THE PREDICTOR OF YOUNG CONSUMERS' INTEREST IN ONLINE PURCHASING IN INDONESIA

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ABSTRACT: *The aim of this research is to examine the effect of time distortion, trust, and positive eWOM on young age consumers' online purchase intention in Indonesia, and company image as a moderating variable. The data was collected by using questionnaire based on 6-Likert scale. The method of the sample is using convenience sampling with 200 respondents were chosen to represent overall users. The data was then analyzed by using SEM analysis and moderated regression analysis with the helping of AMOS and SPSS. The result of this research discover that there are significant and positive impacts of time distortion, trust, and positive eWOM on young age consumers' online purchase intention in Indonesia, moderated by company image variable.*

Keywords: Time Distortion, Trust, Positive EWOM, Purchase Intention, Company Image

1.   INTRODUCTION

As the rapid growth of the technology, the internet allows people to communicate each other easily. It is not only become a media to send an email or a tool to explore the websites, but it also develops into a powerful marketing device for many companies all over the world to promote their goods or services. The internet capable to send the information in the highly speed without any expensive costs that cause a highly competitive market, including in Indonesia.

As reported by Internet World Stats, the latest data as of November 30th, 2015 shows that Indonesia with the total population of 255.993.674, ranked eight worldwide by the internet users of 78 million users. The ranking goes beyond other countries, such as Germany, Britain, France, Iran, Korea, etc. [10]

The technology development and the increasing of the number of the internet users have affected the scale and scope of word-of-mouth (WOM) communication availability. WOM communication through online media usually called electronic word-of-mouth (EWOM). Internet users were more trusting on someone's recommendation rather than online advertising made by the company [1]. People tend to read some reviews about brands or products they want to purchase through online media before the make an order. Moreover, a company with a good reputation will be recommended by many people [11]. When accessing virtual social network, people are "investing" their time to read the comments or reviews in order to gain more information and expect that the time they spent will be worth it [15]

Despite the cyber crime which has been done by several untrusted sellers in the online industry, the company needs to concern about how to make their consumer trust to the company, in particular through the company image. Marketers need to know the importance of the internet as an implication of marketing strategy. This study can be used to guide them to learn about the factor that may influence young age consumers' in online purchase intention, especially that influence positive EWOM. It can also help marketers to make a decision in the digital service marketing strategy. Moreover, this study also expected to be a supporting research that provides some more information about modern marketing research.

This study aims to examine the relationship between time distortion, trust, and positive EWOM of young age internet users' purchase intention in Indonesia. Company image is taken as a moderating variable that affects the relationship between positive EWOM and purchase intentions.

The result can give the researcher an understanding each potential effect by having the sample from young consumers who have experienced in accessing Indonesian website to make an effective direct marketing for customers through Indonesia online media.

2.   MATERIALS AND METHODS

Time Distortion

Time distortion is a part of the flow [15]. Flow is a state when we feel an experience [5]. The flow represents a state in which a person experiences a certain feeling when they are involved in an activity. The flow is someone's desire to emulate something as often as possible and has a significant impact on WOM website of professional sports teams [16] [18]. In other words, once users start to feel concentrating on the internet, they are very likely to begin to continue to sink in concentration, seek, and spread the information on products and services to others. This kind of behavior is known as WOM. Thus, it can be concluded that:

H1. Time distortion has a positive impact on positive EWOM.

Trust

In transactional activities, trust is the important filter. Trust can be described as a measurement of willingness to trust to others based on their competences, such as kindness, strength, and ability [26]. Trust in online sites is not only for its users, but also trust in the websites [14]. According to them, trust in the website means that the website is competent to deliver the quality that the company had and trust to its users will have an impact on the success of online social communities. Trust in the ability of a website has a positive impact on the consumers' intention to purchase the product or service [14]. It has an impact on communication by word of mouth (WOM) and has an impact also on the information

exchange on a product or service [24]. They assumed that some users who come to online social groups are experienced and some of them have no knowledge in using certain product or service, therefore, the process of engagement in WOM communication will increase. Thus, we can conclude that:

**H2**. Trust has a relationship with positive EWOM in the social network.

Positive Ewom
In marketing field, WOM is already often heard. WOM can be defined as all the informal communications from customers about their experiences in the use of a certain product or of a seller to other people or to the public [4]. Word of mouth communication in not only described as a direct face to face communication among the customers but also the interaction through the online media. Electronic Word of Mouth (EWOM) means any comments or feedbacks, whether it is negative or positive, that was created by the customers' experience based on a specific product or company, which was shown to public in online media [8]. Activities that are included in EWOM communication, such as posting an opinion, sending pictures or videos, writing a product review, providing comments on discussion forums, blogs, or social networking. sites.

