Analysis of Trust and Electronic Word of Mouth in Influencing Consumers’ Decision to Shop Using Lazada’s Shopping Website in Jakarta

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Abstract: The purpose of this study was to prove empirically the influence of trust and electronic word of mouth to the consumers’ decision to shop using Lazada’s shopping website in Jakarta. There were 156 respondents involved in this research who shop using Lazada’s shopping website in Jakarta. The method of analysis was quantitative by using multiple regression model. Based on the results of test that has been done, it was found that trust and electronic word of mouth have a positive and significant impact on consumer decisions to shop using Lazada’s shopping website in Jakarta.

Keywords: Shopping Decisions, Trusts & Decisions for Shopping.

INTRODUCTION

In this era of globalization, technology plays an important role in human life. Its rapid development continues to create new discoveries that help people in their activities in all fields. One of them that is now being perceived and have a big impact in various sectors in human life is the internet.

The Internet was introduced in 1969 in the United States, until now the number of users are continuously increasing. The Internet can be used as an electronic tool for various activities such as communications, gathering information, shopping online or for research activities. Internet technology connects thousands of individual computer networks (PCs) whether managed by household or corporate worldwide.

According to the e-marketer magazine (2016) currently the world's internet users reached 3.42 billions and it is expected to continuously increasing as technology advances.

The development of the internet in Indonesia has begun from nineties era, but in that era internet users mostly done by corporate, but as the cost of using internet was getting cheaper as the improvement in supporting technology of online activities such as satellite, fiber optic and network in Indonesia make utilization the internet was not only done by the corporate or business entity but has been used personally for various purposes. The improvement of internet facilities in Indonesia increase the number of internet users, which Indonesia is listed as the country with the highest Internet utilization regionally in Southeast Asia.

The increasing number of internet users in Indonesia, prompting a number of parties to utilize this media for business interests, this idea led to an online business based on e-commerce. Started with the appearance of indowebster and kaskus website, as a base trigger of online shopping website in Indonesia. The existence of E-commerce based shopping website is helping people to buy or sell products they want or need easily. In a short time, users from the website continuously increasing, where the largest users penetration are in Java, followed by people in Sumatra and Sulawesi.

The use of the Internet is not limited to the accessing information only, but also can be used as a media to conduct trading transactions that has started to be introduced in Indonesia through several seminars and it has already begun to be used by several companies namely electronic commerce or better known as e-commerce, which is a form of electronic commerce through internet. E-Commerce is basically a contact trading between buyers and sellers by using internet. So the process of ordering goods are communicated through the internet.

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The development of e-commerce in Indonesia has changed some consumers’ behavior, one of them is shopping habit in shopping centers or stores, that is now begin to switch to online media. As long as connected to the internet, consumers do not have to go to a store or shopping place to get the goods or services they want. The number of e-commerce companies in Indonesia, as well as various types of services they offer to consumers make it more flexible to choose which online store that consumers want to visit. The number of e-commerce companies that exist in Indonesia causes a tight competition to attract a person to visit and make purchases through their site. The number of e-commerce companies that emerged several years backward shows that the market in Indonesia is very potential. This is because people in Indonesia are interested in using the existing e-commerce services.

The value of B2C e-commerce sales in Indonesia is also increasing every year. The e-marketing magazine stated, in 2016, the value of Indonesia’s online shopping worth USD 4.89 billions, it is under several Asian countries such as India, Korea, Japan and China.

### Table-1: Value of Indonesian E-commerce Transactions in Billion USD

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>181.62</td>
<td>274.57</td>
<td>358.59</td>
<td>439.72</td>
</tr>
<tr>
<td>Japan</td>
<td>118.59</td>
<td>127.06</td>
<td>135.54</td>
<td>143.13</td>
</tr>
<tr>
<td>Korea</td>
<td>18.52</td>
<td>20.24</td>
<td>21.92</td>
<td>23.71</td>
</tr>
<tr>
<td>India</td>
<td>16.32</td>
<td>20.74</td>
<td>25.65</td>
<td>30.31</td>
</tr>
<tr>
<td>Indonesia</td>
<td>1.79</td>
<td>2.60</td>
<td>3.56</td>
<td>4.89</td>
</tr>
</tbody>
</table>

