



Online Purchase Intention Factors in Indonesian Millennial

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ABSTRACT

Millennials live in an era that has high mobility and connected to the internet, thus impacting their desire to transact through an online platform. The results of this study indicate that online purchase intentions for Indonesian millennial are not affected by perceived risk and social influences. But they still pay attention to the factors of perceived ease, usefulness, and price perceptions. The results of this study strengthen and develop the technology acceptance model theory by adding price perceptions, in addition to perceptions of ease and perceived usefulness in adopting the latest technology, online shopping at e-commerce Shopee Indonesia. That is the uniqueness of the result of this research. This research uses quantitative methods, with a sample of 260 respondents, determined using purposive sampling. Data were collected using an online questionnaire with an ordinal scale and analyzed using multiple linear analysis techniques assisted by software SPSS 23.0.

Keywords: E-commerce, Technology Acceptance Model, Price, Risk, Social influences, Online Purchase Intention

JEL Classification: M31

1. INTRODUCTION

Technological developments, especially the internet, have an impact on changes in consumer behavior and mindset in shopping. This information technology development has made a huge change to people's lifestyle that is presently dominated by fast-paced demand of life (Winata and Permana, 2020). These changes also affect companies in strategic marketing for their products or services. Currently, one of the strategies carried out by companies is online marketing (Purwanti, 2017).

In the survey from APJII (2017), the most recorded population in Indonesia using the internet is the population who live in Java, especially Jabodetabek (Jakarta, Bogor, Depok, Tangerang, and Bekasi) at the age of 19-37 years, wherein Howe and Strauss (2000) that age range is called millennial.

The results of a survey conducted by the survey iPrice Group agency (2018), the first rank in e-commerce company based on the mobile phone application is Shopee Indonesia. More superior

than previously established and well-known E-commerce companies like Blibi.com was founded in 2011, and Lazada.com was founded in 2012. Furthermore, the results of the survey from APJII (2018) show that Shopee Indonesia is an online shopping platform that is often used to buy goods or services by people. This is caused by why researchers need to search the phenomenon of Shopee able to defeat leaders in the online market, further attributed to millennials who carry out the most APJII online transactions. This raises the question; what factors influence online purchasing intentions for millennials?

Laudon and Traver (2011) explained that e-commerce is a business transaction in brief through the use of internet technology and websites. Millennial considers several factors to make an online purchase process, where the buying process starting with the appearance of purchase intentions.

Various factors that influence purchasing intention have been conveyed by previous researchers and it is necessary to further analyze the factors. For that reason, a preliminary survey is

needed to include a number of variables from previous research to determine the 5 most of the variables presented (Figure 1).

Besides of perceived ease of use and perceived usefulness, preliminary survey results show that the promotion and price variables offered, social influences, risk perception (security, damage, etc.) are also factors that are considered in determining online purchase intention in Shopee Indonesia's platform. Thus, the thinking framework and research hypothesis use 2 (two) constructs of the TAM research model (perceived ease of use and perceived usefulness) and add three external variables (price perceptions, social influences, and perceived of risk) (Figure 2).

The following is the formulation of the hypothesis, proposed to be tested for truth in research conducted on millennial consumers in favor of making a purchase transaction through the online platform:

- H1: Perceived ease of use (X1) has a positive and significant effect on online purchase intention.
- H2: Perceived Usefulness (X2) has a positive and significant effect on the online purchase intention.
- H3: Social Influences (X3) has a positive and significant effect on online purchase intention.
- H4: Price perceptions (X4) has a positive and significant effect on online purchase intention.
- H5: Perceived of risk (X5) has a positive and significant effect on online purchase intention.
- H6: Perceived ease of use, perceived usefulness, social Influences, price perceptions, and perceived of risk as together have a positive and significant effect on online purchase intention.

2. LITERATURE REVIEW

2.1. Purchase Intention

Purchase intention in the Shopee Indonesia platform is the tendency of consumers and prospective consumers to evaluate goods via the internet on the Shopee platform in order to decide whether or not to buy a product, as measured by the level of likelihood of consumers making purchases through the Shopee platform. The definition is based on the purchase intention definitions submitted by several previous researchers.

