IMPROVING PURCHASING DECISIONS THROUGH TRUST AND ELECTRONIC WORD OF MOUTH AS INTERVENING VARIABLES IN ONLINE SHOPPING

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Abstract: This research aims to analyze and dig deeper into the concept of purchasing decisions by using trust variables and electronic word of mouth variables as intervening variables. The phenomenon of consumer behavior related to e-commerce will be said to increase with the high growth of internet users, where the total internet users in Indonesia are predicted to reach 72.8 million people, which overall ranks third in the Asean region. The increase in the number of internet technology users has an impact on online shopping behavior among consumers. However, this is inversely proportional to offline retail sales which have experienced a setback, marked by the lack of consumers in shopping centers. This has made the situation of out-of-network retail in Indonesia worse, marked by (1) changes in consumer behavior, (2) reduced employment opportunities (3) Increased number of online stores. The data for this research uses primary data, namely by taking direct samples of respondents who have shopped online at three marketplaces, Tokopedia and Lazada in Indonesia. The data analysis techniques used are descriptive analysis and inferential analysis. Then the data is processed using Smart PLS software to test the hypothesis that there is a significant influence between exogenous variables and endogenous variables. The results of this research will be able to find out how big the influence is.

Keywords: *trust, electronic word of mouth and purchasing decisions.*

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1. Introduction

With the development of increasingly sophisticated technology, nowadays the internet is no longer foreign to marketing a product. Consumer behavior related to e-commerce will be said to increase with the high growth of internet users. The results of a study conducted by the e-market research institute estimate that Indonesia is one of the countries ranked sixth out of twenty countries in the world in terms of internet use (Yusuf, 2014) where the total number of internet users in Indonesia is predicted to reach 72.8 million people, which overall ranks third in the Asean region. Growth The increase in the number of internet technology users has an impact on online shopping behavior among consumers. Expenditures made by consumers in online shopping tend to increase all the time (Vazquez & Xu, 2009). Revenue in the e-commerce market in Indonesia has experienced a continuous increase so that it is estimated to reach figure of $16,421 in 2022, so this is inversely proportional to offline retail sales which

are experiencing a decline marked by the lack of consumers in shopping centers. This has made the situation of out-of-network retail in Indonesia worse, marked by (1) changes in consumer behavior, (2) reduced employment opportunities (3) Increased number of online stores. With the Covid-19 virus outbreak occurring in the world and Indonesia being one of the countries affected by the virus, there has been a shift in consumer behavior, seen from an economic perspective, which has made business people change their sales strategy from offline to online. The process of combining these strategies by utilizing technology as a competitive advantage strategy for the company (Gunasekaran et al., 2017).

When browsing e-commerce sites, consumers often write feedback columns regarding products or services after purchasing the product as a benchmark for looking for information or as reference material in product purchasing activities regarding the quality of the product or service listed on the marketplace so that from these reviews or comments you can able to influence them in buying products online (Ahmad & Laroche, 2017). This effect will be stronger if it comes from relatives or friends they know, the impact of recommendations is very efficient in increasing online purchases rather than advertising ((Chu and Kim, 2011; Gupta and Harris, 2010). Electronic word of mouth builds vendor communication with consumers thereby reducing the risk of consumer perception and creating customer loyalty (Caruana & Schembri, 2016).

The theory of planned behavior focuses on a person's tendency to carry out certain behavior through intention tendencies, companies can see the motivational factors that underlie a person to do something. Intention is a strong indication of trying and how much effort the individual expends to carry out a behavior and one form of behavior. mentioned (Jalilvand & Samiei, 2012).

This research is to test the direct influence between variables, this is because empirically it was found that there is an inconsistency in the influence of the direct relationship between the trust variable on purchasing decisions with electronic word of mouth as an intervening variable, while the indirect relationship is as an influence of trust on electronic word of mouth, the results The analysis is obtained by the data analysis process after hypothesis testing.

2. Research Methods

Hypothesis Formulation:

Trust

Minor and Mowen, (2002), trust is all the knowledge possessed by consumers and all the conclusions' consumers make about objects, companies and everything about which someone has beliefs and attitudes. Trust, in general, is an important factor in many social interactions involving uncertainty and dependency. Online transactions are not only associated with uncertainty, but also by anonymity, lack of control and potential opportunism, which are fraught with risk.(Grabner-Kräuter & Kaluscha, 2003).