Source: Marketing Magazine (2016)

The table above shows a significant increase in value of transactions in sales and purchases activities from various products by utilizing e-commerce, it was stated in 2013 users of e-commerce in Indonesia reached 1.79 billion of users, in 2014 the performance of e-commerce in various transactions were rising continuously. In that year the number of e-commerce users reached 2.60 billions, until 2016 the number of e-commerce website-based users for various business transactions reached 4.89 billion of users and still increasing. If it was observed from the amount of e-commerce utilization in buying and selling activity of various brands of products, Indonesia is still far behind compared to China, Japan, Korea or India, but in the other hand, it was indicated that there are still bigger opportunities for e-commerce in Indonesia to continuously growing.

Electronic commerce with the Internet media, or better known as e-commerce offers a wide variety of goods, ranging from electronic devices, gadgets, books, fashion products, and discount vouchers. In an e-commerce’ website you are able to shop online anytime and anywhere you want. Thus, you do not need to leave the house or walk in the mall, no need to queue, and do not have to deal with traffic jams.

Lazada.co.id is a B2C (Business to Consumers) company established in 2012, Lazada Indonesia is an online shopping center that offering a wide range of products ranging from electronics, books, toys and baby supplies, medical devices and beauty products, households, and also sports equipment. Lazada Indonesia is one of the branches of Lazada’s online retail network in southeast asia. Lazada also has branches in Malaysia, Vietnam, Thailand and Philippines. The Lazada network in Southeast Asia is a subsidiary of the German company Rocket Internet, Rocket Internet is a German internet networking company that has successfully created an innovative online company in the world (id.wikipedia.org)

### Table-2: Value of Indonesian E-commerce Transactions in USD Billion

<table>
<thead>
<tr>
<th>Company</th>
<th>Monthly Visitor</th>
<th>APP Installed</th>
<th>Tweeter</th>
<th>Instagram</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lazada</td>
<td>58.333</td>
<td>10.000</td>
<td>233</td>
<td>347</td>
</tr>
<tr>
<td>Tokopedia</td>
<td>50.667</td>
<td>10.000</td>
<td>277</td>
<td>235</td>
</tr>
<tr>
<td>Elvenia</td>
<td>34.333</td>
<td>1.000</td>
<td>125</td>
<td>105</td>
</tr>
<tr>
<td>Bukalapak</td>
<td>30.333</td>
<td>10.000</td>
<td>187</td>
<td>187</td>
</tr>
<tr>
<td>BliBli</td>
<td>27.333</td>
<td>1.000</td>
<td>106</td>
<td>106</td>
</tr>
<tr>
<td>JD ID</td>
<td>9.333</td>
<td>500</td>
<td>67</td>
<td>67</td>
</tr>
<tr>
<td>Shoope</td>
<td>9.100</td>
<td>10.000</td>
<td>404</td>
<td>404</td>
</tr>
</tbody>
</table>

Source: Marketing Magazine (2016)

In table-2 it shows that number of Lazada’ monthly visitor is reaching 58,333 people, with total number of visitors who also install the application on their phone reached 10,000 users, besides the same website also follows through tweeter and Instagram. The achievement of Lazada to be the most popular...
Benefits are the perceived motives, namely several motives, namely the desire to find a complete and practical place to shop. One of the main alternatives that become the choice for the modern society is online shopping by using website-based e-commerce. One of the online shopping websites that has reputation and big name in Indonesia is Lazada.

The Consumers demand that is getting higher to shop through the Lazada website because the products offered and sold through the website are very complete. In addition Lazada also supported about 5000 brands that encourage many alternative choices that can be consideration for consumers before deciding to buy a product. Besides, Lazada also has a strong and firm consumer protection system to all forms of fraud and criminality that can impact the consumers’ comfort and trust of in shopping. Other advantages that Lazada also offers is an attractive payment system from ATM transfer, to direct payment home (COD).

### Purposes of the Research

According to the formulation of the problem, the purpose of this research are to:

- Analyze the influence of trust on consumers’ decisions in doing online shopping through Lazada’ shopping website.
- Analyze the influence of electronic word of mouth on consumers’ decision in doing online shopping through Lazada’ shopping website.

