

## CONSUMER TRUST ANALYSIS OF ONLINE BUSINESS IN SOCIAL MEDIA

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### Abstract

Online business (e-commerce) is a social shopping transaction that has a high potential fraud risk. Therefore, consumer confidence in vendors is a key factor in e-commerce. Based on these ideas, this study aims to (1) analyze the influence of e-commerce vendor security control, ability and integrity on consumer trust in online business on social media and (2) analyze the effect of consumer confidence variables on repurchase interest.

This research was conducted by taking a sample of online business consumers in the East Surabaya area. The technique of determining the sample using purposive sampling, the number of samples in this study were 70 respondents. The analytical method used is Partial Least Square (PLS).

The results showed that, security control, ability and integrity variables influence consumer confidence and Consumer Confidence Variables affect Repurchase Interest.

Key words: Security Control, Ability, Integrity, Consumer Trust and Repurchase Interest

## Preliminary

Increasing internet users in Indonesia, indirectly create a trend of online shopping in Indonesia also tends to continue to increase. Internet has revolutionized the way the world does business both locally and globally. Many small and large companies have used the internet to support their business, some are even called online businesses or e-commerce which merely make the internet a major business. According to Laudon (2010: 8), e-commerce is defined as trading transactions that are made possible digitally between organizations with organizations or with individuals and between individuals and individuals. Indonesian consumers remain the most active online shoppers.

This was revealed through the results of research by the E-Commerce Index, an independent global survey of online shopping trends. Among the Southeast Asian countries surveyed, Indonesia (78%) ranks highest in sharing recommendations via social media, followed by Malaysia (67%) and Thailand (65%). Today, social media is not only used for social interaction using techniques that make it easy to access and publish user information, but is also used in marketing known as social media marketing, the process of gaining traffic or attention through a site - social media sites (Jonathan & Prihartono 2012: 115-116).

The advantage that can be obtained from using social media is that online business companies can easily, quickly, and have low cost in communicating products or services offered to consumers and can also improve relationships with consumers through customer service on these social networking sites. The existence of social media has a positive impact on entrepreneurs who do not have enough capital to have an offline business (shop) in developing business potential through this online media.

The published E-Commerce Index Research from Rakuten Inc., has become a breath of fresh air for e-commerce players in Indonesia as the leader of online business trends through social media or social shopping. In Southeast Asia, Indonesia leads the index of social spending trends by 78%, and around 28% of consumers still survive the conventional style of shopping by going to stores ([www.suarapembaruan.com](http://www.suarapembaruan.com)). Data on social spending trends that continue to increase in Indonesia. Online business is expected to survive and continue to increase every year as many conveniences can be found in online transactions, but the number of fraud in cyberspace (cyber crime) and low trust in sellers (sellers) make recommendations the choice of most consumers.

According to Rosseau, Sitkin, and Camere (1998), defining trust in various contexts is one's willingness to accept risk. Consumer trust is the foundation in running online and offline businesses, so that customer loyalty can be formed.

Online businesses need to build consumer confidence in online shopping platforms, so they can maintain the business amid increasingly fierce competition. When consumers trust a company, they will prefer to repurchase and share valuable personal information with the company (Prasaranphanich, 2007). Repurchase intention shows the desire of consumers to repurchase an item or service (Woodside, 1998 in Surya Aji 2012).

## Theoretical basis

### Online Business (E-Commerce)

E-commerce is the use of transmission media (telecommunications) to be included in exchanges, including sales and purchases, of products and services that require transportation, for physical and digital, from location to location based on the opinion of Greenstein and Vasarhelyi (2004, p2).

The definition of e-commerce according to Turban et al (2010) is "the process of buying and selling; or exchange products, services, or information through computers. " Meanwhile, according to Laudon (2010), e-commerce is the use of the internet and the web for business transactions; or more formally e-commerce is defined as trade transactions that are made possible digitally between organizations and organizations or individuals and between individuals and individuals.

