

Increase Customer to Customer E-Commerce Transaction in Central Java

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The use of e-commerce as a business tool has been growing rapidly and becoming a modern shopping alternative in Indonesia because there is no limited distance and time, and it gives benefits and convenience. However, in practice some complaints appear during transactions because of dishonesty. The aim of this paper was to determine the effects of trust and security of transaction to make transaction of C2C e-commerce. Six hypotheses had been formulated in this paper. By using 200 respondents those hypothesis were tested. The data showed that the transaction of C2C e-commerce can be increased if the trust increases. The trust increases when the customers have more experiences. However, the experiences can be increased when the social factor increases.

Keywords: Trust, Security of Transaction, Transaction.

1. INTRODUCTION

Information technology and communication has been growing rapidly in this decade, such as internet. People use Internet to access information, sending e-mail, a media entertainment, and so forth. Internet also brings an impact towards economy system in Indonesia particularly in distributing goods and services from producer to consumer. Along with its rapid growth, emerge the modern business medium which best known as e-commerce.

E-commerce is a new model of buying and selling transaction using internet and website as the business transaction tools among organizations or individual agent included in the information exchange system.¹ E-commerce gives freedom to business agents in conducting their business without putting much attention to the place and time. Nowadays, along with the growth of e-commerce, not only the corporation can use transaction media through internet but also individual agent can do the same.

Nowadays online shop has been becoming a trend in Indonesia and the online shopping value transaction increase each year. In online shopping there are many goods offered with competitive prices compared to the ones offered in offline shop. Easy consideration and various types of products and prices, online shopping have many devotees in Indonesia.

Nowadays online shopping has been experiencing the rapid growth in Indonesia and it has been supported by some online shopping site especially for the Customer to customer (C2C) e-commerce site and social media which start to use online shop as transaction media. Customer to customer (C2C) e-commerce

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is a business model of the E-commerce in which there are people who have role as seller and others as buyer who do the transaction directly through online media such as website or other media. Example of customer to customer (C2C) e-commerce site in Indonesia are FJB kaskus, olx, bukalapak, elevenia, and many others and social media.

Transaction in customer to customer (C2C) e-commerce is very popular to the consumer of online shop in Indonesia considering the pioneer of e-commerce development in Indonesia. In customer to customer (C2C) e-commerce the consumers have more options in choosing the products and various types of prices and also can negotiate with the seller directly. From those ease Customer to customer (C2C) e-commerce become more well-known in Indonesia.

Online shops do not give a full security and comfort guarantee to the consumer in doing transaction. It is because the high percentage of deception related Customer to customer (C2C) e-commerce. The deception is conducted by the seller and become consumers concern remembers the harms resulted. There are some sellers in Customer to customer (C2C) e-commerce site and social media account who do the deception. According to Kompas.com, those deception crimes in 2012-2015 caused the material loss of almost Rp. 33, 29 billion. The high number of deception cases affects the consumer interest in doing their transaction through Customer to customer (C2C) e-commerce. It can be observed that in 2014-2015 consumer preferred to have a transaction through Business to Customer (B2C) E-commerce that is in Lazada than Customer to customer (C2C) e-commerce.

Aspect that becomes the consumer attention is credibility as the key success of customer to customer (C2C) e-commerce,

consumers will doubt to do a purchase except they trust in the seller.² To build consumer's trust needs a transaction process with other individual agent who brings influence to each other through the communication and information sharing.³ Monsuwe et al.⁴ believed that the intensity in doing online shopping is based on the experience of individual agents that might give an impact to the trust and online shopping behavior.

Raman and Viswanathan⁵ in their research believed that security factor has a positive impact and significant in affecting the online shopping decision. Consumer will think twice when they buy without any safety guarantee, because without that, it will emerge the concern to the consumer hence it is going to affect their trust to the seller.

Muchsin⁶ suggested that security risk and consumer's trust which got from their knowledge about some previous deception cases in online shopping nowadays also could affect their reaction in doing online shopping. The deceptions affect their perception about security and trust transactions. Therefore, the deception factor will determine whether consumer will do the online shopping or not.

This research aimed to analyze the factors which affect transaction of customer to customer (C2C) e-commerce. While the research questions are:

1. Does social factor affect the experience?
2. Does social factor affect the trust?
3. Does experience affect the trust?
4. Does transaction security affect the trust?
5. Does trust affect the transaction?
6. Does transaction security affect purchase decision?

2. LITERATURE REVIEW AND HYPOTHESIS

2.1. The Effect of Social Factor to Experience

Social factor is defined as a group of individual who considered about the equity in a status or community closely and have an interaction among the group member both of formal and informal way continuously.⁷ Social factor will be more effective if the communication that is conducted in a group who has a certain relationship. From that interaction will give some information to each other and bring an impression to individual and could form his behavior.

Yoo and Alavi⁸ explained that social factor has a relation with experience which a result of interaction that can affect participation in a group. Followed by Kumar and Benbasat⁹ in their research explained that someone's experience is gained from others who understand about online shopping then pass the information to somebody else.

H1: The higher social factor than the higher consumer experience.