Purchase Intention is a plan by consumers to meet their needs, including how much goods consumers need in taking action to

meet consumer needs (Ferdinand, 2006). Transaction interest or purchase intention is something that arises after receiving a stimulus from the product he sees, after which arises an interest in buying in order to have it. Interest in transactions will spontaneously arise by itself if consumers already feel attracted or give a positive response to what is offered by the seller. In Percy and Rossiter (1997), purchase intension is also a consumer's self-instruction to purchase a product, make a plan, take relevant actions such as proposing, recommending, choosing and finally making a decision to make a purchase. According to Howard (1994) in Durianto and Liana (2004) purchase intention is something related to consumers' plans to buy certain products as well as how many units of product are needed in a certain period. Kinnear and Taylor (1995) add that transaction interest is the stage in which consumers tend to act before buying decisions are actually implemented. Then, according to Simamora (2013) purchase intention arises because there is a positive stimulus about an object that raises consumer motivation for a product.

Some previous researchers produced findings of several factors that influence purchase intention, among others, the price variable influences the purchase intention (Firdausy and Idarawati, 2017; Naami, 2017) The results of the study by Kondiparthi et al. (2015) and Kizgin et al. (2018) show that social influence influences buying interest. The risk variable has a positive effect on purchasing interest (Naami et al., 2017).

2.2. Variabel Independent

The independent variables forming the framework of thinking include perceive ease of use, perceive of usefulness, social influences, perceive price, and perceive risk. Davis (1986), and Agustian and Syafari (2014) states that perceived ease of use is a measure where someone has a belief that computers or technology can be easily understood and used to help certain jobs. Perception of usefulness (perceived usefulness) is defined as a measure in the use of a trusted technology that can bring benefits to people who use it (Davis, 1986). Davis, 1986; Wang et al., 2003; and Noviarni, 2014 agreed to state perceptions of the benefits obtained as the subjective ability of users for the future, where using a specific application system will improve performance in an organizational context.

In Technology Acceptance Model (TAM) Theory, factors that influence the acceptance of technology use in accepting an online

Figure 1: Results of a preliminary survey of purchase intention factors in e-commerce Shopee Indonesia

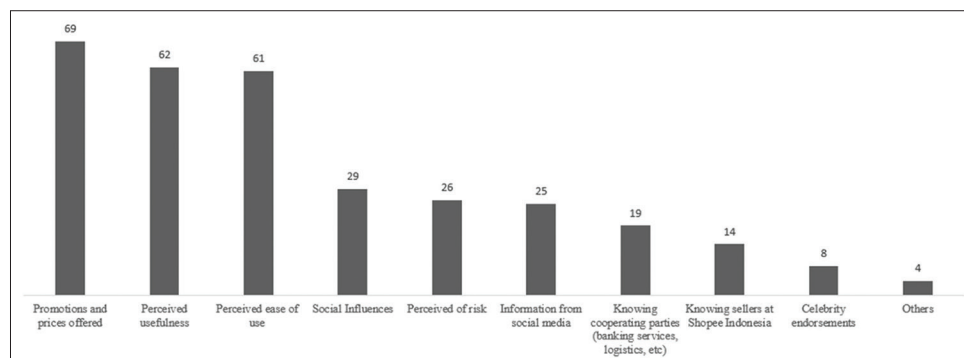
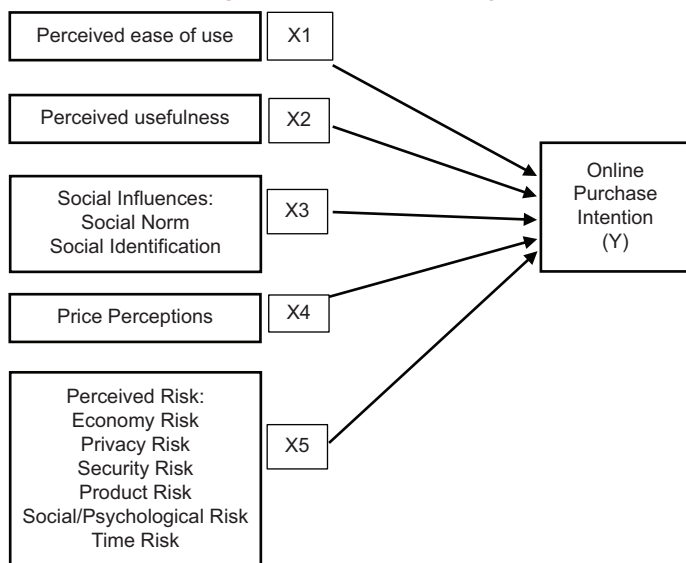