### Trust

Fukuyama (2002: 36) calls trust as hope that exists in a community that has normal, honest, cooperative behavior, based on shared norms, in the interests of other members of the community. These norms may be basic "value" issues such as God or justice, but they are also very likely to include secondary norms such as professional standards and rules of conduct. Fukuyama (2006) defines trust as a psychological state that makes someone willing to accept risk from others based on an estimate of good intentions and behavior from others.

### Dimension of Trust

1. Trust is built between parties who do not yet know each other both in interactions and transaction processes. McKnight et al (2002) states that there are two dimensions of consumer trust namely Trusting Belief and Trusting Intention

### Repurchase Interest

According to Assael (1995) the desire to buy is the tendency of consumers to buy a product. Measurement of the desire to buy is an important thing in the development of marketing strategies. It should be noted that the decision to buy a product is influenced by two things, namely: the attitude and attitude of others and the situation factors that are not anticipated. High repurchase interest reflects a high level of satisfaction from consumers when deciding to adopt a product. A taste for a product arises when consumers have a perception that the products they use are of good quality and can meet or even exceed the desires and expectations of consumers. (Thamrin, 2003 in Dyah 2009 research).

### Effect of Security Control on Consumer Confidence

According to (Koufaris and Sosa, 2004 in the study of Christine Mesach, 2011) states that security control has a relationship with the initial trust. The ability to exercise control over security causes no party to be disadvantaged when conducting transactions online. This causes customers to be free from fear when making transactions online and creates trust.

E-commerce security is a major control issue for companies that run e-commerce (Kenneth and Jane C. Loudon, 2005 in research R.A Marlien, Probo: 2010). It is very important that data related to e-commerce such as buyer and seller data is kept confidential during electronic transmission. Consumers who feel safe about the overall internet environment will tend to trust the website that provides e-commerce services.

## **Research methods**

### Definition of Variable Operations

The variables used in this study consisted of:

#### Security Control (X1)

Security control when shopping online is a security control in conducting online transactions. Vendors or sellers guarantee the security of transaction data from abuse or crime on the internet. In research (Handayani, 2010) indicators used to measure this variable are

1. Security: internet vendors implement appropriate security to protect consumers.
2. Information that does not change: Internet vendors guarantee will not change information when transacting on the internet.

#### Ability (X2)

Ability (ability) is defined as the customer's perception of the seller's ability through e-commerce media in providing goods, providing a sense of security and comfort in transactions. In research (Rofiq, 2007) indicators used to measure this variable are:

1. Competence: Customer perception that e-commerce vendors have the ability to provide quality goods for customers.
2. Experience: Customer perception that e-commerce vendors have experience so that they can send goods on time.
3. Broad Knowledge: Customer perception that e-commerce vendors have good knowledge in securing transactions.
4. Institutional Approval: customer perception that e-commerce vendors have been recognized by other parties, such as suppliers, distributors, shipping services, and so on.

#### Integrity (X3)

Integrity is defined as the customer's perception of the seller's commitment through e-commerce media in maintaining values to provide the best service to customers. In research (Rofiq, 2007) indicators used to measure this variable are:

1. Compliance: Customer perception that e-commerce vendors will fulfill what their customers expect.
2. Candor: Customers' perception that e-commerce vendors will not hide information that is important to their customers.
3. Reliability: The customer's perception that e-commerce vendors always maintain their reputation.

### Consumer Confidence (Y1)

Trust is defined as customer trust that arises because the customer feels satisfied and comfortable fulfilling the seller's responsibility for transactions through e-commerce media. In research (Rofiq, 2007) indicators used to measure this variable are:

1. Convenience: The customer's perception that e-commerce vendors provide convenience in transactions.
2. Satisfaction: Customer perception that e-commerce vendors provide satisfaction in the transaction.
3. Responsibilities: Customer perception that e-commerce vendors fulfill their responsibilities to customers

### Repurchase Interest (Y2)

Repurchase Intention can be defined as the customer's desire to make a repeat purchase. According to Ferdinand (2002: 129) repurchase interest can be identified through the following indicators:

1. Transactional interest: a person's tendency to always buy back products that he has consumed.
2. Referential interest: a person's tendency to reference a product that he has bought, so that it can also be bought by someone else, with reference to his consumption experience.

