and a higher percentage of online shoppers. The aims of this research are to study the effect of access convenience, transaction convenience, and possession convenience to online convenience, online convenience to online customer satisfaction, online customer satisfaction to behavioral intentions, and E-WOM.

2 Literature Review

2.1 Access Convenience

Access convenience is defined as the customer perception of the time and effort required to access an online store/shop [9]. Access convenience is closely related to the ease in which online customers can shop online, wherever and whenever they want which provides flexibility in terms of time and location plus there is no need to queue and requires less effort compared to shopping at a physical store [10].

2.2 Transaction Convenience

Transaction convenience can be defined as the time and effort perceived by customers to make a transaction [11]. Transaction convenience is related to the perception of customers regarding the time and effort that it takes to finish a transaction/purchase/trade [9]. Transaction convenience can be seen as the reduction in perceived time and effort to complete an online transaction [12].

2.3 Possession Convenience

Possession convenience is the perception of customers regarding the time and effort needed to get what customers want and feel the effect or benefits directly [9]. Possession convenience is defined as the certainty in terms of received goods that are related to the accuracy of the ordered product with the obtained product at a suitable time [13].

2.4 Online Convenience

Convenience is the customer's feeling regarding the simplicity and eases to use a website together with the website's intuitiveness [14]. Convenience can also be defined as the ease of use for customers to make a transaction at their suitable/convenient time [15].

2.5 Online Customer Satisfaction

Customer satisfaction can be defined as the performance of a product or service that consumers perceived in relation to their expectations [16]. Satisfaction can be seen as a subjective variable that arises from perception and comparison between customers' expectations with what they get that can be seen from their feelings shown [17].

2.6 Behavioral Intentions

Behavioral intention is an intention that a person tries to do a certain behavior [18]. Behavioral intentions can be seen as a person's subjective probability to perform a specific behavior [19]. There are two types of behavioral intentions, favorable behavioral intentions (praising, prefer to choose a company than others, repeated purchase, willingness to pay a premium price) and the other type is unfavorable behavioral intentions (complaints) [20].

2.7 E-WOM (Electronic Word of Mouth)

E-WOM is a communication and positive or negative information exchange between two or more consumers that are unplanned about a product or service electronically [21]. E-WOM can also be defined as the transfer of information about a product, service, or brand that is related to personal experience, viewpoint, or comments using the internet [22].

2.8 Conceptual Framework and Research Hypothesis

Access convenience is considered important because it is closely related to the easiness of accessing a service or website and experience it directly [23]. The advantage in terms of ease of access is that consumers can access any products or stores, making them comfortable in shopping online because it requires less time and energy and avoiding long queues or crowds [24]. Previous research conducted showed that access convenience affects online convenience [23] [25]. Therefore the first hypothesis is:

H1: Access convenience has a positive and significant effect on online convenience.

Security in transactions must be considered so consumers feel comfortable and the availability of various payment methods to make it easier [9]. Clear information must be informed regarding the success or failure of a transaction and ordered products to increase convenience and reduce doubt/fear [13]. Previous research conducted showed that transaction convenience has a positive and significant effect on online convenience [23][25]. Therefore the second hypothesis is:

H2: Transaction convenience has a positive and significant effect on online convenience.

Providing information to consumers about the delivery and the received products could increase the level of engagement with consumers [9]. This must be considered because shopping online provides various advantages compared to traditional methods where consumers have to go to the store. The product must also arrive at the time promised [13] so that a comfortable feeling arises. Previous research conducted showed that possession convenience has a positive and significant effect on online convenience [23][25]. Therefore the third hypothesis is:

H3: Possession convenience has a positive and significant effect on online convenience.

One of the most important factors in customer satisfaction is convenience in online stores [26]. By reducing the effort and time needed, consumers can feel comfortable and satisfied, this leads to competitive advantages over other companies [23]. The services provided must be comfortable and easy for consumers to feel the benefits of these services that can lead to satisfaction [27]. Previous research conducted showed that convenience has a positive and significant effect on customer satisfaction [23][28][29]. Therefore the fourth hypothesis is:

H4: Online convenience has a positive and significant effect on online customer satisfaction.

