The Determinants of Online Buying Intention

*Junita Safitri, Paham Ginting, Endang Sulistya Rini and Arlina Nurbaity Lubis

Management Science, Faculty of Business and Economics, University of Sumatera Utara, Medan 23111, Indonesia;

*Corresponding author: junitasafitri@gmail.com

Abstract

Today Social Media is something that you cannot live without. Most of us today addicted to Social Media. Social Media had changed many things in our life. We are communicating, chatting, sharing, inspiring and shopping simultaneously using Social Media. Despite offering so much fun, social Media can be very dangerous. In Aceh Province online shoppers prefer Social Media to Online website for online shopping option. This study is a quantitative research which tested the role of two beliefs of technology usage perceived ease of use and perceived usefulness as determinant factor along with social influence in influencing online buying intention. Purpose of this study is to identify the affecting factor of social media buying intention. The population of this study was Social Media User who experience online shopping and located in Aceh. This study was conducted using 199 respondents as samples which were taken from specific population. This study was using Observation and Questionnaires as data collecting method. Partial Least Square (PLS) used as data analyzing method. The results showed that online buying intention significant in influencing online buying behavior. Perceived Usefulness is significant in influencing online buying intention. Social Influence found significant in influencing online buying intention.

Keywords: online shopper buying behavior, social influence, online buying intention.

Introduction

More than two decades since the first time internet has been introduced to Indonesians. Social Media is a major breakthrough that ever happens in the world caused by internet. Social Media such as twitter, Facebook, Google+, and Linked In have been defined as a group of internet-based applications that build on the ideological and technological foundations on web 2.0 and that allow the creation and exchange of user generated (Kaplan and Haenlein, 2010). Social Media is virtual place which can be blogs and different websites are used by the individuals and companies to share about them and their products through internet (Beer and Burrow: 2007). Besides connecting, engaging, sharing, chatting and communicating, today shoppers even do the shopping at Social Media. Social Media is potential market where bunch of potential customer gathered.

One of internet benefits that use worldwide is online shopping. Today online shopping always become an alternative for buying. Aceh is one of the provinces that place in Indonesia. The Acehnese or people who live and grow in Aceh also experience the benefit of internet. Most of internet users in Aceh Province are the
young generation that using internet for social media and doing online buying simultaneously at the same time. Facebook and Instagram is the most popular social media among the Acehnese for online buying. Internet provides numerous online website for shopping but for the Acehnese social media has been more interesting since numerous buying process happened here than in online website.

Almost everyone everyday join Social Media for free in million different reasons. So it would explain why social media become riskier and unsafe for financial transaction. Social Media is easy to access and offer so many functions; One could communicate, chat, inspire, share and purchase at the same time simultaneously. Not only for online shopping, but Social Media users also share everything they want to deliver; their political views or give thumb (like) to any page they want. Social media offers new way of communicating and socializing at the same time. Because of its positive vibes people forget to think about other factors that should be counted when they’re dealing with money.

This study aimed to examine why people purchase online and why prefer selected social media to other official online store that was provided by specific brand/company. We needed this study to examine why people tend to purchase at social media such Facebook than other online store. When user was creating social media account, he created it for free but when creating website he needed more efforts to make it happen. This study becomes interesting because it involved social media. Rupak et al (2014) found that Facebook was chosen by online shopper as a place to purchase product. While from security and trust perspective, online store is so much better than social media.

Online buying intention definition changes when dealing with social media. We do need this study to encourage that buying intention shaped by personal intention or social influence. We needed to see the influence of social media in purchasing behavior. Social media means huge market; it connected people around the world. The research about online buying in Aceh Province is limited. Although online buying is an issue that have been discussed for years but the research was rare to be done. Parasuraman and Colby (2015) noted that the technology readiness of people belonging to different country may vary.

We assumed the reason why social media was more popular than online website was because perceived ease of use or perceived usefulness. Davis (1989) found these two construct as determinant for Technology intention. These two beliefs have been believed for influencing technology usage for years. This phenomenon has been lasting for a while. Shopper must have an interesting reason for choosing social media for online buying intention. While as we know that social media brought more issues for fraud and product insecurity. Why was social media chosen more than online website for online buying?