Purchase Intentions
Purchase intentions are usually well-known as the result variable of EWOM communication research [21]. Feedback from customers is very relevant to the purchasing purposes and can influence their purchasing decisions [3]. In purchasing decision, there are many people using the internet to look for some more information about certain products or services. They claimed that there were more people decided to buy the product based on users' recommendations through online media. Virtual communities can influence consumer behavior through WOM communication [24]. They also stated that WOM communication has an impact on consumer decision making and take an important part in all the purchase decisions stages. Thus, it can be concluded that:

H3. Positive EWOM has a positive impact on purchase intentions through online media.
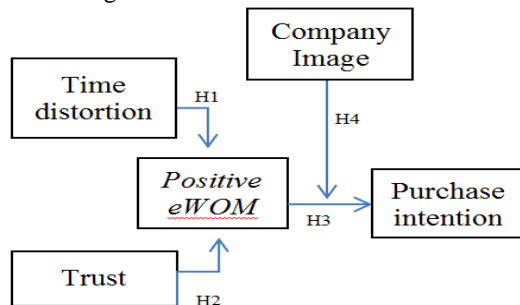
Frame 1 Framework Model

Company Image
Corporate image can represent the quality of the product they offer, the brand value they have, and reduce the risk of

uncertainty during the purchase decision [2]. Company branding can build a trust from the customers [20]. It provides an understanding of the customers about the quality level of the company and reduces hesitations during the purchase decision process. The company with a good reputation, obviously, will be recommended by the customers. Therefore, it can be assumed that:

H4. Company image moderates the relationship between positive EWOM and purchase intentions.

Methodology
The sample method of this research was using convenience sampling. The data was analyzed by SEM analysis and moderated regression analysis with the helping of AMOS and SPSS. The inputs were gathered by the questionnaires using 6-Likert scale items. It divided into 2 parts. The first part is the main part that consists of five sub-parts that contain several question items that represents each variable measured in this study. The second part is the demographic section that used to record the subject demographical data and general profile of the customer that accessing and buying products in Indonesian website.The questionnaires were spreaded out to 200 respondents, resulting to usable 200 questionnaires. Most of the respondent in this study are females that represent about 53% or 108 respondents. The rest of them are males which represents 47% or 92 respondents. The distribution of respondents' age is 95% or 194 respondents for 16-25 years and 5% or 6 respondents for 26 - 35 years. Respondents with frequency in visiting the website (in a week) are about 68% or 136 respondents visiting website 1-2 times, 22% or 44 respondents visiting website 3-5 times, 4% or 7 respondents visiting website 6-10 times, and 6% or 13 respondents visiting website >10 times. The distribution of respondents' website preferences is 33% or 66 respondents for Lazada, 26% or 51 respondents for Zalora, 18% or 35 respondents for Tokopedia, 17% or 34 respondents for others, and 7% or 14 respondents for Olx.

Measurement
The measurement of time distortion was adapted from Guo [5], and the measurement of trust was adapted from Oh, Yoon, and Park [17], and EWOM dimension were adopted from Goyette *et al.* [4]. While for purchase intentions dimension, it was measured using items as adopted from Hausman and Siekpe [6] and company image measurements were adapted from He [7] and Kim and Park [12].

3.   RESULTS AND DISCUSSION
Descriptive Analysis
The average value of variables can be used to describe the response of each variable.The result of respondent assessment about time distortion variable indicates that of the 200 respondents, on the average, was 3.63. For trust variable was 4.09 on the average. For positive EWOM variable was 3.93. For purchase intentions variable was 3.82 and for company image variable was 4.22 on the average.