Higher customer satisfaction can create an emotional connection which can also result in consumers spending more on a brand [30]. After using a product or service, consumers give an assessment of what they received with what they expected. If they are satisfied, they will tend to re-use the product or service even recommending it to others [31]. Previous research conducted showed that customer satisfaction has a positive and significant effect on behavioral intentions [23][32][33]. Therefore the fifth hypothesis is:

H5: Online customer satisfaction has a positive and significant effect on behavioral intentions.

Companies must consider customer satisfaction due to the development of the internet which can be a channel for consumers to share their experiences, (positive or negative) [30]. Satisfied consumers will encourage themselves to share their experiences [34] about the company and its products or services as a form of appreciation to the company or the brand. Previous research conducted showed that customer satisfaction has a positive and significant effect on E-WOM [23][34][35]. Therefore the sixth hypothesis is:

H6: Online customer satisfaction has a positive and significant effect on E-WOM.

2.9 Research Model

The research model is modified from the previous research [23] due to the differences in countries. There is a complete difference between the level of education in Portugal and Indonesia (higher in Portugal), this could be related to determining which e-commerce will be used based on some criteria (more critical). People in Portugal tend to be more loyal and only make purchases based on their needs [36]. It is different from people in Indonesia who are easily

attracted to promotions and disloyalty. Even they also shop at e-commerce from other countries to find cheaper prices [37]. It can be seen that people in Indonesia do not prioritize the e-commerce they used, while people in Portugal can be loyal to e-commerce if it has its own value. Because of these, search convenience, evaluation convenience, attentiveness convenience, and post-possession convenience are considered less relevant for this research that will be done in Indonesia. The research model can be seen in figure 1.

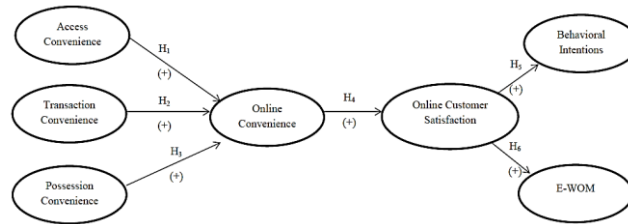


Fig 1. Research Model (Modified from [23])

3 Methodology and Data Analysis

This research collected data by distributing the questionnaire to respondents. 138 respondents were collected as a sample using judgment sampling. The criteria for respondents are the respondent who has used e-commerce to shop online before in Indonesia. Likert scale is used to measure all of the variables ranging from 1 (strongly disagree) to 5 (strongly agree). The tests are carried out using WarpPLS 7.0.

4 Research Result and Discussion

4.1 Research Results

From the respondents collected, it shows that the majority of respondents are 18–24 years old and the e-commerce that is mainly used is Shopee and Tokopedia. The analysis of validity was carried out and showed that all of the indicators have factor loading > 0.7 , AVE > 0.5 , and have good discriminant validity value. The analysis of the reliability and the fitness of the model was also carried out and showed that all of the variables are reliable and the model is fit.

An analysis of the hypothesis was also carried out and the results are all of the hypotheses are accepted with a P-value < 0.05 and the value of r-squared for online convenience is 0.57, 0.38 for online customer satisfaction, 0.32 for behavioral intentions, and 0.31 for E-WOM.

4.2 Discussion

4.2.1 The Effect of Access Convenience on Online Convenience

The strength of the relationship between access convenience and online convenience is 0.383 with a P-value of < 0.001 , therefore the first hypothesis is accepted. E-commerce has the ability to provide access while also allowing consumers to shop easily regardless of time, location, gender, or age, and access to various products. This research was also carried out when the COVID-19 pandemic occur which means that there is also a mass shift from consumers to shop from e-commerce therefore e-commerce must be able to provide access to shopping online. Some respondents also agreed that it is easy and convenient enough to access e-commerce, a simple yet tidy homepage is needed to make a positive impression for customers.

