

THE EFFECT OF FACTORS INFLUENCING ONLINE BRAND TRUST IN ONLINE SERVICE RETAILING ON SITE APPLECOAST CLOTHING

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Abstract

This study examines online brand trust and its influencing factors in the specific context of online service retailing on site applecoast clothing. To conduct an empirical investigation a survey of 400 customers was conducted using a questionnaire that its reliability by using Cronbach's Formula was examined and its valid because the value of the correlation coefficient of each statement item is greater than r table of 0,361. Accordingly our hypotheses that security, privacy, quality of Information, brand Name, WOM and perceived Risk have significant influence on online brand trust. Our hypothesis is being tested in terms of mentioned variables, on online customer in applecoast clothing. Validity and reliability tests and causality analysis (multiple regression analysis) had been conducted. According to the results of this study, security, privacy, brand name, quality of information, word of mouth positively influences online brand trust. Findings also have shown that perceived risk does not have a significant effect on online brand trust. This study provides insightful understanding of consumer's online brand trust.

Keywords: Security, Privacy, Quality of information, Brand name, WOM, perceived risk, online brand trust

1. Introduction

Developments in science and technology always bring changes to the social order of a society, starting from the prehistoric technological development with tools made of stone to the present information age. This change penetrates into the world of economy and business, as reflected in changes in the meaning of 'the market'. This change penetrates into the world of economy and business, as reflected in changes in the meaning of 'the market'. In the industrial world, the term market is defined as meeting place for sellers and buyers at a certain time and place Based process transactions electronically, illustrates that in fact the buying and selling not only be done conventionally, in which between buyers and sellers meet each other directly, but can also only through the medium of the Internet, so that people are far from each other or in location different still can make buying and selling without having taken the trouble to meet each other in person, thereby increasing the effectiveness and efficiency of time and cost for both the seller and buyer

According to the survey conducted by the Association of Indonesian Internet Service Provider (APJII), internet users in Indonesia in 2012 reached 63 million people. Indonesia is the third rank in Asia for the highest number of internet users. Competition companies to attract consumers are no longer limited to the technical and functional product, but have also been associated with a brand that is able to provide special image for the user.

Brand allows consumers to define a product, one of them with the brand image. Applecoast Clothing is a brand of clothing or distro that produce, create their own brand and has its own store. the number of sales Applecoast Clothing during the period September 2014 to February 2015, from the figure 1.6 offline sales is better than online sales. To determine the level of consumer trust in the Applecoast Clothing initial interviews will be conducted from ten persons based on Muhammad and Ghanbar, 2010 consumer online brand trust. The purpose of this study is to identify and examine the factors influencing online brand trust the writer would like to conduct research with title **THE EFFECT OF FACTORS INFLUENCING ONLINE BRAND TRUST IN ONLINE SERVICE RETAILING ON SITE APPLECOAST CLOTHING**

Problem Formulation

Based on the description in the background, the problem in this research are:

1. How is security, privacy, quality of information, brand name, WOM and perceived risk in Applecoast based on customer perception ?
2. How is the online brand trust in Applecoast Indonesia based on customer perception?
3. Does Factor that influencing have significant influence on online brand trust simultaneously?
4. Does Factor that influencing have significant influence on online brand trust partially?

Research objective

1. Determine how the factor that influencing online brand trust in applecoast clothing based on customer perception.
2. Analyze the factor that influencing online brand trust in applecoast clothing based on customer perception.
3. To examine the significant relations between the factor that influencing online brand trust whether it is simultaneous or not.
4. To examine the significant relations between the factor that influencing online brand trust whether it is partially or not.

2. Theoretical Review, Theoretical Framework and Hypothesis E-Commerce

E-commerce is the use of the internet and the web to transact business. It involves digitally enabled commercial-transactions between and among organizations and individuals. The transactions are mediated by digital technology. The commercial transactions involve the exchange of value across organizational or individual boundaries in return for products or services (Laudon and Traver, 2009:10)

Brand trust

Brand trust was defined as 'the willingness of the average consumer to rely on the ability of the brand to perform its stated function' (A. Chaudhuri, and M. B. Holbrook in Alam and Yasin, 2010).

Brand trust can play a more important role in online business as an online business is essentially intangible and consumers cannot see the physical form. Kracher et al (2005) in: Mohammadian and Ghanbar (2014) stated that trust, risks, expectations, and the vulnerability of certain features in the build online trust definition.

Factors that influenced online brand trust

Factors that influenced online brand trust: security, privacy, quality of information, brand name, WOM, and perceived risk. Perceived Web security has been defined as the extent to which one believes that the World Wide Web is secure for transmitting sensitive information (Salisbury et al (2001) in Mohammadian dan Ghanbar, 2014).

