

# Consumer Trust and Online Purchase Decision: Study of Consumer Behavior on E-Commerce

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## Abstract

The purpose of this study is to examine the factors that can improve the online purchase decision of consumers when shopping through e-commerce. The research was conducted quantitatively by comparing previous theories to find research hypotheses. There is a questionnaire distributed to consumers in one month and the results of the distribution are processed through linear regression analysis for the evaluation of research hypotheses and statistical analysis. The results of the research convey that there are two consumer behaviors that have a relationship with online purchase decisions, namely consumer trust, and online shopping experience. Understanding consumer behavior provides an opportunity for companies to achieve sustainable performance. The study was conducted by statistical evaluation and found that partially trust is the first factor and online shopping experience is the second factor that can influence consumer buying behavior on e-commerce platforms. The benefit of this research on companies in general is that it is important to understand consumer behavior in supporting marketing and company performance, so that the company's existence is able to survive and benefit the environment.

## Keywords

Consumer Trust, Online Purchase Decision, E-Commerce.

## 1. Introduction

Consumer behavior is an important part of management science (Hui-Yao & Shieh, 2012), currently used by companies to understand the development of consumer behavior and its impact on the sustainability of the company (Lavorata, 2014; Petrović-Randelović et al., 2015). One of the reasons for the survival of the company is the company's intelligence in understanding the wants and needs of its consumers (Biswas & Roy, 2015). The importance of understanding consumer behavior is related to sustainable business. Consumer behavior continues to change, all stemming from the era in which consumers are. The variant of consumer wants and needs continue to be studied by companies in the end to find a match between the products offered and the needs of target consumers (Abd Rahim et al., 2012).

In the current era of globalization, changes in consumer behavior are accompanied by changes in the need for information technology (Pozzi, 2013). Consumers are increasingly accustomed to adapting to the latest technology, one of which is when transacting online (Wen et al., 2011). With the hope that the adapted technology can provide convenience and benefits for consumers. E-Commerce is part of the impact of consumer behavior and technological developments (Alamsyah & Hariyanto, 2017; Junadi & Sfenrianto, 2015; Setiadi et al., 2018). Consumers are made easy to fulfill their wants and needs by buying products or just online. However, consumer confidence for online transactions still needs to be evaluated, especially online purchase decisions because of the large number of e-commerce options and there is a lot of abuse of online transactions (Yoon, 2002). Purchase decision is the final stage in the consumer purchasing process, there are many factors that increase the stimulus of consumers to carry out a purchase decision (Comegys et al., 2009). Purchase decision is currently a company concern because the final evaluation of the product is received or not by the market at the stage of purchase decision of consumer (Alamsyah & Febriani, 2020; Kusumawati et al., 2020). The higher the purchase decision from the consumer, the better the company's profit (Li et al., 2013). Considering that e-commerce is conducted online, purchase decisions are related to online transactions.

Online purchase decision is known to be part of consumer behavior, this behavior is required by companies with the goal of sustainable performance of the company (Alamsyah et al., 2020; Saeidi et al., 2015). Where the financial benefits will be obtained if the company is able to offer products or services that lead to purchase decisions from consumers (Barakat, 2014). Many things can influence online purchase decisions, it is known from previous research that consumer trust in e-commerce is an important factor (Comegys et al., 2009; Yoon, 2002). In addition, the company's brand image can become the basis for consumers to choose products online (Sallam, 2014; Subramaniam et al., 2014). On the one hand, it is also said that shopping experience is a matter of concern for consumers when shopping online (Dai et al., 2013), so that content on e-commerce is often a concern. Based on the phenomenon of problems with online purchase decision behavior, the research conducted focuses on evaluating online purchase decision supporting factors in supporting the sustainable performance of the company.

## **2. Methods**

This research is studied theoretically by comparing previous theories, while the main variable of the research is online purchase decision. To confirm the theory taken, a linear regression analysis was carried out with tests on consumers in the city of Bandung (Indonesia). The type of research used is descriptive quantitative, where a theoretical study is carried out to find research hypotheses and is explained through quantitative analysis. In limiting the research, other variables are determined that are the determining factors for online purchase decisions, including consumer confidence, and shopping experience on consumers. The analysis of previous research is limited to the last ten years, with the goal of finding research allegations in the form of research hypotheses and statistical analysis to confirm research hypotheses.