Validity and Reliability Test (Table 4.1)

Table 4.1 *Validity and Reliability Testing Result (AMOS)*

Variable	Indicator	Loading (λ)	Error (ε)	Σ(λ)	Σ(ε)	Construct Reliability	Note
				3,040	0,485	0,950	Reliable
Time Distortion	TIME1	0,639	0,109				Valid
	TIME2	0,698	0,145				Valid
	TIME3	0,843	0,126				Valid
	TIME4	0,86	0,105				Valid
				3,142	0,309	0,970	Reliable
Trust	TRUST1	0,76	0,089				Valid
	TRUST2	0,755	0,081				Valid
	TRUST3	0,791	0,078				Valid
	TRUST4	0,836	0,061				Valid
				4,243	0,569	0,969	Reliable
Positive EWOM	EWOM1	0,612	0,11				Valid
	EWOM2	0,657	0,094				Valid
	EWOM3	0,724	0,108				Valid
	EWOM4	0,764	0,09				Valid
	EWOM5	0,716	0,082				Valid
	EWOM6	0,77	0,085				Valid
				2,264	0,322	0,941	Reliable
Purchase Intentons	Intention1	0,705	0,104				Valid
	Intention2	0,892	0,108				Valid
	Intention3	0,667	0,11				Valid

Source: Primary Data (Computed), 2016

AMOS is required to recalculate the data with a larger number of respondents. The result of the validity and reliability test using AMOS can be seen in Table 4.1:

From the data in Table 4.1, it can be seen that all the indicators are valid and reliable because the loading factor values are more than 0.5 (λ>0.5) and the construct reliability values are more than 0.7.

Hypothesis Testing Result(Table 4.3)

Based on the discussions above, there are five hypotheses in this framework. To investigate whether they are proven or not, the probability result in *standardized regression weight estimate* should be done. If the probability values are less than 0.05 (p<0.05), the research hypotheses are supported by the data (it is shown significantly). The test result can be seen in the following figure:
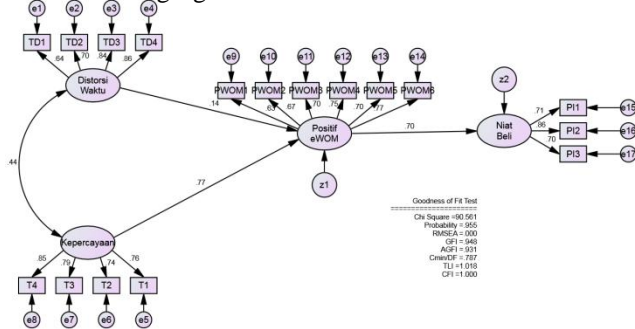

Figure 4.2 The Result of the Framework Model

Based on AMOS analysis, the figure above indicates that the hypotheses have a causal relationship.

Table 4.3 *Hypothesis Testing Result*

Hypothesis	Variable relationship	Estimate Standardized	P-value	Status
H1	Time →Positive EWOM	0.132	0.039	Supported
H2	Trust→ Positive EWOM	0.627	0.000	Supported
H3	Positive EWOM→ Purchase	0.762	0.000	Supported

Source: Primary Data (Computed), 2016

The first hypothesis, time distortion has a positive impact on positive EWOM, is accepted. Testing of time distortion on positive EWOM was proven positive and significant because the probability value is 0.039 (p < 0.05) and the value of estimate standardized is 0,132 (H1 supported).

The second hypothesis, trust has a positive impact on positive EWOM, is accepted. Testing of trust on positive EWOM was proven positive and significant because the probability value is 0.000 (p < 0.05) and the value of estimate standardized is 0.627 (H2 supported).

The third hypothesis, positive EWOM has a positive impact on purchase intentions, is accepted. Testing of positive EWOM on young age internet users' purchase intentions was proven positive and significant because the probability value is 0.000 (p < 0.05) and the value of estimate standardized is 0.762 (H3 supported).