Information privacy referred to individuals, groups, or institutions to determine themselves and how about the extent of information about what was communicated to others (Malhotra., Et al 2004). Privacy was the ability of customers to control the presence of third parties or sharing of private information with third parties during transaction or consumption (Alavinasab dan Kamal, 2015).

Consumers would be more trust on website for valid, credible, and accurate information, so that consumers would grow intention to seek information from the website. In addition, consumers would ultimately raise their intention to purchase products from an online website.

WOM is the most effective and efficient if the information is good. However, if the information received by consumers is bad information, the company will actually get a huge problem, especially in terms of a company's image or the image of a product. This occurs because information coming from reference source will be more credible than advertising.

Perception of risk is a measure previously perceived benefits and perceived ease of use before purchasing a product or service, based on consumer purchasing purposes. Two important reasons why customers do not buy products or services on the Internet is online shopping security and privacy of personal information.

Theoretical Framework

Use of the Internet for e-commerce has grown rapidly in conjunction with an increase in commercial web site. At ecommerce occurred a process of buying and selling electronic products by consumers and from company to company with a computer as an intermediary for business transactions. Thus, in online transactions, companies need confidence from the consumer brand (brand trust) to want to conduct a transaction. As described that brand trust is influenced by various factors. These factors, among others, are the security, privacy, information quality, brand name, WOM and perceived risk.

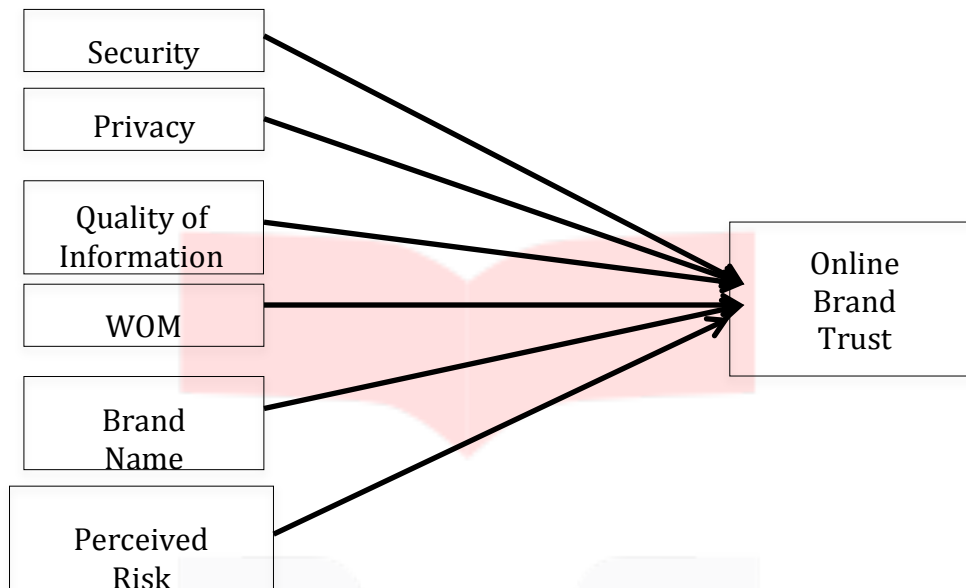


Figure 1: Conceptual Framework
Schematic model by: Mohammadian and Ghanbar (2014)

Research Hypothesis

- H1 : security positively influences online brand trust.
- H2 : Privacy positively influences online brand trust.
- H3 : Quality of Information positively influences online brand trust.
- H4 : WOM positively influences online brand trust.
- H5 : Brand name positively influences online brand trust.
- H6 : Perceived risk negatively influences online brand trust.

3. Research Methodology

Type of Research

This research is a causal study using quantitative method and the analysis models Multiple Regression. Quantitative research can be defined as research that addresses research objectives through empirical assessments that involve numerical measurement and analysis approaches. (Zikmund, 2010:134)

Operational Variable

According to Cooper & Schindler (2008), the variable is "a characteristic, a trait, or an attribute that is measured" which means that the variable is a characteristic, trait, or attribute that can be measured. There are eight independent variables. Independent in this research are security, privacy, quality of

Information, brand Name, WOM and perceived Risk. While the dependent variable is online brand trust

Population and Sample

Population rather than the amount present in the object / subject being studied, but include all the characteristics / properties owned by the subject or object. In this research, the population that used is all of internet user in big cities in Indonesia where internet user penetration is usually much larger (Jakarta and Bandung for example). Research conducted by MarkPlus Insight (2012) stated that the most internet user is young people in range 15-30 years old, so we will expect respondent from this age range. From data that have been collected, there are 250 million of citizen in Indonesia and the total user of internet in Indonesia is 82 million people. Because it is hard to find the exact amount of internet shopper in Indonesia, therefore to determine the amount of sample in this research, according to Sekaran, the technique using from Bernoulli statistic formula. writer need to collect 384 respondents to measure the validity of the hypothesis. But in case to prevent an error calculation (cannot be proceed) from the questionnaire, so the respondents needed is 400. Data for this study was gathered through personal administered questionnaire which were conveniently distributed among the applecoast customer who have visited applecoast website.