## **3. Results**

This research focuses on studying online purchase decisions, where this study is related to consumer behavior and e-commerce. There is an element of sustainability in assessing consumer behavior because companies need consumers in terms of receiving products and services (Sun et al., 2016). The higher the purchasing capacity of consumers for the product, the better it is from the financial side of the company (Petrović-Randelović et al., 2015). Especially if it is done online, where there are several advantages of transactions carried out online. Online purchasing decisions are part of consumer behavior (Pozzi, 2013), this behavior is known to be influenced by internal and external factors that are assessed by consumers. Consumers making a purchase decision certainly have had many considerations, and already know the risks received from the decision (Hui-Yao & Shieh, 2012). By understanding consumer decision making, the company tries to control the risks faced by consumers, this is done by building a marketing strategy (Li et al., 2013). Purchase decision behavior is the fifth stage of the consumer purchase decision process model (Nasco & Hale, 2009). Each stage is known to contain the value of trust from consumers, if trust is high, it will enter the final stage, namely the purchase decision (Comegys et al., 2009). Sometimes consumers before making a purchase, have recognized the brand of the company that provides (Rambe & Jafeta, 2017). So that the brand image becomes the initial view on the purchase decision. Online purchase decisions are related to online transactions, so that the experience in exploring e-commerce provides insights into consumer behavior (Yoon, 2002). To better understand online purchase decisions, several factors that can influence it are examined based on previous studies from experts.

### 3.1 Consumer Trust and Online Purchase Decision

Trust is related to someone's attention to something that he values and plays an important role in a person's decision process (Comegys et al., 2009). Trust itself has variants of different meanings, depending on the level of use, this time it is used for the end user of the company's products, known as consumer trust (Krystallis & Chryssohoidis, 2005). Previous research studies have explained that consumer trust has an extraordinary impact on consumer behavior in the market (Goedde-Menke et al., 2014). In the end, consumer trust contains messages related to the credibility of the companies it assesses (Hartmann et al., 2015). In environmentally friendly products, consumer trusts are central to credibility on issues of green consumption and green product (Atkinson & Rosenthal, 2014). Given that many products only take environmental issues, but the value of being friendly to the environment is not fully fulfilled. Consumer trust is interpreted as a commitment from consumers in relation to their trust in products that are considered in accordance with expectations, so that it raises concern for making purchases (Alamsyah & Syarifuddin, 2017). There are several concerns that have been studied from consumer trust, which need to fulfill the following criteria, namely reputation, reliable, trusted, meet expectation, and promises (Chen & Chang, 2012).

It has been explained that consumer trust has a relationship with consumer purchase decisions, especially online behavior (Comegys et al., 2009). Previous studies that focus on self-service retail explained that online purchase decisions develop well if they are supported by internal trust from consumers (Comegys et al., 2009). In the food and beverage industry, consumer trust controls online purchase decision behavior (Hartmann et al., 2015). The higher the trust of consumers in the end explains the level of consumer decisions. Recommendations from several previous research studies explain that there is a good relationship between consumer trust and online purchase decisions, so the first research hypothesis is found.

Hypothesis 1      Consumer trust is had positif relationship to online purchase decision.

### 3.2 Shopping Experience and Online Purchase Decision

Experience determines consumer purchasing decisions, the better the experience felt by consumers, the higher the level of consumer confidence in determining the choice of product (Dai et al., 2013). Shopping experience is related to consumer experience when selecting products, especially online shopping known as e-commerce (Gholami et al., 2016). The platform provided by the company needs to be well designed to be more user friendly and make it easier for consumers to judge what is in front of them (Vegas et al., 2019). Shopping experience indirectly prioritizes the environment faced by consumers, in e-commerce means the platform provided by the company. In theory, shopping experience is said to be a specific perception that is considered by consumers on the risks associated with online shopping and how these perceptions of risk affect consumers in choosing products (Dai et al., 2013). It seems clear that shopping experience is related to online shopping and prioritizes the quality of the e-commerce platform that is well accepted by consumers.