### REVIEW OF RELATED LITERATURE

#### Purchase Decision

According to Sumarwan et al.,[1] purchasing decision is the desire of the consumer to manifest desires to a product by doing various activities. The stages of the individual to make purchasing decisions consist of the need, the desire to find alternatives, perform alternative selection, perform actions and evaluate.

Umar [2] states that purchasing decisions as actions that encourage individuals or consumers to buy a product or service. The decision to buy a product or use a service is influenced by several motives, namely rational and irrational. Rational motive is the desire to buy a product or service caused by number of needs, the fulfillment of the need for a number of products or services as an action that is considered rational. The second motive is irrational, it is the act of buying a product or service not based on necessity but for prestige, or enhancing the identity to gain recognition from others.

According to Kotler [3] purchasing decisions are concrete actions that consumers make to purchase products or services needed. To measure purchasing decisions some indicators could be used such as needs, information and data search, alternative selection, satisfaction and evaluation of the benefits that will be received after consuming or using the product.

Needs, is the desire of the individual to get a number of products or services needed. Searching information is an action to seek knowledge and references in connection with the products to be purchased. Alternative selection is the act of choosing various similar products needed. Action is a spontaneity act to buy or have the best products that have been observed. Evaluation is an analysis to compare the performance given after consumed products with the expectation before consuming the product.

#### Dimensions of Purchase Decision Measurement

According to Tjiptono [4] measurement of purchasing decisions can be measured by using five dimensions. Each dimension that is formed has a linkage between one another. Generally the dimensions of purchasing decision making are:

- Need Identification
- Search information
- Selection of alternative information
- Action or purchase action
- Post-purchase evaluation

According to Keller [5] consumer purchasing decisions on a product or service can be measured using five dimensions:

- Knowledge
- Recommendations
- Benefits
- Convenience
- Experience

Their knowledge is a reference that consumers have for a product or service brand, a recommendation is a desire that appears in the consumer because of the recommendations of others. Benefits are the perceived value of the consumer when using a product or service brand. Ease is a convenience that consumers feel after using a product or service brand while the experience is a feeling that consumers feel after using the brand products and services in the past. Those experiences encourage consumer desire to buy back the brand products they need.

### Trust

According to Tjiptono [4] trust is a feeling of love and want to reuse the brand of products that have been used or consumed for the realization of all
expectations expected by consumers. Trust is formed because of repeated activities in consuming a product, especially cigarettes. Trust occurs because of the consistency of the quality of a product after consumed or used by consumers.

Tjiptono [4] trust shows consumers’ faith in a product. Trust is formed by the experience that has been repeatedly used in a product brand. Comfort and consistency of perceived quality encourage the growing of trust. Trust becomes the initial attitude that encourages the formation of consumer commitment to continue to use a same brand. Consumers’ faith can change from time to time, due to the presence of competitors or brand substitution products.

**Measurement Indicators of Trust**

Trust in a brand is formed due to the process and influenced by a number of factors that come from consumers. In measuring trust then some indicators can be used which adopted from McKnight [6] that is:

- Benevolence is how much the level of consumers’ belief in the consumed product.
- Integrity of how much consumers’ belief in the content or substances contained in the product.
- Competence is a consumer's belief in the quality of consumed product.

**Electronic word of mouth**

Electronic word of mouth is an electronic facility used by consumers in marketing a brand to other consumer. Electronic facilities that can be used in the form of email, mailing list or message contained on the homepage of the sale and purchase website. Electronic word of mouth is a message delivered by individuals who buy products. The more positive the message conveyed by consumers who use the product will affect the user or the party reading the message so that it will encourage interest in themselves to take action purchases [4].

Electronic word of mouth is not formed by itself but can be influenced by a number of dimensions. Each dimension will create an interest in media utilization. According to Keller [5] electronic word of mouth can be measured using the following indicators:

- Good name, represents the reputation of the e-commerce network used by potential buyers.
- Specific value is a special value that creates an appeal for consumers to use electronic e-commerce based facilities.
- Weakness is a possible risk faced by consumers in using or consuming a brand.
- Maintenance is a convenience in using facilities in electronic systems based on e-commerce.

Redondo [7] reveals that in measuring the electronic word of mouth there are two indicators used, namely quantity and credibility. Each dimension is related to each other. Quantity shows the amount or volume of media usage while the credibility shows the ability or capability of the electronic media used by consumers in doing online shopping.

