Factors Affecting Consumer Attitudes Towards Online Shopping
(Study Case of Lazada.co.id)

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Abstract

Information technology has developed rapidly where its development cannot be avoided. The result of this development such as the internet. The existence of internet itself and its related technologies affects the business world greatly where they have changed the concept of traditional commerce into electronic commerce or e-commerce. The growth of Indonesia e-commerce is high, but despite the high growth of e-commerce, Indonesian consumer attitudes towards online shopping is negative or not in favorable manner, it is reversed if compared with Lazada Indonesia where consumer attitudes towards them is already positive or in favorable manner. The objective of this research is to analyze factors in an integrated model which involves Perceived Web Quality, Perceived Benefits, eWOM, Trust, and Online Shopping Attitudes. This research used data from 400 samples using non probability sampling of judgement sampling. The result revealed that perceived web quality, perceived benefits, and trust influences online shopping attitudes where perceived web quality is the most significant variable that influences online shopping attitudes. The model is categorized as moderate model thus new variables may be added to the model and encouraged to focus on app based online shopping.

Keywords : Lazada, Online Shopping Attitudes, Perceived Web Quality, Indonesia.

1.   Introduction

The existence of internet has changed the concept of traditional commerce into electronic commerce. In 2016 the entire population of Indonesia, only 39% of urban communities and 11.1% of rural communities do online shopping. This is also added by the lag of growth of online retail sales in Indonesia in 2016 where it only reached 65% of expected 80%. This is caused by the Indonesian consumer attitudes towards online shopping is negative or not in favorable manner.But in spite of negative evaluation from Indonesian consumers towards online shopping. Lazada the most well known e-commerce site in this country is always in the top position where the number of visitors is always the highest and it led the ecommerce industry by 20% in 2016. This means even though that indonesian consumer attitudes towards online shopping is negative or not in favorable manner, it is reversed if compared with the strongest online shopping site in Indonesia which is Lazada.co.id where consumer attitudes towards them is already positive or in favorable manner. An integrated model that involves perceived web quality, perceived benefits, eWOM, and trust proposed that these factors influence Online Shopping Attitude. Therefore a study on the consumer attitudes towards Lazada Indonesia online shopping needs to be done.

2.   Theoretical Background

2.1   Perceived Web Quality

Perceived web quality is refered to the quality and overall performance of an online shopping web site, and it is a measure of the extent to which web site design and processes are simple, smooth, reliable, and effective [1]. perceived benefit can be defined as the desireable characteristic of an online shopping web site as perceived by online shoppers [1].

2.2   Electronic Word of Mouth

eWOM as a communication medium to share information about a product or service that has been consumed among consumers who do not know each other and never meet before [2]. Another definition of eWOM is "any positive or negative statements made by potential, actual, or former customers about a product or company which is made available to multitude of the people and institutes via the internet"[3].

2.3   Perceived Benefits

Perceived benefits replicates about what consumers gain from online shopping [4]. Perceived benefits as the sum of advantages that meet a consumer's needs or wants [5]. In this context , Perceived benefits defined as term of convenience and time saving [6].

2.4   Trust

There are many definitions of trust which can be found in relevant literatures. For example, Trust definition in the online world which is cited the most frequently is "Trust is the willingness of a party to be vulnerable to the action of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective to the ability to monitor or control that other party" [7].
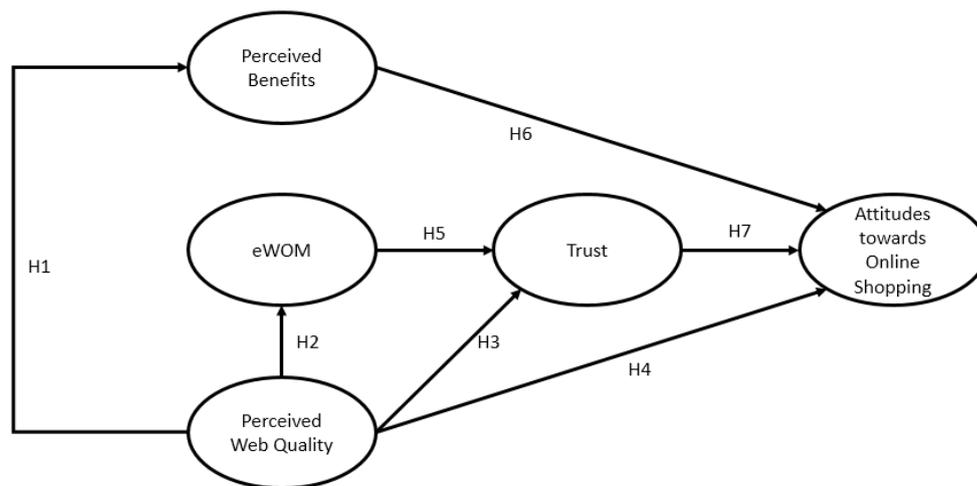
2.5   Research Framework

