

# Study Effectiveness Web Site E-Commerce and Marketplace in Increasing Consumer Trust in Indonesian Retail Food Industry

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**Abstract**— The presence of computers and the internet has now changed the face of human civilization, ranging from industry, education, to economics and commerce. One of the best-known things now is online transactions using the internet is an E-Commerce web site and marketplace. Retail companies are competing to market their products via the internet. It is quite interesting to analyze the issue of the extent to which the effectiveness of E-commerce Web sites and marketplaces in gaining consumer trust in the real food industry. More effective way to gain consumer trust. This study aims to determine the factors that influence consumer trust and buying interest in retail food products. The data in this study came from all consumers who had sold retail food products online throughout Indonesia. The results of the study indicate that the use of e-commerce and Marketplace web sites has its respective advantages and disadvantages to gain consumer trust in the retail food industry.

**Keywords**— Trust In Brand, E-Commerce, Marketplace, Retail Food Industry.

## 1. Introduction

E-Commerce is a process of buying and selling products electronically by consumers and from company to company with computers as intermediaries for business transactions [1]-[2]. E-commerce applications can shorten the time relations between companies with other external entities (suppliers, distributors, partners, consumers) can be done faster, more intensive, and cheaper than conventional application of management principles (door to door, one-to-one relationship). E-commerce services provide support to customers being able to access and place orders from various places.

Enthusiastic community increased because it was supported by adequate infrastructure and easy access. The Investment Coordinating Board (BKPM) revealed the value of an investment in the digital market sector in 2017 reached USD 5 billion. This makes the marketplace the most sought after economic sector. Google and Temasek research in its e-Conomy SEA 2018 report, states the Gross Merchandise Value or GMV e-commerce industry in Southeast Asia reaches US \$ 23.2 billion or equivalent to IDR. 336.4 trillion (assuming IDR. 14. 500 per US dollar) in 2018. The number increased 114 per cent compared to 2017 which was only US \$ 10.9 billion. "GMV e-commerce in Indonesia alone years and 2 018 is the amount of US \$ 12.2 billion.

In addition to the growth of online shopping, the report also explained how the growth of infrastructure that supports the growth of the online shopping market. The infrastructure in question, such as the number of credit card users, the number of people with bank accounts, including the growing number of internet and smartphone users, to online buying and selling is done through mobile devices.

The results of a survey conducted by Facebook during the national online shopping day [3] revealed that there was a significant increase in e-commerce transactions in Indonesia where information was also obtained that Indonesians preferred shopping online. In 2014 transactions related to Indonesian e-commerce reached USD 12 billion while in America alone in 2002 the monthly average in the online business reached 25.8 million USD. Recognizing the growing e-commerce trend, business people in Indonesia are now demanded to be able to act quickly in meeting the demands of customer demands, one of which is the use of e-commerce [4]. E-commerce is the process of buying and selling various products, services and



information electronically that focuses on business transactions using the internet and provides a guarantee of the level of consumer trust in the existence of the internet [5].

Consumer trust is essentially a form of consumer support to the efforts being made to get all something to be desired, through the trust a consumer will provide support related to the purchase decision to be set [6]. Analysis of consumer trust will provide an overview of all forms of activities or activities undertaken so that consumers truly believe that the decision made is the best. Consumer trust in using information technology in conducting a transaction is the first step of someone to create interest through convenience which would be obtained by a person to pass a transaction to be carried out. The company's various efforts to provide trust are directly related to efforts to create customer satisfaction.

Consumer behaviour on products sold online then through several stages, namely the stage before the purchase, purchase, and after purchase. In the stage before the purchase, consumers will search for information related to products and services. At the purchasing stage, consumers will purchase products, and at the post-purchase stage, consumers consume (use of the product), evaluate product performance, and finally discard the product after use.

Some of these stages make the activities or activities of individuals who are directly involved in obtaining and using goods and services including the decision-making process in the preparation and determination of these activities. So in consumer behaviour, online products will provide support for decisions to be made. Through analysis of consumer behaviour online products, the decisions made can reflect consumer interest in the product from various information received by each individual. Completeness of information coupled with an attractive website appearance and meeting the concept of e-services cape which includes three dimensions, namely aesthetic appeal, layout & function and financial security will further enhance consumer trust and intentions.

A report shows the online culinary business in Indonesia has grown in recent years [7]. This is one of them caused by the needs and lifestyle of the population that is getting higher. Data from Parama Indonesia, an institution that helps start-up companies develop, states that Indonesia's culinary

sector is growing at an average of seven to 14 per cent per year in the last five years.

The increase in the food business was triggered because of the needs of the community in big cities. Also, the lifestyle of the people who work until night-time makes workers order food more often than eating at home. And this behaviour is supported by developments in technology and the internet.