**Literature Review**

**Perceived Ease of Use**

Perceived ease of use is part of classical Technology Acceptance Model (TAM) which was built by Davis (1989). The origins of TAM can be traced back to the Theory of Reasoned Action (TRA) The term is defined as the individual’s perception that using the new technology will be free of effort (Davis: 1989). According to David, Perceived ease of use is one of determinant of technology usage intention. In this research ease of use refers to how easy the social media use to purchase online. This research attempted to replicate the classic Technology Acceptance Model (TAM) (Davis: 1989).

H1. Perceived Ease of Use of Social Media is positively influence online buying intention
Perceived Usefulness

Perceived usefulness defined as the individual’s perception that using the new technology will enhance or improve her/his performance (Davis: 1989). According to David (1989) the value of perceived usefulness in influencing online buying intention is higher than perceived ease of use’s value. Classic TAM assumed that perceived usefulness determined online shopping intention. Rupak et al (2014) also found that perceived usefulness influence online buying intention. In our research the definition refers to the usefulness of social media as online shopping alternative, by using social media shoppers not only improve his/her performance but also get time for shopping while socializing with online friends simultaneously.

H2. Perceived Usefulness of Social Media is positively influence online buying intention.

Social Influence

Based on the thought that human is social creature. Social Influence is established from the assumption that person’s behavior is influenced by the behavior and presence of others. Rupak et al (2014) examined social influence in influencing perceived usefulness in the form of Critical Mass (CM). Kelman (1983) also examined social influence using three process of attitude changing; compliance, identification and internalization. Social Influence also examined by Malhotra and excluded from TAM when David adapted Theory of Reason Action (TRA) (Fishbein & Azjen, 1975). This research attempts to examine Social influence in affecting online buying intention.

H3. Social influence is positively influence online buying intention.

Online Buying Intention

Online shopping is an exchange process between buyer and seller without intermediary services using internet as a medium. In this research context online buying intention refers to buying decision stages that happen while having activity at social media. Most of shopper realize having intention to shop when they were exposed to some product that passed them while browsing their social media account. The easy access makes social media become popular in no time. Rupak et al (2014) found that intention to use social media is considered as the immediate antecedent of social media usage. Davis (1989) stated that Classical TAM Model is the best version to predict and examine user behavior toward technology using three constructs Perceived Ease of Use, Perceived Usefulness and Intention.

H4. Buying Intention is positively influence actual shopper behavior

Research Method

The population of this study is the Facebook users who live in Aceh Province and experience online buying. We could not find any documentation that noted the numbers of Facebook users in Aceh Province. So this study has unknown population. The amount of samples was decided based on Structural Equation Model (SEM) that noted the sample size should be 5 or 10 times indicator (Hair et al.:2010). This study used three dependent constructs, one intervening and 1 dependent variable. This study contains 18 indicators, so sample of the study would be 10 x 18= 180. This study located in Aceh Province but the measurement used social media Facebook to collect data. The data collection was done on Mei until July 2017 on Facebook. Partial Least Square (PLS) will be used as data analyzing method. PLS is an alternative model to accomplish SEM. This method was based on Structural Equation Model (SEM) but with less assumption. PLS was created to manage the limitation of SEM.

For our empirical study, a total of 500 Facebook shoppers were sent questionnaires through direct message facility from Social Media Facebook. From 500 questionnaires that were sent, only 199 questionnaires were filled for data
validation. Descriptive Statistic showed that 65.3 percent respondents were female, while 34.7 percent were male. Most of respondents were 18-25 years old. 58.3 percent were college student, the rest would be professional and other occupation. 77.4 percent confirmed they were single. Clothes were the most often product they bought over the social media. Accessories were at the second place.