Figure 2: Framework thinking

marketplace is the perception of benefits (Perceived Usefulness) and perceptions about the ease of using the technology (Perceived Ease of Use) (Davis, 1986), where that theory is one of the models built to analyze and understand the factors that influence the acceptance of the use of technology. Noviarni (2017) conducted a study using TAM variables and added several variables in her research such as awareness, perceived risk, and social influences. Yahyapour (2008) argues that external variables such as trust perception, risk perception and other variables are not examined because their contribution or influence on TAM is considered not so significant, so it is not used even though it has an indirect influence on acceptance technology. The results of the study are in accordance with the opinion of Fatmawati (2015) that external variables can be replaced, eliminated and adjusted to the object and topic of research.

Price perception is a consumer's perspective in evaluating whether a product has a reasonable, expensive or cheap price. Perception of prices will determine the value of a product and the desire to buy the product. Furthermore, the study of Firdausy and Idarawati (2017), Andersen (2015) gets the same result that price perception has a significant effect on online shopping intention.

Social influences are a group of people or organizations that can influence a person's behavior (Setiadi and Kolip, 2013). According to Vankatesh and Davis (2000), social influences have an impact on individual behavior through three mechanisms namely compliance, internalization, and identification. The results of the study of Hsu et al. (2015) shows that rigidity and social influences significantly affect online shopping intention. Kondiparthi et al. (2015) in his research found facts that social influence effected to purchase intention, besides product comfort. The same thing was conveyed by Kizgin et al. (2018) from the results of his research on social influences on purchase intention. On the other hand, Eryadi's (2016) research results show perceptions about values and social influences affecting purchase intention. The results of the research by Osei et al. (2019) supports previous studies.

Perception of risk (perceived risk) is defined as consumer perceptions about uncertainty and negative consequences that may be received from the purchase of a product or service (Oglethorpe and Monroe, 1994; Assael, 1998). Naami et al. (2017) research results show that price, risk, and perceived value affect purchase intention. This is synonymous with a preliminary survey of risks. Contrary to the results above, the results of the study of Jordan et al. (2018) shows that online buying risk does not significantly influences purchase intention. In line with the research above, the results of Wang et al. (2018) research show that risk does not affect buying interest, although price variable influences purchase intention.

3. METHODOLOGY

This research is a quantitative verification study with a type of causal descriptive research using an explanatory survey method which is conducted to examine the sample of a particular population. The population in this study are all consumers who have visited online shopping application Shopee Indonesia. Sample size guidelines according to Hair et al. (2006) in Yunisyah (2015), that the number of samples that were unknown to the exact population, amounted to at least five times the number of indicators. The design of this study has 52 indicators, so the number of samples taken in this study is a minimum of 260 samples.

4. RESULT

Profile of respondents in this study were dominated by women, aged 25 years, single status, the latest education level Diploma/Bachelor degree, employment of Private Employees, monthly income/pocket money of IDR 3 million to IDR 5 million, domiciled in Jakarta, and had already done online transactions through Shopee Indonesia platform.

For the validity test, it was carried out using a sample of 30 respondents, with a significance level (α) of 5% and said to be valid if the calculated r value is greater than r table. The value of r table ($N = 30, \alpha = 5\%$) is 0.361. Based on the statistical calculations of the r value, 38 items were declared valid and 14 others were invalid. For this reason, 14 invalid items were excluded in statistical calculations.

For the reliability tests, were carried out using Cronbach's Alpha coefficient of 0.6 as a limit. If the Cronbach's Alpha value is greater than the coefficient value, it means that the instrument is said to be reliable. Based on the statistical calculations, the value of Cronbach's Alpha is 0.849, this means the value of Cronbach's Alpha > 0.600 . So it can be concluded that the instrument used is reliable.