Hypothesis Testing Result (Moderating Variable)
F-Test(table 4.4)

The regression model result of company image as moderating variable can be seen in the table below:
By using a moderating regression model, the equation can be written as follows:
Purchase= 0.846+0.557WOM+0.080WOM*IMAGE
Based on the equation, it can be interpreted that the constant value is 0.846. It means if there is no independent variable, purchase intentions based on the statistics calculation is 0.846. Positive EWOM has a positive impact on purchase intentions with the regression coefficient 0.557. It means if positive EWOM raises one unit, then the purchase intentions will rise 0.557, assuming that the other independent variables are constant. The relationship between positive EWOM and the company image is positive, where the purchase intention variable regression coefficient is 0.080. The data shows that if the positive EWOM-company image relationship increases one unit, then the purchase intentions will increase 0.080, assuming other independent variables are constant.

T-Test (Table 4.5)

Table 4.4 *The Result of Moderating Regression Using F-Test*

Independent Variable	Regression Coefficient	Sig-t (p-value)
Constant Value	0.846	0.008
WOM	0.557	0,000
WOM*IMAGE	0,080	0,240
F Test	34.841	
Sig-F	0,000	
Adjusted R^2	0,338	

Source: Data from the Regression, 2016

Table 4.5 *the Result of Moderating Regression Using T- Test*

		Coefficients[a]				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	.846	.318		2.659	.008
	PWOM	.557	.063	.525	8.877	.000
	CI	.167	.054	.183	3.104	.002
	PWOM*CI	.080	.068	.068	1.179	.240

Source: Primary Data (Computed), 2016

The result in the table above shows that p-value was 0.240. Because it valued more than 5% (0.240 > 0.05), then Ho is accepted. It means that the relationship between positive EWOM and company image has a positive impact but not significant. Therefore, the fourth hypothesis is accepted.

DISCUSSION

The research proves that the time distortion has a significant and positive effect on positive EWOM. The higher (lower) the time distortion will increase (decrease) the positive EWOM. It means that if someone feels time goes by very quickly when doing an online shopping, forget the time, spend the time more than he expected, it will increase their positive perceptions about online shopping [5]. These results are consistent with the previous studies [15], in which the time distortion has a significant positive impact on positive EWOM.

The research proves that trust significantly has a positive impact on positive EWOM. The higher (lower) the trust, will rise (decrease) positive EWOM on online shopping activities. The more people trust to a product or a company, they would like to recommend to others through WOM communication [23]. These results are consistent with the previous studies [15], in which the trust has a significant and positive impact on positive EWOM. The research proves that the positive EWOM has significant and positive influence on purchase intentions. The higher the positive EWOM will increase the purchase intentions in the online shopping.

WOM communication will give a strong influence on consumers who are interested in someone's recommendation towards some products or brands. Interaction in EWOM communication, including posting an opinion based on their experiences, making a product review, posting a comment on discussion forums, blogs, or social networking sites [22]. These results are consistent with the previous studies [15], in which the positive EWOM has a significant and positive impact on purchase intentions.

The research proves that company image has a positive impact on the positive EWOM-purchase intentions relationship, but not significantly. The higher (lower) the company image will strengthen (weaken) the positive EWOM-purchase intentions relationship. Company image is recognized as one of the most important resources that companies need to build. It indicates an understanding of the company's quality level to the customers towards the product the company offers and reduces hesitations during the purchase decision [2]. Based on his research, it can be found that the relationship between the positive EWOM and purchasing intentions rose through company image as a moderating variable. In other studies [19], it proves that consumers' perception of company image is given a positive effect through WOM communication.

From that result in above, this study provides an overview of policymaking in order to create the interest buying or encourages WOM communication among the customers. Improving ease of access or online shopping navigation, site design development, websites information format, and increasing the security for the customers, as well as the communication facilities between the company and the customers are things to be noted for online business

marketers. This research also may guide them to be able to develop an internet network in the use of online shopping, therefore, the site can provide the clearest and the most updated information about products, offers, and hopefully, can provide the information for all the customers' question.

4.   CONCLUSION

The result of this study found that there are significant and positive impacts of time distortion, trust, and positive eWOM on young age consumers' purchase intention, moderated by company image variable. From that result, the practitioners can improve their strategy to approach their online customer. The researchers suggest to future studies to examine the other elements that may affect the EWOM behavior and consequences in using the internet for trading. The researchers suggest making it be more specific to a certain website to be analyzed.

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