Partial Least Square analysis were conducted to determine the relationship between dependent latent variable online buying intention and independent latent variable perceived ease of use and perceived usefulness. It was also accommodated to test the role of buying motivation as moderating variable to measure the relationship between perceived ease of use and online buying intention, and the relationship between perceived usefulness and online buying intention. Lastly it tested the relationship between online buying intention and actual online buying

**Results and Discussion**

**Reliability Test**

<table>
<thead>
<tr>
<th>Construct</th>
<th>Average Varian Extracted (&gt;0.6)</th>
<th>Composite Reliability (&gt;0.5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Ease of Use</td>
<td>0.647</td>
<td>0.879</td>
</tr>
<tr>
<td>Perceived Usefulness</td>
<td>0.579</td>
<td>0.845</td>
</tr>
<tr>
<td>Online Buying Intention</td>
<td>0.732</td>
<td>0.916</td>
</tr>
<tr>
<td>Social Influence</td>
<td>0.647</td>
<td>0.846</td>
</tr>
<tr>
<td>Actual buying</td>
<td>0.712</td>
<td>0.832</td>
</tr>
</tbody>
</table>

Reliability test was checked based on the value of Average Variance Extracted must be above 0.50 (Forner & Larcker, 1981) while for composite reliability the value must be above 0.60 (Werts, Linn & Joreskog, 1974). Based on the Table 1 we can conclude that. Perceived ease of use with AVE value 0.647 and CR value 0.879 was reliable. Perceived Usefulness with AVE Value 0.579 and CR Value 0.845 was reliable. Online buying intention with AVE Value 0.732 and CR Value 0.916 was reliable. Social Influence with AVE Value 0.647 and CR Value 0.846 was reliable. Actual Buying with AVE Value 0.712 and CR Value 0.832 was reliable.

**Measurement and Structural Model**

<table>
<thead>
<tr>
<th>Variable relationship</th>
<th>Path Analysis Coefficient</th>
<th>P- Value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Ease of Use – Online Buying intention</td>
<td>0.067</td>
<td>0.299</td>
<td>Insignificant</td>
</tr>
<tr>
<td>Perceived Usefulness- Online Buying Intention</td>
<td>0.290</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>Social Influence- Online Buying intention</td>
<td>0.460</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>Online Buying Intention- Actual Buying Behavior</td>
<td>0.692</td>
<td>0.000</td>
<td>Significant</td>
</tr>
</tbody>
</table>
Partial Least Square (PLS) provided information about the relationship of independent latent variable and dependent latent variable. Path analysis coefficient based on P value used to measure each relationship significantly.

H1. Perceived ease of use influenced online buying intention significantly.

This first relationship exposed that it was insignificant. Path coefficient 0.067 showed that P Value > 0.05 above numerical figures. Perceived ease of use found insignificant in influencing online buying intention. Some previous research also found that Perceived ease of use did not shape online buying intention (Palvia & Mao: 2006). In this research context, online buying intention in social media difficult to be influenced by perceived ease of use. When purchased at Social Media, shopper did not run any process like any other shopper that purchased in official online store. In Social Media user can be connected all the time in its application, there was not any process to understand, any access to study, or any stages to master. So what to assess? Shopper had nothing to assess on Social Media. Online buying intention was never shaped by perceived ease of use. When shopper purchased at Social Media they offered the product while surfing or browsing. It all happened without intention from the shopper. Online buying that happen in Social Media is like impulse buying or unintended buying. When the product shown and shoppers liked it, they close the deal, and it happened that easily. In our research most of the shopper was female. The product that bought most often was clothes. In Aceh market offered so many Muslim clothes but in rather higher price compare to Social Media store such Facebook. Typical female shopper was fun about the cheaper price, discount or any other marketing program.

H2. Perceived usefulness influenced online buying behavior significantly.

Perceived Usefulness found significant in influencing online buying intention; 0.290 value in path coefficient can be interpreted as the influence of usefulness in online buying intention was 29 percent. Even it was significant but it wasn't the determinant of online buying intention. Numerous researches found that perceived usefulness is the reason of online buying decision. (Rupak et al:2014, Davis:1989, Cho: 2015). In this research context the result can be interpreted as Social Media offered so many functions. Who needs to open any online store if shopper can do anything in Social Media. Shopper can be fun by shopping and socializing with their online friend simultaneously. Most of respondents were females. Females loved to be in the crowd. They liked to be with friends that look like them. They were good at multitasking. Being multitasking could answered the question why choosing social media rather than other official online store. Social Media provided numerous functions that done routine by females. Female is the creature that always forgets to count the risk on every event. Even though more fraud issues occurred because of social media online buying but the shopper was always there.

H3. Social influence effected online buying intention significantly.