Figure 1: Research Framework
Source: Al-Dhebei et al. (2015)

2.6   Research Hypotheses
H1.   Perceived Web Quality has a positive and significant influence towards Perceived Benefits.
H2.   Perceived Web Quality has a positive and significant influence towards .Electronic Word of Mouth.
H3.   Perceived Web Quality has a positive and significant influence towards Trust.
H4.   Perceived Web Quality has a positive and significant influence towards .Online Shopping Attitudes.
H5.   Electronic Word of Mouth has a positive and significant influence towards Trust.
H6.   Perceived Benefits has a positive and significant influence towards Online Shopping Attitudes.
H7.   Trust has a positive and significant influence towards Online Shopping Attitudes.

3.   Methodology

3.1   Research Characteristics

The research used a quantitative method. The purpose of this study is causal research. Conclusive research or can be called as well as causal research, generally conducted when the researches already see or read prior research that discuss relationship among variables [8]. To test whether the relationship between variables that occurred in previous research also occurred within the object or field that the researcher studied, then the researcher conducted research with conclusive or causal design [8]. This research is a non contrived research. Non contrived setting is a research that is conducted in a normal environment, that is usually happened or can be called natural. In a non contrived setting research, researcher doesn't manipulate (interference) anything [8]. Based on implementation time and frequency of data collection and processing, then this research implements the cross sectional method. If the data collection conducted in a period, then the data is processed, analyzed, and then drawn conclusions then the research applies cross sectional method. The researchers more likely used cross-sectional methods because this method is relatively faster and cheaper [8].

3.2   Measurement Scale

The measurement scale of this research uses Likert Scale where it has 5 levels of measurement, ranging from "Strongly Disagree", "Disagree, "Neutral", "Agree", and "Strongly Agree".

3.3   Population and Sample

In this research, the population of this research is all online shoppers in Indonesia who have made purchasement on lazada.co.id. This research uses SEM and The most commong SEM estimation procedure is maximum likely estimation (MLE). But sample size that becomes large (>400) makes the method becomes more sensitive and almost any difference is detected, making goodness-of-fit measures suggest poor. As a result. Sample size in the range of 100 to 400 are suggested. Based on the explanation above then the minimum sample size used in this research is 400 [9].

3.4   Data Testing Technique

This study uses multivariate approach with dependence method of SEM. The analytical software to do the calculations is SmartPLS 3.0.

3.5   Validity Test

In this research to test the validity, it uses SPSS software with 40 samples. According to the result, all the items in this research are valid where that the minimum number of the coefficient correlation is 0.3 to fulfill the criteria of convergent validity [8].

3.6   Reliability Test

SPSS sofware is used to test the reliability with 40 samples. The reliability value limits refer to the criteria of Cronbach's Alpha coefficient where it should be ≥ 0.60 to be considered as reliable and from the result of the research all items are reliable [10].

4.   Research Result

4.1   Analysis of Structural Equation Model

4.1.1   Outer Model

The data gathered from 400 respondents are processed and calculated for its validity and reliability test.

1.   Convergent Validity

Convergent validity is to test the accurate level of items inside a variable to measure the research object. The indicator used in this test is using Factor Loading (FL). The item is having a convergent validity if the Factor Loading (FL) score is ≥ 0.5 [8]. The result of the Factor Loading is listed on Table 1:

Table 1 Loading Factor Result.