Many studies explain that online shopping experiences are closely related to consumer purchasing behavior. In retail companies that run e-commerce, it is known that shopping experience plays an important role in controlling the risks faced by consumers (Dai et al., 2013), because it aims to support consumers to carry out online purchase decisions (Gholami et al., 2016). Companies prioritize shopping experiences, especially providing a different store atmosphere to support consumers to make purchases more quickly and interact longer (Comegys et al., 2009). Especially for e-commerce, shopping experience relies more on website quality to support online purchase decisions (Dai et al., 2013). A review of the previous theory references, it is found a description of the third hypothesis as follows.

Hypothesis 2      Online shopping experience is had positif relationship to online purchase decision.

## 4. Discussions

Based on the results of the study, it is known that there are three variables studied, namely consumer trust, online shopping experience and purchasing behavior. The results of the analysis show that there are two research hypotheses which are then analyzed at the discussion stage.

This study analyzes consumer behavior, so that data is distributed to consumers for one month to test their behavior. The selected consumers are those who have knowledge or experience with e-commerce. The targeted consumers are consumers in the city of Bandung (Indonesia) and the data is obtained through a questionnaire with a total of 60 data. From the questionnaire, a regression test was carried out with the results shown in Table 1, Table 2, and Table 3. The test results included testing the research hypotheses that had been previously designed.

Table 1. Model Summary of Purchase Decision

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,649 <sup>a</sup>	,422	,401	1,72658
a. Predictors: (Constant), OS Experience, Trust				

Table 2. Coefficients Model

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	Trust	,329	,094	,407	3,511	,001
	OS Experience	,483	,162	,347	2,989	,004
a. Dependent Variable: Purchase Decision						

Table 3. Anova Result

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	121,806	2	60,903	20,430	,000 <sup>b</sup>
	Residual	166,940	56	2,981		
	Total	288,746	58			
a. Dependent Variable: Purchase Decision						
b. Predictors: (Constant), OS Experience, Trust						

In Table 1, the test results show that online shopping experience and consumer trust have a good relationship with consumer purchasing decisions. These two variables, namely online shopping experience and consumer trust, provide good opportunities for consumers to interact and conduct transactions through e-commerce. More deeply, the test results are known based on the coefficients model (Table 2), which partially knows the relationship between variables and answers the research hypothesis. First, directly that consumer trust has a positive relationship that is 0.407 with consumer purchasing decisions. This means that the higher consumer confidence in e-commerce, the better in supporting consumer buying behavior. This finding is in line with previous research studies that have been studied to understand consumer behavior in e-commerce (Comegys et al., 2009). This study explains the importance of increasing consumer confidence in the adaptation of the technology used if they want to change consumer behavior. The second finding is that online shopping experience is directly able to support consumer purchasing decisions in shopping on e-commerce. This finding is in line with previous research that the experience and habits of online shopping provide convenience for transactions and support consumer decisions (Dai et al., 2013). The results of the current study show that the correlation value of online shopping experience on consumer purchasing decisions is 0.347 (Table 2). The correlation results are clearly still lower than consumer confidence in relation to purchasing decisions. This means that it is known that the priority scale that can be determined in changing consumer purchasing decisions in e-commerce is firstly related to trust and secondly to the online shopping experience. Confirming the second hypothesis, so it can be said that online shopping has a good relationship on consumer purchasing decisions. The findings of this study explain that there are two internal behavior supports from consumers for online purchase decisions, including consumer trust in companies and e-commerce, and the online shopping experience that consumers feel when transacting through e-commerce (Table 3). The results of this study are useful for companies in determining marketing strategies that can control online purchase decisions. Another most important benefit is understanding that consumer behavior provides a direct stimulus to the sustainable performance of the company.

## 5. Conclusions

This study focuses on consumer behavior and its impact on sustainable performance of companies. In-depth studies are conducted on online purchase decision behavior in theory, where there is an analysis of the previous theory that online purchase decisions can be controlled by several other behaviors. The research findings show that online purchase decisions have a relationship with consumer trust with e-commerce, this trust is not only in the company as well as the platform provided. Finally, about e-commerce, consumers always consider the shopping experience, so that the platform used is deemed necessary to pay attention to content. It is known that by understanding online purchase decisions, companies can achieve sustainable performance. This research is studied with small sample, so it has research limitations and further research is expected to be studied empirically by surveying consumers who focus on shopping online.

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