Social influence positively affected online buying intention significantly. Path coefficient 0.460 showed that 46 percent of the social influence shaped online buying intention. In this research social influence was determinant construct in predicting online buying intention. Retailers who offered product at social media commonly small retailers. The closest social influence that one person can get in sequence is from family, friend and environment. Family and friend can be real or virtual friend, but environment today refer to person in internet’s networking. We did not meet people in real life but easier to find person in social media. Online environment always influence shopper in Social Media, people in the online environment recommended, gave “like”, filling testimonies which were all influenced or helped shopper made decision about buying the product online.

H4. Online buying intention influenced actual buying behavior.
Online buying intention positively influenced actual buying behavior significantly. Path coefficient 0.692 can be interpreted as 69.2 percent actual online buying influenced by online buying intention. Online buying intention is considered as the immediate antecedent of social media usage. In this research context Intention to purchase at Social media shown when shopper questioned the retailer about their product; asked the retailer about another color, size or the material and lastly asked about the price. The next level of intention was shown when shopper bargains the price. When shoppers asked retailer to reduced price, it means they were interesting to purchase it. The actual buying happened when the money was transferred by the shopper. Activities after transfer will be decided whether the relationship will continue or stop at that moment. If the product received then it will be long term relationship.

**Structural Model**

![Figure 1. Research structural model.](image)

The Figure 1 showed that the entire indicator's value was valid (loading value > 0.50 Chin: 1998). The relationship among constructs and indicator were all significant. From Figure 1, we could see obviously that none of the indicator's value under 0.50. The Figure 1 explained that every indicator is a good predictor to measure each construct. The R Square value (0.67, 0.33, 0.19: good, moderate, weak; Chin: 1998) 0.403 for online buying intention showed that the Research Structural Model is eligible as a model to measure online buying intention. The R Square value 0.478 for actual buying showed that the Research Structural Model is eligible as a model to measure actual buying behavior.
Conclusions
This paper proposes Classic TAM framework with two additional latent variables for examining online buying behavior at Social Media. The finding suggested that actual buying was shaped by online buying intention. Online buying intention was determinant construct for measuring actual buying behavior. Online buying intention influenced by perceived usefulness and Social Influence. Since this research was done in Aceh we could conclude the result based on Acehnese Characteristic. Yun (2012) found in his research that 92 percent of Chinese consumers tried looking for the opinions of other before making a purchase decision. This finding also encourages our findings which result social influence was important factors in shaping online buying behavior. The study about social influence was also done by Leeraphong & Mardjo (2013). Both of them were trying to examine the influence of social influence in form of subjective norm. The Research found that Social influence as the least important factor that will affect their purchase intention. Negative comments will discourage them to buy from that seller while positive comments will encourage them to buy. Social influence among users is very high in Social Media. Zhou (2011) highlighted that a person’s judgment to buy a product is often strongly affected by people who are close rather than stranger. That would explain why social media users like to read testimonies, comment, and another respond from early adopters. Even reading of online recommendation will affect the online purchase intention. Social influence was dominant in shaping online buying intention. Perceived usefulness only influence online buying intention 29 percent. More than 40 percent was occurred because of social influence. We could interpret that social influence had the greater influence compared to perceived usefulness. It means online buying intention come from friend, family and online environment. In the other word we could conclude that Social Media formed the online buying Behavior. Most of the shoppers were females. Females were easier to influence. Recommendation, the amount of thumbs (likes), the testimonies were all counted when women found it at their pages on Social Media. They will not miss it. The least they would see the product recommended. It also explained why prefer Social Media to official online store for online purchasing alternatives. Most of the actual buying occurred unintentionally. Being in Social media was intentional, but online shopping just happened for many other reasons that have not investigated in this research.

Implication
This study provided the new model for measuring online buying intention. This model will enrich the research about online buying intention. The marketers especially who sold their product at Social Media capable of providing a safer and better environment for online buying transaction. This study gave opportunity for the next researcher to add another construct that could shape online buying intention in a higher value. Social influence was the dominant factor in shaping online buying intention so for marketer was suggested to create the marketing program that related to social environment. This study gave opportunity for the next researcher to add another construct that could shape online buying intention in a higher value.

Limitation
This study had limitation; the respondent came from virtual environment. It was difficult detecting the validity of data because the questionnaires were answered online.

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