Suharyono., et al (2015) trust has no effect on electronic word of mouth. This happens because negative word of mouth is more dominant than positive word of mouth so consumers are reluctant to share their experiences with friends and relatives. So, the hypothesis proposed is as follows:
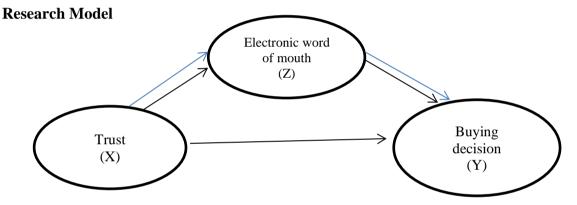
H1: There is a positive and significant influence of the variableconfidence in purchasing decisions

Electronic Word of Mouth

Word of mouth according to Hassan (2010)is defined as recommendations, praise and comments from customers regarding their experiences with products or services that influence customer decisions or their purchasing behavior, while according toKotler and Keller (2009)word of mouth marketing is a marketing activity through intermediaries from one person to another verbally, in writing or through electronic communication tools related to the experience of purchasing services or the experience of using products or services. Moldavon (2011) states that trust has no effect on electronic word of mouth even though consumers already have trust, but this does not immediately make them immediately give opinions about service quality to other consumers, or invite other people to carry out transactions, so the hypothesis that submitted as follows:

H2: There is influencepositive and significant of the trust variable on purchasing decisions with electronic word of mouth as an intervening variable.

Research Model

Population and Sample

This research was conducted in Semarang City with the population used being all customers who had purchased products online through 3 marketplaces, namely Shopee, Tokopedia and Lazada, more than twice, the number of which cannot be known for certain.

Considering that the population is not known with certainty, to determine the required sample size, the Lemeshow formula is used as follows(Sugiyono 2013):

$$n = \left| \frac{Z\frac{1}{2}\alpha}{E} \right|^2$$

Information :

n   : The size of the sample required

E   : The magnitude of the expected error.

Z½α   : The exchange rate Z for any given desired value of X / (α) is the rate*confidence*.

In this study, the error size used (E) was 20% and the confidence level (α) used was 5%. So the sample size used was as follows:

$$n = \left| \frac{1,96}{0,20} \right|^2$$

n =   100 (rounded)

so, the sample used is 100. The data obtained will be analyzed using SmartPLS software version 0.3. Partial Least Square (PLS) is structural analysis or Structural Equation Modeling (SEM).

Operational Definition of Variables
Trust
Trust (X), is the respondent's belief that the promise of the marketplace service provider is reliable and willing to fulfill all its obligations in an exchange relationship via internet media. The measurement of the trust variable uses four indicators developed and referring to research developed by (Grek and Walczak, 2010) which can be stated as follows:
1. Integrity
2. Abilities
3. Benevolence

Electronic Word of Mouth
Electronic word of mouth(Y3), is a consumer assessment regarding reviews uploaded by consumers via online media containing positive or negative reviews regarding the benefits of products, services or services provided by the company, to measure E-WOM in this research using the indicators used in the research (Erkan and Evans, 2016), namely:
1. Information quality
2. Information credibility
3. Information usefulness
4. Information adaptationn

Buying decision
According to(Dharmayana & Rahanatha, 2017)Purchasing decisions are customer behavior that is created as a response to a thing or object.
Indicators:
 1. Problem recognition
 2. Information search
 3. Evaluation of alternatives
 4. Buying decision.

3. Results and Discussion
3.1. Results
Descriptive Statistical Analysis
    Descriptive analysis of research variables aims to understand the perceptions of respondents or consumers who shop in the marketplace regarding each research variable. The respondents answered questions or statements in a closed manner, meaning that the answers were based on the answers provided, the description of each indicator and variable can be described as follows
 a) **Outer Model on Trust Variable (X1)**
    The trust variable (X1) is measured using three indicators, namely integrity (X1.1), ability (X1.2) and benevolence (X1.3). Outerloading test results are presented in the following table:

Table 1.
Outer Weight Test Results for the Trust Variable (X1)

Variable	*Outer Loading*	Information
X1. ß Y	0.795	Valid
X2ß Y	0.881	Valid
X3ß Y	0.842	Valid

Source: Outer loading

1) In the first indicator, integrity (X1) has an outer loading value of 0.795 where an outer loading value of more than 0.7 indicates that the past purchase satisfaction indicator is convergently valid as a measure of the trust variable.
2) In the second indicator, ability (X2) has an outer loading value of 0.881 where an outer loading value of more than 0.7 indicates that the ability indicator is convergently valid as a measure of trust.
3) In the third indicator, benevolence (X.3) has an outer loading value of 0.842 where an outer loading value of more than 0.7 indicates that the benevolence indicator is convergently valid as a measure of trust.

This indicates that measuring trust is mainly seen from ability, namely the e-retailer's ability to serve, provide and secure transactions from interference from other parties.

b) **Outer Model on Electronic Word Of Mouth Variable (Z)**
The electronic word of mouth (Z) variable is measured using four indicators, namely information quality (Z1), information credibility (Z.2), information usefulness (Z.3) and information adaptation (Z.4). Outerloading test results are presented in the following table:

Table 2.
Results of Outer Weight Testing of the Trust Variable (X1)

Variable	*Outer Loading*	Information
X1.□□□	0.795	Valid
X2ß Y	0.881	Valid
X3□□□	0.842	Valid

Source: outer loading.