This lifestyle is claimed to make the culinary business more promising. The online catering business, for example, can reap profits of tens of millions to hundreds of millions of rupiah. The culinary business made the biggest contribution to the creative economy sector.

Because the level of income per capita rises and grows, lifestyle opportunities will also go up. Culinary will also always be sought, not eating because of hunger but eating because it becomes a lifestyle. However, unfortunately, today's culinary business does not always last long. Therefore, we will conduct an Effectiveness Study on E-Commerce and Marketplace Websites, in Improving Consumer Trust in the Retail Food Industry

## 2. Literature Review

Trust in Brands Customer trust in a brand (brand trust) is defined as the customer's desire to rely on a brand with the risks faced because expectations of the brand will lead to positive results [8]. Trust has an important role in industrial marketing. The dynamics of a fast business environment forces corporate marketing to find more creative and flexible ways to adapt. To survive in this situation, companies will look for creative ways through the formation of collaborative relationships with customers [9]. Trust is considered the most important way to build and maintain relationships with customers in the long run. This explains that the initial creation of relationships with partners is based on trust.

Trust is a mental condition based on a person's situation and social context, in which case the trust is given to purchases through internet media. Also, trust in online stores is a willingness to accept weaknesses in online transactions based on positive expectations regarding the future behaviour of online stores [10]. The higher the degree of consumer trust, the higher the level of consumer intention purchase [11]. Simply trusting is



necessary when placing orders online and when customers send financial information and other personal data in conducting financial transactions [12].

The results of tests that have been done show that the advertising program variables and consumer trust via e-mail significantly influence directly to purchasing decisions or indirectly through information processing [13]. Another research in ref [14], the research was conducted to explore online marketing factors that influence purchasing decisions and analyse what factors are the most dominant influence. From the results of the study, it was revealed that there are five factors of online marketing that influence consumers' decisions to shop online: factors in the process of purchase transactions; price discount factor, information clarity factor; product excellence factors; and service excellence factor, however, the most dominant factor influencing consumers' decision to buy through online shopping is product superiority

Trust in C2C e-commerce is influenced by two factors namely internal and external [15]. Internal factors consist of Natural Propensity to Trust (one's ability to trust), and Perception of Website Quality (one's perception in assessing the quality of a site). While external factors consist of Other Trusts of Buyer or Seller (trust given by other parties to the seller or buyer) and Third-Party Recognition (recognition given by third parties). Consumer satisfaction has become a central concept in marketing theory and practice, and is one of the essential objectives for business activity. Consumer satisfaction is believed to have a large role in product quality. Therefore, consumers play an important role in measuring satisfaction with goods and services provided by the company. Satisfaction (satisfaction) is a feeling of pleasure or disappointment someone who arises because of comparing the performance of perceived products (results) against their expectations. If performance fails to meet expectations, the customer will be dissatisfied. If the performance is in line with expectations, the customer will be satisfied. If performance exceeds expectations, consumers will be very satisfied or happy.

The internet is a network that consists of various networks and unites several computers and forms and acts as a large network for transportation of data and messages to all parts of the world [16]. Based on the understanding of the internet it can be

concluded that the internet is a communication network that can connect computers, smartphones, tablets and the like throughout the world. E-Commerce is a process of buying and selling products electronically by consumers and from company to company with computers as intermediaries for business transactions. These sales activities have an advantage in transaction activities where the activity is carried out quickly and provides speed in the transaction process carried out. E-Commerce also showed a shape change in trading activity conducted by a variety of advantages or advantages offered k's.

## 2.1 Food Retail Industry

Retailer or retail business entity that is distributing goods/services to consumers both usually they sell retail [20]. Retailers have an important role both in distribution and promoting certain goods. Like the slogan "Retail is detail", because retail has more knowledge and experience in selling to consumers. Details Creating More Value of Goods and Services. Imagine if you want to make a cup of coffee to accompany you every morning. Of course you need to buy several ingredients such as coffee, sugar and creamer. Try to imagine if you have to go to every store (manufacturer) to buy all three. Plus just imagine how many stores will be built to build just one type of product. Retail provides thousands of types of goods from hundreds of producers in one store.

However, Retail is not always related to daily needs that are usually sold at Alfamart / Indomaret. Examples of Pizza Hut, McD and KFC are examples of successful food retailing. The retail includes in the world of services such as Air Asia, Prudential and TIKI which offer retail in the form of services.

The retail business provides economic needs for customers in 5 ways: (1) Provide the supply/supply of goods and services when and when needed by consumers/customers with little or no delay. (2) Make it easy for consumers/customers to choose or compare the form, quality and goods and services offered. (3) Keep selling prices low to be able to compete in satisfying customers. (4) Helps improve people's living standards. (5) The existence of a retail business also allows for large-scale production (mass production).