Latent Variable	Indicator	Loading Factor	Conclusion				
				Perceived Benefits	PB1 <- PB	0,83	Valid
					PB2 <- PB	0,67	Valid
Electronic Word of Mouth	EWM1 <- EWM	0,74	Valid		PB3 <- PB	0,84	Valid
	EWM2 <- EWM	0,75	Valid	Perceived Web Quality	PWQ1 <- PWQ	0,74	Valid
	EWM3 <- EWM	0,81	Valid		PWQ2 <- PWQ	0,73	Valid
	EWM4 <- EWM	0,78	Valid		PWQ3 <- PWQ	0,69	Valid
	EWM5 <- EWM	0,71	Valid		PWQ4 <- PWQ	0,82	Valid
Online Shopping Attitude	OSA1 <- OSA	0,88	Valid		PWQ5 <— PWQ	0,80	Valid
	OSA2 <- OSA	0,78	Valid		PWQ6 <- PWQ	0,81	Valid
	OSA3 <- OSA	0,91	Valid	Trust	TR1 <- TR	0,76	Valid
					TR2 <- TR	0,84	Valid
					TR3 <- TR	0,82	Valid
					TR4 <- TR	0,85	Valid

Based on the Table 1, every items listed in the Table 1 are passing the margin of Factor Loading (FL) which ≥0,5. So all items are valid.

The next test in Convergent validity is the AVE, where according to The AVE score which passes the margin 0.50 shows that the items of variable has an enough convergent validity [8]. The result of AVE is listed on Table 2:

Table 2 AVE Scores

Variable	Average Variance Extracted (AVE)
Electronic Word of Mouth	0,581
Online Shopping Attitudes	0,751
Perceived Benefits	0,623
Perceive Web Quality	0,596
Trust	0,679

Based on the table 2, AVE score of each constructs is above the margin which is ≥0,50. Therefore, the questionnaire fulfills the criteria of convergent validity.

2.   Discriminant Validity

Alongside the convergent validity, it is also required discriminant validity to fulfill the validity tests. The fornell-Larcker criterion, cross loadings, and especially the heterotrait-monotrait (HTMT) ratio

of correlations can be used to examine discriminant validity [11]. The cross loadings result is shown on Table 3:

Table 3 Cross Loadings Correlation

	EWM	OSA	PB	PWQ	TR
EWM1	**0,743**	0,493	0,451	0,413	0,504
EWM2	**0,754**	0,510	0,446	0,427	0,511
EWM3	**0,819**	0,424	0,516	0,423	0,499
EWM4	**0,780**	0,422	0,451	0,353	0,442
EWM5	**0,711**	0,380	0,455	0,428	0,402
OSA1	0,490	**0,889**	0,560	0,646	0,580
OSA2	0,501	**0,789**	0,486	0,419	0,503
OSA3	0,543	**0,916**	0,613	0,603	0,579

PB1	0,436	0,527	**0,834**	0,581	0,474
PB2	0,426	0,369	**0,673**	0,345	0,382
PB3	0,579	0,592	**0,849**	0,539	0,554
PWQ1	0,425	0,451	0,430	**0,748**	0,402
PWQ2	0,402	0,469	0,483	**0,739**	0,480
PWQ3	0,411	0,537	0,467	**0,699**	0,468
PWQ4	0,441	0,545	0,520	**0,826**	0,476
PWQ5	0,405	0,481	0,527	**0,801**	0,407
PWQ6	0,407	0,521	0,502	**0,812**	0,434
TR1	0,452	0,468	0,470	0,419	**0,762**
TR2	0,562	0,535	0,511	0,401	**0,842**
TR3	0,488	0,511	0,436	0,438	**0,829**

As shown on table 3 all associated constructs are greater than any of its correlations on other constructs. This means that the constructs in this research has fulfilled the discriminant validity.

The second approach of assessing discriminant validity is Fornell Larcker where .It compares the square root of the AVE values with the latent variable correlations. Specifically, the square root of each construct's AVE should be greater than its highest correlation with other construct. The result of Fornell Larcker shows that all square root of AVE is greater than any correlations thus fulfilled the discriminant validity.

The third approach of assessing discriminant validity is Heterotrait-monotrait (HTMT) method. It is the mean of all correlations of indicators accros constructs measuring different constructs relative to mean of the average corelations of indicators measuring the same construct. In other words, an HTMT value above 0,90 suggests a lack of discriminant validity [11]. The result of this research all HTMT result is above 0,90 which means the items are not lack of discriminant validity.