Data Analysis Technique

This research is using descriptive and multiple regression analysis as its data analysis method. Descriptive analysis is undertaken when the characteristics or the phenomena to be tapped in a situation are known to exist, and one wants to be able describe hem better by offering a profile of factor (Sekaran, 2006: 158).

4. Research Results and Discussion

The data went and passed all classical assumption test. Hence, a multiple regression analysis can be executed. Linear regression analysis were used to identify whether or not there are correlation between independent variables and dependent variables. Following is the result from multiple linear regression analysis by SPSS, which is served in table 1:

Table 1
Multiple Linear Regression Analysis Result

		Coefficients ^a				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.804	.386		2.081	.038
	security	.488	.104	.285	4.702	.000
	privacy	.194	.064	.133	3.043	.003
	quality of information	.195	.049	.123	3.994	.000
	brand name	1.535	.069	.680	22.311	.000
	WOM	.115	.055	.109	2.111	.035
	perceived risk	-.162	.082	-.079	-1.976	.049

a. Dependent Variable: online brand trust

Regression model that can be explained from the results in the form of regression equation as follows:

$$Y = 0,804 + 0,488 x_1 + 0,194 x_2 + 0,0195 x_3 + 1,535 x_4 + 0,115 x_5 - 0,162 x_6,0,29$$

Those equations can explained as follows :

1. The coefficient regression of security has positive effect to online brand trust

2. The coefficient regression of privacy has positive effect to online brand trust
3. The coefficient regression of quality of information has positive effect to online brand trust
4. The coefficient regression of brand name has positive effect to online brand trust
5. The coefficient regression of WOM has positive effect to online brand trust
6. The coefficient regression of perceived risk has negative effect to online brand trust

Based on the table 1 can be seen that brand name had the most influence on the online brand trust that is 0.680, the next row is the brand name for 0451, security for 0.285, privacy for 0.133, quality of information for 0.123, WOM for 0.109 and perceived risk for -0.079.

The test is conducted by distributing 400 respondents. From descriptive result, we can see that almost all variables (security, privacy, quality of Information, brand Name, WOM and perceived Risk) have the result of good category. Only perceived risk that has a poor result. In support of previous studies and the third hypothesis of this study, quality of information was found to positively influence online brand trust. Ha (2004) suggests that marketers should pay more attention to information quality rather than its quantity. In other word, marketers should provide useful, accurate, interesting and customized information online because customers seek to satisfy their own individualized needs and they don't want to face with a large amount of unnecessary and unclassified information. Perceived Risk has negative and significant influence on brand trust. Risks associated with shopping in applecoast is relatively high. It means that the customers feel that shopping in applecoast poses high amount of risk. The classical assumptions conducted in the regression model shows normality, no multi-collinearity and no heteroscedasticity found in the regression model. The normality shows that the model has normality distribution. Multi-collinearity test shows that there is no correlation between each independent variable. While no heteroscedasticity in the regression model shows that the model is feasible to be tested. If the classical assumption test has been conducted and shows the result of no classical assumption then the multiple regression can be conducted. The value of R-square (R²) after the second trimming process is 0.710. It means that 71% of Online Brand Trust are affected by security, privacy, information quality, brand name, WOM, and perceived risk. While the rest, which is 29% of Online Brand Trust are affected by other variables which are not included in this research.

5. Conclusion

Based on the multiple regression analysis results security, privacy, brand name, WOM, and quality of information have positive effect toward online brand trust perceived risk dimension however, of has a negative effect toward online brand trust. The results met all the alternatives hypothesis. The value of R-square (R²) in the table is .852, that the influence from security, privacy, information quality, brand name, WOM and perceived risk towards online brand trust is 71,0% and the rest, which is 29,0%, is influenced by other factors which were not in this study.

6 Suggestions

Based on the result, perceived risk has the lowest result, they're afraid of losing money from several reasons involved in shopping online. The monetary risks can be the fear of being a fraud victim or received a product that doesn't worth the money they spent. Applecoast needed to be thoroughly checked and controlled to ensure that they will not do fraudulent acts and they deliver what the customers had paid and expected.

Although the brand name has the greatest influence in this research applecoast should focus on all of the factors to make an improvement since all of the factors which are; security, privacy, brand name, WOM were have positive significant influence to online brand trust on applecoast site.

Suggestion For further research adding other factors affecting brand trust online to create better understanding on the factor that affecting online service brand trust, for further research suggested to test other e-commerce company

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