For the hypothesis test, the results of the multiple regression test, the regression equation obtained for this study is as follows.

$$Y = 1.866 + 0.159X_1 + 0.070X_2 + 0.108X_4$$

From the results above, it is known that the variable perceived ease of use, perceived usefulness and perceived price have a positive

and significant effect on online purchase intention for millennials on The Shopee Indonesia platform. While for social influences and perceived risk variables do not have a significant effect (Figure 3).

The adjusted R² value is 0.610 or 61%. The results of this test indicate that 61% of online transaction interest variables can be explained by the variables of perceived ease of use, perceived usefulness, perceived price, perceived social influences, and perceived risk. While the remaining 39% is explained by other variables not included in the research model.

5. DISCUSSION

From the five variables, only three affect the intention of millennial online purchases; perceived ease of use, perceived usefulness, and perceived price. Two of them are perceived ease of use and perceived usefulness are the TAM Theory variables. Thus, the addition of price perceptions strengthens and develops TAM theory (Figure 4). This is the uniqueness of the research result.

Perceived ease of use is a major factor for millennials, and this shows that the perceived ease of use is the main reason for their purchase intention in online transactions. The higher the level of simplicity presented on the platform, the more it encourages the purchase intention and potential customers in transacting online through the Shopee Indonesia platform. The results of this study are in line with the theory of the Technology Acceptance Model

Figure 3: The results of the study

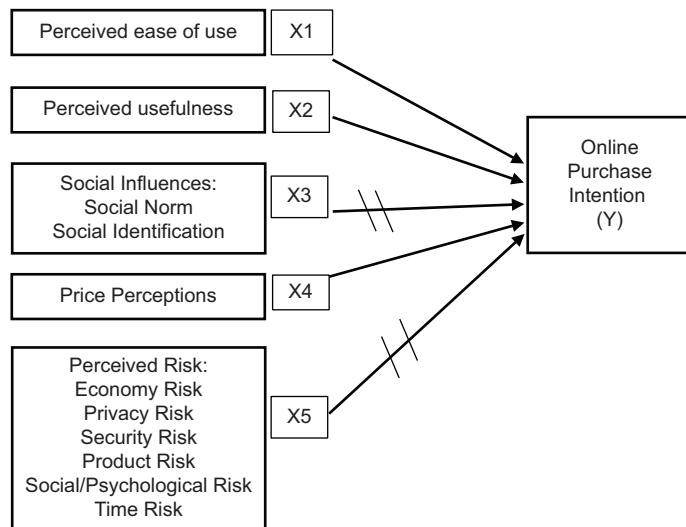
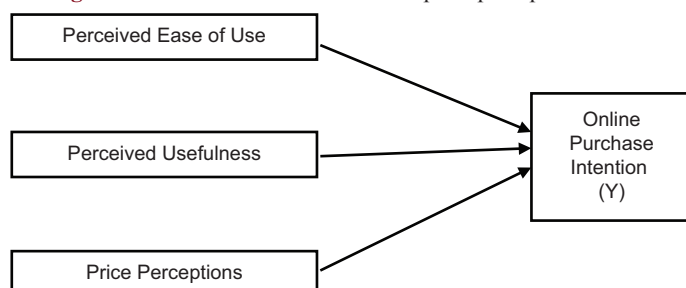


Figure 4: The construct of the TAM + price perceptions model



(TAM), which states that a person's main factor in adopting technology is perceived ease of use (Davis, 1986). This study also reinforces previous research conducted by Athapathuthu and Kulathunga (2018) and Butt (2016), in which the study explained that perceived ease of use had a positive and significant effect on online purchase intention. Our research findings are also reinforced by the opinion of Sebastian and Amran (2016) that millennials have several advantages, wanting to be fast-paced, quickly moving jobs in a short time, creative, technology literate, close to social media, and so on. Even though millennials are a generation born when there is rapid technological progress, they also want technology that is easily adopted and used. Millennials choose to do online transactions in the hope of accelerating their transaction activities, so they can do other work because they want everything to be fast-paced.