3.   Composite Reliability.

To fulfill the outer model testing, Reliability Test is needed to be done. The reliability is related with the consistency and stability of a measurement result [8]. Table 4 shows the reliability test result is listed

Table 4 Reliability Test

Variable	Cronbach's Alpha	Composite Reliability
Online Shopping Attitudes	0,833	0,900
Perceived Benefits	0,700	0,831
Perceived Web Quality	0,864	0,898
Trust	0,842	0,894
Electronic Word of Mouth	0,819	0,874

On Table 4 above shows that all variable of this research is already fulfilled the criteria of cronbach Alpha and Composite Reliability where all variables passed margin ≥0.60.

4.1.2   Inner Model

another test of PLS is Assessment of the structural model or Inner model Test. The test is conducted to know the influence of the latent variables towards another latent variable. The test is conducted by looking at the path value to see whether the influence is significant or not. . The result of 0.67 indicates the model is "Good"; 0.33 indicates the model is "Moderate"; and 0.19 indicates that the model is "Weak" [12]. Table 5 shows the result of R quarter of Dependent Latent Construct:

Table 5 Rquarter of Dependent Latent Construct

Latent Variable	R Square	Q Square
Online Shopping Attitudes	0,564	0,397
Perceived Benefits	0,402	0,231
Trust	0,470	0,297
eWOM	0,290	0,155

Based on the Table 4.19 above, the R^2 on OSA construct is 0,564 which means Online Shopping Attitude is 56,4% influenced by Perceived Benefits, Trust, and Perceived Web Quality, while the rest 43,6% are influenced by other factors that is not studied in this research. The result also indicates that the model is "Moderate". On other variable, the PB construct is 40,2% influenced by Perceived Web Quality it also indicates that the model is "moderate". TR construct is 47,0% influenced by Electronic Word of Mouth, and Perceived Web Quality, this means the model is moderate. Lastly eWOM construct is 29,0% influenced by Perceived Web Quality, this also indicates that the model is moderate.

In addition to R Quarter, research should also examine Q quarter where Q^2 values that larger than 0 suggests the model has predictive relevance for a certain endogenous construct. In contrast values of 0 or below indicates lack of predictive relevance. From the result of Table 5 all constructs are above 0 then the model has predictive relevance.

Next Inner model test is path coefficient, t Value, and p-Value test where In this research, the significance level that author chose is 5%. By using the significant level α of 5%, it means if the t-Value generates less than to 1,65 (<1,65), then the H1 is rejected, and if t-Value generates more than or equal to 1,65 (≥1,65), means that the H1 is accepted. Meanwhile, because the significant level α is 5% ,means that if the p-Value generates more than 0,05 (>0,05), then the H0 is accepted, and if the p-Value generates less than or equal to 0,05 (≤0,05), then the H0 is rejected. The result the rest is shown on Table 6 :

Table 6 Path Coefficient, t-Value, p-Value

No	Path Diagram	Path Coefficient	t-Value	p-Value	Conclusion	No	Path Diagram	Path Coefficient	t-Value	p-Value	Conclusion
1	EWM -> TR	0,439	8,321	0,000	H1 Accepted, H0 Rejected	4	PWQ -> OSA	0,309	6,497	0,000	H1 Accepted, H0 Rejected
2	PB -> OSA	0,262	4,940	0,000	H1 Accepted, H0 Rejected	5	PWQ -> PB	0,634	13,729	0,000	H1 Accepted, H0 Rejected
3	PWQ -> EWM	0,538	10,343	0,000	H1 Accepted, H0 Rejected	6	PWQ -> TR	0,341	6,173	0,000	H1 Accepted, H0 Rejected
						7	TR -> OSA	0,305	6,034	0,000	H1 Accepted, H0 Rejected

According to the result on Table 6 the result shows that all 7 hypotheses are accepted.