### Variable Measurement

Scale measurement variables using Ordinal Scale is a data measurement tool that shows data in accordance with a certain order or sequence (Ferdinand, 2006: 261). The variable weighting technique uses a Likert scale that is a method of measuring attitudes using a seven-point research scale that is in the range of two sides (Umar, 2000 in Surya Aji, 2012). Population and Sample . The population in this study are internet users in the East Surabaya area who have conducted e-commerce transactions through social media. Sampling in this study using non-probability sampling techniques using purposive sampling. While purposive sampling is the selection of "purposive samples" that meet the criteria determined by researchers (Ferdinand, 2006: 231). The criteria in question are, as follows: Consumers who have made online transactions more than once, and consumers aged 18-34 years.

## Research Results and Discussion

### Effect of Security Control on Consumer Confidence

Based on the results of research that has been done, it is obtained that security control influences consumer trust, so the hypothesis that security control positively influences consumer trust can be accepted. This condition is in accordance with the results of research by R.A Marlien, Probo (2010). It is very important that data relating to e-commerce such as buyer and seller data is kept confidential during electronic transactions. Consumers who feel safe about the overall internet environment will tend to trust the website that provides e-commerce services. The results of this study indicate that the relationship of security control to the level of consumer confidence is that when internet vendors implement good security control in online transactions with consumers, this can make consumers more trustworthy online shopping.

### Effect of Ability on Consumer Confidence

Based on the results of research that has been done, it is obtained that the ability influences consumer confidence so that the hypothesis stating the ability has a positive effect on consumer

confidence can be accepted. This condition is in accordance with the results of research by Handayani (2010). The relationship of competence to the level of consumer confidence is that a vendor can be said to be competent if it has reliable resources and personnel, for example, the quality of the store's appearance must be made attractive, internet vendors must be responsive in dealing with problems, so that consumers trust internet vendors. The results of this study indicate that the ability to affect consumer confidence to shop on the internet, where if the competence of vendors is increased, the confidence to shop on the internet will also increase.

#### Effect of Integrity on Consumer Confidence

Based on the results of research that has been done, the results show that integrity affects consumer confidence so that the hypothesis stating integrity has a positive effect on consumer confidence can be accepted. This condition is consistent with the results of research by Rofiq (2007) Integrity related to how the behavior or habits of sellers in running their business. Information provided to consumers whether true in accordance with facts or not. The quality of the products sold is trustworthy or not. The results of this study indicate that the relationship of integrity to the level of consumer trust to see the integrity of vendors on the internet is not easy because consumers can only know whether a vendor has good integrity or not by looking at the testimonial test written by consumers who have transacted, it is not a benchmark legitimate but will reduce risk before consumers make online transactions.

#### Effect of Consumer Confidence on Repurchase Interest

Based on the results of research conducted obtained results that consumer confidence affects the interest in repurchase so that the hypothesis that consumer confidence has a positive effect on repurchase interest can be accepted. This condition is in accordance with the results of Ariyan's study (2012) explaining the relationship of the level of consumer confidence in repurchase decisions is that if consumers have a positive belief in online shopping, consumers will be more likely to have a positive attitude and buy the product. Satisfaction with the use of the product will strengthen the attitude and heighten the probability of repurchase. The results of this study indicate that consumer confidence affects the interest in repurchasing products or services, where if consumers have a positive belief in online shopping will strengthen attitudes and enhance the probability

#### Conclusion

Based on the results and discussion concluded as follows:

1. Increasing security control will increase consumer confidence in online businesses on social media
2. Increasing ability will increase consumer confidence in online businesses on social media
3. Increasing integrity will increase consumer confidence in online businesses
4. Increasing consumer confidence in online businesses on social media will increase consumer repurchase interest.

#### Suggestion

The suggestions that can be conveyed in this study:

1. We recommend that online businesses always pay attention to the security system (security control) to protect consumers from cyber crime during transactions on social media (Facebook and Twitter), so consumers feel safe and comfortable shopping online.

2. Consumer confidence as a foundation in running a business must continue to be maintained by online businesses with responsibility for the inconvenience of consumers during the transaction.

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