1) In the first indicator, information quality has an outer loading value of 0.771 where an outer loading value of more than 0.7 indicates that the information quality indicator is convergently valid as a measure of the electronic word of mouth variable.
2) In the second indicator, information credibility has an outer loading value of 0.824, where an outer loading value of more than 0.7 indicates that the information credibility indicator is convergently valid as a measure of the electronic word of mouth variable.
3) In the third indicator, information usefulness has an outer loading value of 0.745 with a T-statistics value of 12,240 where T-statistics > 1.96 indicates that the information usefulness indicator is convergently valid as a measure of the electronic word of mouth variable.

4) In the fourth indicator, information adaptation has an outer loading value of 0.782 where an outer loading value of more than 0.7 indicates that the information adaptation indicator is convergently valid as a measure of the electronic word of mouth variable.

From the results of the outer model test above, it can be seen that information credibility has the highest outer loading value. This indicates that measuring electronic word of mouth is mainly seen from the desire to buy another product in the same marketplace.

c) **Outer Model on Purchasing Decision Variable (Y)**

The Purchase Decision Variable (Y) is measured using four indicators, namely problem recognition (Y1), information search (Y.2), alternative evaluation (Y.3) and purchasing decision (Y.4). The results of the outer loading test are presented in the following table:

Table 3.
Outer Weight Test Results Purchase Decision Variable (Y)

Variable	*Outer Loading*	Information
Y.1ßY	0.780	Valid
Y.2ß Y	0.802	Valid
Y.3ßY	0.740	Valid
Y.4ßY	0.830	Valid

Source: Outer loading,

The outer model measurement results obtained are as follows:
1) In the first indicator, problem recognition has an outer loading value of 0.780 where an outer loading value of more than 0.7 indicates that the problem recognition indicator (Y.1) is convergently valid as a measure of the Purchase Decision variable (Y).
2) In the second indicator, information search has an outer loading value of 0.802 where an outer loading value of more than 0.7 indicates that the information search indicator (Y1) is convergently valid as a measure of the purchasing decision variable (Y).
3) In the third indicator, alternative evaluation has an outer loading value of 0.740 where an outer loading value of more than 0.7 indicates that the alternative evaluation indicator (Y.3) is convergently valid as a measure of the Purchase Decision variable (Y)
4) In the fourth indicator, purchasing decisions have an outer loading value of 0.830 where an outer loading value of more than 0.7 indicates that the service fulfillment indicator (Y.4) is convergently valid as a measure of the purchasing decision variable (Y).

From the results of the outer model test above, it can be seen that purchasing decisions are reflected by product introduction, information search and alternative evaluation so that the customer receives what he ordered according to the time promised by the seller/vendor with the highest outer loading value.

3.2. Discussion

1. Trust positively and significantly influenced purchasing decisions marketplace customers in Semarang. Thus, the better the trust, the stronger purchasing decisions made by them. In the real fact, trust always causes positive impact to another elements of behavior or attitude such as purchasing decisions. Then, hypothesis stated that trust had an influence on electronic satisfaction could be accepted..

2. Trust was proven too able to influence electronic words of mouth positively and significantly. Subsequently, electronic words of mouth were proven to influence purchasing decisions positively and significantly. Therefore, electronic words of mouth could be mediator of influence of trust on purchasing decisions. Those arguments based on the hypothesis testing results were under stable and they made sense. The news or knowledge spread (including words of mouth) in the real fact are often considered the important influencing factors of behaviors, actions, or decisions. Word of mouth is an important consideration base to decide something. Trust is the main principle in building long-term success in online business with the absence of physical interaction among buyers and sellers. Therefore, trust is a challenge for service providers (Mukherjee and Nath, 2007). Lack of trust is often cited as the main reason why people do not make online purchases (Lee and Turban, 2001). Trust is a mediating variable for developing long-term relationships with customers (Morgan and Hunt, 1994; Wang et al., 2013; Indriani and Nurcahya, 2015). Hence, service quality is perceived well by customers and the company must be able to provide a reputation and credibility that customers believe in. The operations of service providers can be trusted and provide value commensurate with the costs incurred (Tjiptono, 2014). According to Tjiptono (2014) if purchasing decisions are good, then it will contribute to customer loyalty, customer trust and word of mouth states that there is an influence trust in purchasing decisions through electronic word of mouth.

4. Conclusion

1) Trust positively and significantly influenced purchasing decisions marketplace customers in Semarang. Thus, the better trust, the stronger purchasing decisions made by them.
2) Trust was proven to able to influence electronic words of mouth positively and significantly.
3) Electronic words of mouth was proven to influence purchasing decisions positively and significantly.
4) The role of electronic words of mouth as mediator of influence of trust on purchasing decisions was proven and accepted in the research.

Suggestions for future research

1) The future researchers are suggested to widen the scope of study regionally or nationally.
2) Another behavioral or humanitarian factors such as hedonism or even frugal living are interesting factors or variables to elaborate as independent variables an dependent variables.
3) The future researchers must be able to explain their arguments and explanations more easily in order that they can be more understable to make managerial decisions in marketing.

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