4.3.2 The Effect of Transaction Convenience on Online Convenience

The strength of the relationship between transaction convenience and online convenience is 0.404 with a P-value of < 0.001 , therefore the second hypothesis is accepted. With the ease of transactions, it can make consumers feel comfortable and can complete payments for their purchases quicker. The availability of payment methods must also be varied to enable

consumers to choose payment methods according to their preferences. Some respondents also think that the transaction process in e-commerce is already convenient and easy enough

4.2.3 The Effect of Possession Convenience on Online Convenience

The strength of the relationship between possession convenience and online convenience is 0.123 with a P-value of 0.045, therefore the third hypothesis is accepted. The logistics network and infrastructure in Indonesia face lots of problems due to its geographical conditions. On the other hand, Indonesia continues to develop and improve this by building proper facilities and infrastructure such as road access and ports to support the logistics sector. Some respondents also felt that they have experienced some problems such as late delivery, damaged goods, and order status on e-commerce that is not being updated. E-commerce must collaborate with logistics/courier companies to reduce time and effort in obtaining a customer's desired products.

4.2.4 The Effect of Online Convenience on Online Customer Satisfaction

The strength of the relationship between online convenience and online customer satisfaction is 0.618 with a P-value of <0.001, therefore the fourth hypothesis is accepted. By creating a positive experience when shopping in e-commerce, it could lead to a higher level of online customer satisfaction which also means that e-commerce has an advantage over others. Some respondents also felt that it is convenient enough to shop in e-commerce, which could lead to higher satisfaction that could result in positive behavior in the future.

4.2.5 The Effect of Online Customer Satisfaction on Behavioral Intentions

The strength of the relationship between online customer satisfaction and behavioral intentions is 0.563 with a P-value of <0.001, therefore the fifth hypothesis is accepted. Higher satisfaction can make customers do a certain positive behavior in the future as a form of appreciation to the e-commerce for a product or service that has been given. Some respondents also stated that if they are satisfied with e-commerce, it can make them use the e-commerce more often or repeated purchases, and others.

4.2.6 The Effect of Online Customer Satisfaction on E-WOM (Electronic Word of Mouth)

The strength of the relationship between online customer satisfaction and E-WOM is 0.559 with a P-value of <0.001, therefore the sixth hypothesis is accepted. Online review is the most influential factor when deciding to purchase. Reviews provided by consumers can be in the form of images or videos to make it more convincing and generally satisfied consumers express them more detail while also include emotional elements. If customers are satisfied with what they felt, the tendency to provide good ratings or reviews will also appear.

5 Implication, and Suggestions for Future Research

There are several managerial implications for e-commerce in Indonesia, in terms of possession convenience to improve online convenience, e-commerce should provide clear and complete delivery status notification by collaborating with logistics companies and providing a live tracking feature, a chat feature with the courier, or access to the logistic website. In terms of online customer satisfaction to improve behavioral intentions, a lottery system or online stamp can be done, plus e-commerce must pay attention to special days such as customers' birthdays or events by giving coupons/discounts. In terms of online customer satisfaction to improve E-WOM, a review feature to assess the service of the seller such as politeness, assistance, and others. Rewards for sharing on social media can also be given.

In terms of access convenience to improve online convenience, a content delivery network (CDN) can be used to increase the speed of loading pages or using web hosting and cloud computing. In terms of transaction convenience to improve online convenience, add more e-wallet options, implement cashless payment for COD, and provide a detailed electronic receipt. Lastly, in terms of online convenience to improve online customer satisfaction, provide

originality checks for the products sold, a recommendation for a good product posting, product comparison feature, and live chat feature improvements by using AI chatbot.

This research has several limitations such as a small number of respondents and the majority of the respondents are 18 – 24 years old, further research could spread the questionnaire to various ages which could also affect the assessment of each variable and their relationship. It is recommended that further research can add more variables related to online convenience based on the research location or others.

6 Reference

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