In addition to perceived ease of use, the perception of usefulness also has a positive and significant impact on purchase intention millennials. The findings of this study are in line with the theory of The Technology Acceptance Model (TAM) which states that a person's main factor in adopting technology is the perception of usefulness. The perception of usefulness is something that states individuals believe that using technology will improve its performance. The results of this study also reinforce previous research conducted by Athapathuthu and Kulathunga (2018), Butt (2016), and Shaheen et al. (2012), were in these studies found perceptions of usefulness have a positive and significant effect on online transaction interest. The results of this study are also in line with the characteristics of millennials according to Yorisi (2016), that millennials want everything to be fast-paced. For this reason, millennials choose to do online transactions in the hope of accelerating their transaction activities so that they can do others.

Furthermore, in Budiati et al. (2018), millennials have a hedonic habit of wasting money, contributing to the millennial lifestyle. The book also mentions that millennial is more consumptive in the sense that it is more like spending money to buy a product or use the services provided. Even though millennials are more consumptive, the results of this study show that millennials still pay attention to prices in online transactions. According to Firdausy and Idarawati (2017), Andersen (2015), Naami et al. (2017), Wang et al. (2018), the perception of price has a significant effect on online purchase intention.

Social influence is a reflection of the results of communication and interaction with others, wherein the presence of these effects can change a person's attitude or behavior (Lee, 2008). Our findings indicate that the social influences variable does not have a significant influence on purchasing intention, in line with the results of Zamri and Idris (2013) research on Zalora in Malaysia. However, it is not in line with the results of Hsu et al. (2015) research that stiffness and social influence significantly influence online purchase intention, and social influences influence purchase intention, in addition to product comfort. The same thing was conveyed by Kizgin et al. (2018) from the results of his research on social influences on purchase intention. On the other hand, the research results of Eryadi (2016) show that perceived value and social influence purchase intention. The absence of the influence

of social influences on millennial purchase intention means that they have principles and personal decisions in determining the purchase intention in the product, and are not influenced by the decisions of others. That is because millennial has 3 characters, namely connected, confident, and creative (Ali and Purwandi, 2017). Confident and creative character allows them to confidently find things that are outside the habits done by others, including deciding which products to buy to fulfill their creativity. The connected character makes it easy for them to dig information from their networks, to support the purchase intention that arises from themselves so that the intention is realized into a purchasing decision, according to the decision stage.

Perceived risk is defined as consumer perceptions about uncertainty and negative consequences that may be received from the purchase of a product or service (Assael, 1998; Oglethorpe and Monroe, 1994). The results of this study indicate that risk does not affect millennial purchase intention. Following the results of research Wang et al. (2018), which show that online buying risk does not significantly influence purchase intention. Thus, millennials argue that economic risk does not prevent them from conducting online transactions, because they can minimize risk by seeking as much information as possible, according to their character that is connected (Ali and Purwandi, 2017; Assael, 1998).

6. CONCLUSION

After conducting research examining the five independent variables, the conclusion of the research is that the variables of perceived ease of use, perceived usefulness, and perceived price have a positive and significant effect on online purchase intention for millennials on the Shopee Indonesia platform. However, social influences and perceived risk do not have a significant effect. Perceived ease of use and perceived usefulness are the TAM Theory variables. Thus, the addition of price perceptions strengthens and develops TAM theory. This is the uniqueness of the research result.

For this reason, it is recommended that companies continue to ensure that the application is easy to use and easy to understand, and can be used anytime, anywhere. Companies need to develop features that make it easier for consumers to maintain the completeness of information available, so that consumers increasingly recognize the benefits of online transactions through the Shopee Indonesia platform and still maintain a price leadership strategy, a strategy that can cause the effect of price perception offered is the best price of all existing platforms both online and offline. Researchers also suggest companies to create a marketing strategy by paying attention to millennial characters such as connected, confident and creative.

Suggestions for academics, they can develop this research because there are still 39% of other variables that influence purchase intentions that are not yet known besides the independent variables used in this study, the example: factors celebrity support, social media engagement and more. They can also do research by increasing population, and also doing research using in-depth interviews with respondents who have visited the website or online transaction platform application.

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