**Conceptual Framework**

Trust is a very important dimension in encouraging consumer decisions to shop through online websites. As the level of consumer trust getting higher, it will increase consumer purchasing decisions to make purchases of products through online websites. Establishment of trust is caused by a positive experience made repeatedly in the act of buying online.

In addition to the belief in using online shopping websites, other variables that influence online shopping decisions by customers are the quality of service. In general, the quality of service is the quality that customers receive when using a service. Service quality dimensions can be measured by using five dimensions, they are tangible, reliability, responsiveness, assurance and empathy. When service is perceived as expected, comfort and satisfaction will be established. These feelings will further strengthen consumer decisions to shop, especially on the Lazada website. Based on the brief of descriptions, it can be concluded that the quality of service has a positive effect on consumer decisions to shop through Lazada’s online shopping website.

One’s belief in online shopping activities gets stronger when they find a number of testimonials that contain positive messages about websites that offering various products to buy. Messages delivered through social media or online are called electronic word of mouth. In general, electronic word of mouth is a way to promote a product or service through a written assessment using social media. Assessment starts from positive or negative perceptions about the quality or benefits of a product. When a consumer writes a number of statements that give a positive mark to a particular brand indicating that the consumer has a good experience in using a brand or product, an opinion written through email or social media will create a suggestion for the reader, suggestions that arise within the consumers will be strengthening the consumer purchase decisions on the brand given opinion.

A number of results obtained in the study, showed that as the higher level of service quality will encourage the increasing of satisfaction, customer satisfaction consistency will create a commitment for customers to continue using the same services. Based on a brief description of some previous researches then proposed a model frame of mind that becomes a guidance in the stages of data processing, as shown in Figure-1 below:
Research Hypothesis

Based on the theoretical basis and a number of previous researches then submitted several hypotheses that will be proven that:

H₁. Trust has a positive and significant impact on consumers’ decision to shop on Lazada's shopping website

H₂. Electronic word of mouth has a positive and significant effect on consumer's decision to shop on Lazada's shopping website

METHOD

In this study the population were all users of the Lazada’ website around the city of Jakarta. In this research the samples were some people among consumers who choose to use Lazada website to conduct online buying and selling transactions. Since the population size is uncertain, the sample measurements were chosen by adopting the formula [8] which states that a good sample is 20 times the number of variables, so the total number of samples used is 4 x 20 = 80. So it can be concluded the women who were the respondents in this study were 80 people.

In general, research variables used in this study can be grouped into two, first the dependent variable as measured by the purchasing decisions. The second variable is an independent variable consisting of trust and electronic word of mouth.

Before the hypothesis were being tested, researcher at first tested the research instrument that includes validity and reliability test. The method of analysis used was quantitative by using multiple regression model and t-statistic test.

RESULTS AND DISCUSSIONS

Descriptive Statistics of Research Variables

Based on the results of data processing had been done, it can be narrated descriptive statistics of each research variables used as shown in table-3 below:

<table>
<thead>
<tr>
<th>Table-3: Descriptive Statistics</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchasing Decision</td>
<td>151</td>
<td>12</td>
<td>25</td>
<td>18.77</td>
<td>3.303</td>
</tr>
<tr>
<td>Trust</td>
<td>151</td>
<td>13</td>
<td>30</td>
<td>22.74</td>
<td>3.874</td>
</tr>
<tr>
<td>Electronic Word of Mouth</td>
<td>151</td>
<td>11</td>
<td>25</td>
<td>19.63</td>
<td>3.316</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>151</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In table-3 shows the total number of respondents used in this study amounted to 151 people. After the process of distributing the questionnaire, it was known that the total score of the lowest answer given by the respondent in assessing each statement item used to measure the spending decision was 12, while the highest score was 25. The average score of respondents given was 18.77, with standard deviation of 3.30. In accordance with the average statistics obtained, it can be concluded the decision of expenditure of respondents on the shopping website was relatively high.

Trust is the second variable that had been used, after the observation by spreading the questionnaire, it was known that the lowest answer score given by respondents in assessing the trust variable was 13, while the highest answer score given by respondents was 20. Average score of answers given by all respondents in assessing the trust variable was 22.74, with a standard deviation of 3.874. In accordance with statistical average could be concluded that the level of customer’ trust in using Lazada shopping website was relatively high.