5. Conclusion and Suggestions

5.1 Conclusion

Based on the result of the analysis of this research, author is able to draw conclusions where the result will be answer the research questions and objectives. According to the research then :

1. Perceived Web Quality have an influence towards Perceived Benefits on Lazada.co.id online shopping.This means that the higher the consumers' perspective towards lazada.co.id online shopping website quality will influence the perspective of benefits that consumers can gain from lazada.co.id.
2. Perceived Web Quality have an influence towards Electronic Word of Mouth on Lazada.co.id online shopping. This means that the higher the consumers' perspective towards lazada.co.id online shopping website quality will also increase the positive statements made by potential, actual, or former customers of lazada.co.id where they have high influence for the consumers to buy products from the website.
3. Perceived Web Quality have an influence towards Trust on Lazada.co.id online shopping. This means that the higher the consumers' perspective towards lazada.co.id online shopping website quality influence the highness of the consumers' trust towards lazada.co.id.
4. Perceived Web Quality have an influence towards Online Shopping Attitudes on Lazada.co.id online shopping. This means that the higher the consumers' perspective towards lazada.co.id online shopping website quality the higher also the consistency of consumers' positive and favorable attitude towards the idea of doing online shopping at lazada.co.id
5. Electronic Word of Mouth have an influence towards Trust on Lazada.co.id online shopping. It means that the more positive statements made by potential, actual, or former consumers of lazada.co.id, the higher also the trust of consumers towards lazada.co.id
6. Perceived Benefits have an influence towards Online Shopping Attitude on Lazada.co.id online shopping. This means that the higher the perspective of the benefit that consumers can gain from online shopping lazada.co.id the higher also the consumers' positive and favorable attitude towards lazada.co.id.
7. Trust have an influence towards Online Shopping Attitudes on Lazada.co.id online shopping. This means that the higher the trust of consumers towards lazada.co.id the higher also the the consumers' positive and favorable attitude towards lazada.co.id online shopping.

5.2 Suggestions

5.2.1 Suggestion for Company

From the results of the research, online shopping lazada.co.id is to be expected be able to point out and identify factors that affecting the consumer attitudes towards online shopping. Therefore, lazada.co.id can create an online shopping site that is more in line with the variables that determine consumer positive attitudes.

First, the lowest score from perceived web quality items in consumers assessment is about loading time, The thing that currently lazada.co.id can do to maintain and improve their website is to keep up and upgrade the loading speed of the lazada.co.id website to make sure that consumers are able to shop comforably without having to spend time waiting the wepage to load.

Second, the lowest score from trust items in consumers assessment is about their personal information. The current problem lazada faced is that certains consumers still dont believe that lazada will not sell any personal informations (e-mail, phone number, names, etc) to others for commercial use. To make sure consumers' private informations are safe with them, lazada should make them more aware of the legal and the privacy policy of lazada.co.id in collecting the personal informations, such as allowing consumers to register an account before they have read the privacy policy and legal of lazada.co.id, by applying this consumers will have higher potential of awareness towards how lazada.co.id deal with consumers' personal informations.

Third, from the lowest score of perceived benefits items in consumers assessment, certains consumers still feel that they cannot buy from lazada.co.id whenever they want. This problem is oftenly occured to the consumers whenever the lazada.co.id server goes down, where it usually happens when a high load of visitors occurs at one time such as when lazada has an exclusive products sale, harbolnas, or other promotions.To fix this problem lazada must improve their server and lighter mechanism of their website.

Fourth, from the lowest score of eWOM items in consumer assessment, moderate consumers of lazada.co.id dont often read positive reviews about the products of lazada.co.id. Where it means that certains consumers found negative statements on internet about lazada.co.id. This mean that consumers are easier to find complain than the positive statements on internet. The negative statements on internet that are bashed onto lazada.co.id are usually complaints and fraud. To decrease the negative statements around the internet lazada.co.id have improve their service and make the customer service easier to reach, to prevent the frauds lazada have to tighten the selection of the seller where only distinct candidates are able sell. By applying this by decreasing the complaints and frauds happened around lazada.co.id the number of negative statements will eventually decrease and consumers around internet may tend to see positve statements about lazada.co.id online shopping.

5.2.2 Suggestion for Future Research

For further research because the model is able to moderately predict the consumer online shopping attitudes, another variables that influence the model may be added and it is expected be able encouraged to focus on application based online shopping to understand app users online shopping attitude.

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