But the digital era has changed the format of retail business sales including the food and beverage industry. This year, consumer demand for



mobile ordering has increased, making many food and beverage outlets eventually open their online shops or e-commerce sites. Many restaurants also provide their applications to make it easier for their customers to order and get various updates from them. Besides having e-commerce sites, various food and beverage businesses also sell their products in the marketplace. Now consumers can easily find a variety of online grocery stores in well-known marketplaces such as Lazada and Shopee.

Chairperson of the Communication and Media Association of the Indonesian Retail Entrepreneurs (Aprindo) Fernando Repi said, the closure of retail companies was not due to the decline or death of the industry. That was because there was a change in the business model that occurred. There is a new way of thinking of consumers, a new way of shopping, in the development of the process of digitalization, such as the rise of e-commerce. Also, the current trend is that many people who come shopping to the supermarket just to buy necessities. Previously, consumers also bought something that was not planned. Fernando admitted, it is easier for consumers to buy goods through e-commerce.

### 3 Methodology

The study was conducted using qualitative descriptive methods, namely using literature or literature studies, using journals, books, magazines, and the web that are relevant to research.

## 4 Results and Discussion

### 4.1 Ecommerce Website VS Marketplace

Ecommerce Website (often also referred to as an online store) is a website used to sell products from website owners. The products here can be limited to one brand or can be a variety of products from various brands. However, the product is still sold by only one seller, the website owner himself.

Marketplace is a third party website that acts as an intermediary that connects sellers with buyers on the internet. It can be said that marketplaces are online department stores, where many sellers with various types of products are sold in the same location.

There are several differences between the Ecommerce Website and the marketplace can be seen in Table 1.

**Table 1.** Ecommerce Website VS Marketplace

FACTOR	ECOMMERCE WEBSITE	MARKETPLACE
Cost	Spend a little money in the beginning. But this is a long-term investment.	Free (except to enjoy premium features provided by the marketplace)
Level of difficulty making	Making it easy and fast if you are used to operating a website.	You can register and use it directly to sell.
Promotion	Promotion efforts are more flexible and you can set yourself.	Promotion is more controlled by the marketplace.
Competition	Competition with other websites to get first rank in search results.	Competition in one marketplace is very tight
Sales Amount	A little can profit.	You have to sell a lot to be satisfying
Trust	If you apply the right strategy, consumer trust can be built quickly.	Consumers trust more in the marketplace, not in businesses that sell products.
Consumer Loyalty	Consumers tend to be more loyal. Especially if the business applies a customer retention strategy (member, points, etc.).	Consumers can easily run to the next store if they offer lower prices.
Data	In-depth business performance data collection.	Limited data obtained

#### 1. Cost

In the marketplace, we do not need to spend any money. Good to register or when already selling there. Except, if we want to enjoy premium features provided by the marketplace. Meanwhile, you have to spend a little money to buy and extend the domain and hosting for e-commerce websites. Especially if you use a paid online store CMS like



Shopify, of course, there are extra costs that must be incurred.

However, if we count, the money spent can buy long-term benefits that the marketplace does not have. With the amount of money that we spend, we can feel a variety of benefits that do not get the marketplace, such as:

- a. Your business will be easier to find on Google. Customers are more likely to trust businesses that have their e-commerce websites.
- b. Creating your e-commerce website can increase brand credibility.
- c. Increase the brand awareness of your business.

## 2. Level of difficulty making

Creating an e-commerce website is easy and fast. It's just that you still need to learn technical things like doing maintenance and website optimization. Precisely, you have to optimize SEO, do promotions, to ensure that the website remains safe and responsive for visitors to access.

While in the marketplace, what is needed is already available. We just need to register, enter the items and prices and can already start selling. All can be done in just minutes.

## 3. Goods for sale

On e-commerce websites, products that are suitable for sale are exclusive products that are not easy to find. For example, such as your handicraft products, unique snacks, or branded goods.

Selling in the marketplace can be considered if you sell items that are more general and are usually bought in large quantities. Some of them include home supplies, stationery, to electronic goods along with their accessories and also retail food.

## 4. Promotion

Difference website commerce and the most perceptible marketplace at the promotion. Because having your e-commerce website means you also have to take care of all the promotions from the website. While in the marketplace, promotions are assisted by platforms where we sell.

Promotion on the website itself is from attracting traffic, gathering leads, promotion on

social media, and many others. We must be able to create an optimal digital marketing strategy so that products on the website can be sold.