According to the results of data observations that have been done, it was known that the lowest score given by respondents in assessing the electronic word of mouth variable was 11, while the highest answer score given was 25. Overall, it noted that the average score of answers given respondents was 19.63, so it can be concluded that electronic word of mouth provides a...
The Effect of Trust on Consumer Decision to Shop Using Lazada’s Shopping Website

According to the results of hypothesis testing aims to determine the influence of trust in consumer online shopping decisions in Jakarta through Lazada website, it was obtained sig value of 0.000. The data processing was done by using the error rate of 0.05. The result obtained showed the sig value 0.000 < from the error rate of 0.05. So the decision was Ho rejected and Ha accepted, or it can be concluded that trust has a positive and significant impact on consumer online shopping decisions in the city of Jakarta through Lazada website.

The results obtained showed as the higher level of trust that consumers had would strengthen the decision to do online purchasing through Lazada website. This happened because the trust showed a positive experience that consumers felt in online shopping in the past using Lazada website, positive experience gained in the form of benefits and value of effectiveness in shopping. Appropriate information with the perceived reality encouraged consumers to believe doing online shopping activities on several products, start from fashion, electronic, computer, and various other products. As many conveniences offered in online shopping, and the security of shopping has created a value of trust in consumers, so when the need for a product then online shopping through Lazada website would be prioritized.

The results obtained by researcher was in accordance with the research undertaken by Sulistiono and Setiawan [9] it was found that trust positively affects customers’ online shopping decisions in using Lazada website. Similar results were also obtained in Ratfidah and Djawoto’s research [10] who found that trust had a positive effect on consumers’ purchasing decisions in online shopping through Lazada website. The same is also explained by Ismayanto and Kusuma [11] as well as research conducted by Widiyanti et al.,

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Effect of Electronic Word of Mouth Against Consumer’s Decision to Shop Using Lazada’s Shopping Website

Testing the second hypothesis was aimed to determine the effect of electronic word of mouth on consumers’ online shopping decisions in Jakarta through the website Lazada. It was obtained sig. value of 0.052. The data processing was done by using the error rate of 0.05. The result showed sig. value of 0.152. The decision was Ho accepted and it can be concluded that electronic word of mouth has no significant effect to consumer online shopping decision in Kota Jakarta through Lazada website.

The findings showed that electronic word of mouth was not a variable affecting online shopping decisions made by consumers through Lazada website. The situation occurred because in shopping the most important thing that consumers perceived is a matter of security, the authenticity of brand products sold, to the completeness of products and budget owned consumers, for most consumers testimonials or called electronic word of mouth is information that will reinforce consumers’ trust before the decision appears in consumers.

The results obtained are in line with Irwan's [13] and Junaedi [14] studies which found that electronic word of mouth (EWOM) had no significant effect on consumer decisions to shop online by utilizing a website. According to Syafei [15] experiences were far more influenced consumer decisions in shopping through the Lazada website. Yoo et al., [16] found that the electronic work of mouth had a positive effect on purchasing decisions. The results suggest that the higher activity of electronic work of mouth will strengthen consumer purchasing decisions on a brand.

CONCLUSIONS AND SUGGESTIONS

CONCLUSIONS
- Based on the analysis and discussion as the results of hypothesis testing that had been done, these are some important conclusions as the answers of the problems in this research. They are:
  - Trust positively and significantly influence on consumer decisions in doing online purchasing through Lazada website in Jakarta. Electronic word of mouth no significant effect on consumer decisions in doing online purchasing through Lazada website in Jakarta.

SUGGESTIONS

Based on the limitations of the results, several suggestions are proposed that can provide positive benefits for:
- Future researchers are advised to make a sample grouping, and determine the sample size based on a particular characteristic, so that samples can be properly constrained and able to improve the quality of the results that obtained.
- The process of collecting data and information tightened and implemented in a long time, so that the accuracy of the answers obtained can reduce the data or outlier so as to encourage the increasing quality of the results.
- Future researchers are expected to find and add at least one new variable that also influences the consumer's decision to shop online through an e-commerce-based website, such variables as security, facilities, satisfaction and so on.

REFERENCES