If we sell in the marketplace, we can breathe more easily. Therefore, more promotion is carried out by the marketplace. That's because as a provider of places to sell, the marketplace wants to attract traffic and sell products in it as much as possible. So, indirectly your sales will also be promoted.

We can also buy premium features that are available in the marketplace. Generally, these features are functioning to be able to reach more people in the marketplace. Some of them are Tokopedia Power Merchant and Bukalapak Super Seller features.

## 5. Competition

Marketplace has hard competition. Because other stores also offer the same items that you sell on one platform. Sometimes hundreds of sellers sell the same items. We have to be able to compete from price, quality, security packing, to delivery speed. Competing very tight this makes difficult to find a buyer for many choices for prospective customers. While on e-commerce websites, there is no competition happening on one web site. Instead, competition occurs with fellow other e-commerce websites to get first rank in search results.

## 6. Number of Sales

In the marketplace, the margin of each sale is lower when compared to sales on e-commerce websites. This is due to the tight pertain gan happened, so we were forced playing with prices to be competitive. Therefore, the number of sales we have to do in the marketplace must be very high to be able to get a satisfying profit.

While on your e-commerce website, you don't need to go to the trouble of selling a lot of goods to make a profit. Because the margin you get from each product sold can far exceed the marketplace because the competition is not as strict as there. Moreover, if the product being sold is indeed of high quality and is not sold anywhere.

## 7. Consumer Loyalty

As with promotion, we do not have many choices for maintaining and increasing consumer loyalty in



the marketplace. Moreover seeing intense competition, consumer loyalty could falter if competitors offer a discount or free boarding shipping costs.

While e-commerce websites can increase customer loyalty by implementing a customer retention strategy. Customer loyalty this is quite important, because based on research, retaining old customers is easier and more profitable to weigh new customers. We can gain profits more easily with old consumers, with the requirement to implement strategies to maintain consumer loyalty properly. Strategy to maintain customer loyalty or referred to as customer retention that you can apply on your e-commerce website.

#### 8. Trust

For the issue of trust for new sellers, the marketplace is still better than your e-commerce website. Especially if the marketplace is a large marketplace that already has a good reputation.

For sellers who have just created an e-commerce website, building trust takes a lot of time. You must be focused and serious about implementing strategies to build consumer trust through the website. Some of them are like live chat and display testimonials.

#### 9. Data Collection

Data for business is one of the important things that you must always monitor. From data collection, you can see the overall business performance. So that you can use the data to create a comprehensive marketing strategy.

Complete data collection on your business can only be done on e-commerce websites. By using tools like Google Analytics, you can find out the audience demographics, visitor behaviour, engagement, to the source of your website's traffic. So you can see and collect various data that you need.

Marketplace usually also provide features analyst data. However, the results are not as complete as your e-commerce website. Because, with an e-commerce website, you can take advantage of many marketing tools that can provide various data from various aspects of the business in-depth.

## 5. Conclusions

With a variety of advantages and disadvantages that use your website and marketplace e-commerce in improving consumer trust in industry food retail, then:

The use of e-commerce web sites is superior in several ways, namely:

1. Competition that occurs on one website does not exist, the web because they only sell our goods only. Instead, competition occurs with fellow other e-commerce websites to get the first ranking in search results.
2. E-commerce websites don't need to sell a lot of goods to make a profit. Because the margin you get from each product sold can far exceed in the marketplace. Moreover, if the product being sold is indeed of high quality and is not sold anywhere.
3. E-commerce websites can increase customer loyalty by implementing a customer retention strategy.
4. E-commerce website, you can take advantage of many marketing tools that can provide a variety of data from various aspects of the business in-depth.

Whereas the marketplace is superior in several ways, namely:

1. In terms of costs, the marketplace doesn't need to spend any money. Good to register or when already selling there. Except, if we want to enjoy premium features provided by the marketplace, the manufacturing process is very fast. We just need to register, enter the items and prices and can already start selling.
2. Selling in the marketplace can be considered when you sell the items are more common and are usually purchased in bulk sale
3. For the issue of trust for new sellers, the marketplace is still better than your e-commerce website. From the advantages and weaknesses above, it is recommended for new food sellers to use the marketplace because it will be faster to gain consumer trust.
4. More promotion is done by the marketplace. That's because as a provider of places to sell, the marketplace wants to attract traffic and sell products in it as much as possible. Thus, indirectly selling our products will also be promoted.



From the advantages and disadvantages of e-commerce websites and the marketplace, it is recommended for new food sellers to use a marketplace because it will be quicker to gain consumer trust. However, accurate data and customer loyalty will be obtained when an e-commerce website has gained trust. Therefore, the two online sales systems, e-commerce websites and marketplaces, can be carried out simultaneously.

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