2.2. The Effect of Social Factor to Trust

Social Factor is becoming a place to have interaction among the member, it will bring the impact to their behavior that is a trust. Prabowo et al.¹⁰ explained that E-commerce has been a virtual community to customer to customer in E-commerce and can do both of social function and business function very well. The communication and reference from social factor will affect the level of trust to other users in doing the online shopping. That interaction will facilitate other users to be affected. Therefore each member can adapt and deal easily with the new situation in a group.

Table I. Result of full model testing.

Kriteria	Cut-off-value	Hasil	Evaluasi
Chi-Square	df:83; 1% = 105,26718	101,792	Fit
Probability	≥ 0,05	0,79	Fit
CMIN/DF	≤ 2,00	1,226	Fit
RMSEA	≤ 0,08	0,34	Fit
GFI	≥ 0,90	0,917	Fit
CFI	≥ 0,90	0,988	Fit
AGFI	≥ 0,90	0,917	Fit
TLI	≥ 0,90	0,985	Fit

Weisberg et al.¹¹ explained that social factor has positive effect to trust, based on how much the information are gained from the former of social factor itself. Followed by Gefen and Straub¹² explained that the higher information is gained from interaction process will increase the trust in online shopping decision.

H2: The higher social factor then the higher consumer trust.

2.3. The Effect of Experience to Trust

Experience is a phenomenon that was happened, conducted, felt, and burdened by each individual based on the thing they had done.¹³ The experience in doing online shopping is different on each individual particularly to an individual who do the online shopping often and who do the online shopping for the first time or even who never do at all. The difference can be noticed from the way they search the products, negotiate with seller until the way they do the payment transaction.¹⁴ Those experiences will affect the trust in online shopping.

According to Komiak and Benbasat¹⁵ consumers can build the trust if their experiences are as expected. Then the number of experiences in doing the online shopping will increase the trust to the system, which probably hard to understand before until they experience directly.¹⁶

H3: The higher experience then the higher level of trust.

2.4. The Effect of Transaction Security to the Trust

Transaction Security is defined as the capability of either online shop or seller in controlling and guarding the security to the transaction conducted.¹⁷ Park and Kim¹⁷ added that security guarantee has an important in forming trust by suppress consumers concern about abusing in personal information, risk of failed transaction, and deception risk that probably happen. When level of security guarantee in accepted by consumers and can ensure them, they will sure doing online shopping.

Cheung and Lee¹⁸ explained that transaction security is very important in determining consumer trust in e-commerce. Kim and Park¹⁹ explained that Consumers want a guarantee of secured transaction and privacy because they have no control on its, therefore it will affect their trust.

Table II. Regression weights.

	Estimatee	S.E.	C.R.	P
E ← SF	,526	,113	4,649	***
T ← E	,391	,061	6,432	***
T ← SF	-,052	,099	-,529	,596
T ← TS	,149	,072	2,070	,038
Tr ← T	,874	,129	6,786	***
Tr ← TS	,158	,078	2,021	,043

Source: Primary data processed, 2016.

H4: The higher of secured transaction guarantee the higher of their trust.

2.5. The Effect of Trust to Transaction

Trust is a willingness to be sensitive to other action and hopefully that person will do a certain action to others who trust him.²⁰ In building the trust between seller and buyer in transaction of online shopping is quiet difficult. It needs a commitment between seller and buyer in order not to give any loss to each other, remember that they could not meet face to face.

In purchase transaction Customer to customer (C2C) e-commerce, trust is a main factor that should be noticed more by consumers to avoid the thing that probably can cause the loss.²¹ The higher trust will ensure in doing the online shopping.

According to Kwahk et al.²² trust is an important factor that can affect purchase transaction through E-commerce. Then Kwahk et al.²² said that trust show consumers attitude which affect in choosing the seller and doing decision to purchase.

H5: The higher consumer trust, then the higher transaction.

2.6. The Effect of Transaction Security to Transaction

Transaction Security also affects the transaction directly. Raman and Viswanathan⁵ through the study to consumers of online shopping in Malaysia, found out that security has positive and significant relation to affect online transaction. Followed by Koufaris and Sosa²³ believe that the users of e-commerce generally have concerns towards the level of transaction security in the whole purchase transaction

H6: The higher transaction security guarantee, then the higher transaction.

3. RESEARCH METHOD

3.1. Research Variable

The Independent Variables in this research were social factor (X1) and transaction security (X2). The dependent variable in this research was transaction (Y3). Intervening variable in this research are experience (Y1) and trust (Y2).

3.2. Sampling Method

Populations in this research were Customer to customer (C2C) e-commerce consumers in Central Java. The numbers of samples were 200 respondents who had shopped through customer to customer (C2C) e-commerce. Non-probability sampling was applied taken from the questionnaire both of online and offline.

3.3. Analysis Method

Structural Equation Modeling (SEM) operated by AMOS 22 program was used. SEM is a group of statistical technique that use series of complicated and simultant relation measurement.

4. RESULTS AND DISCUSSION

4.1. Research Model Testing

The result of SEM full model can be seen on Tables II and III above.

4.2. Research Hypothesis Testing

Hypothesis 1 was accepted, hypothesis 2 was rejected, hypothesis 3 was accepted, hypothesis 4 was accepted, hypothesis 5 is accepted, and hypothesis 6 was accepted.

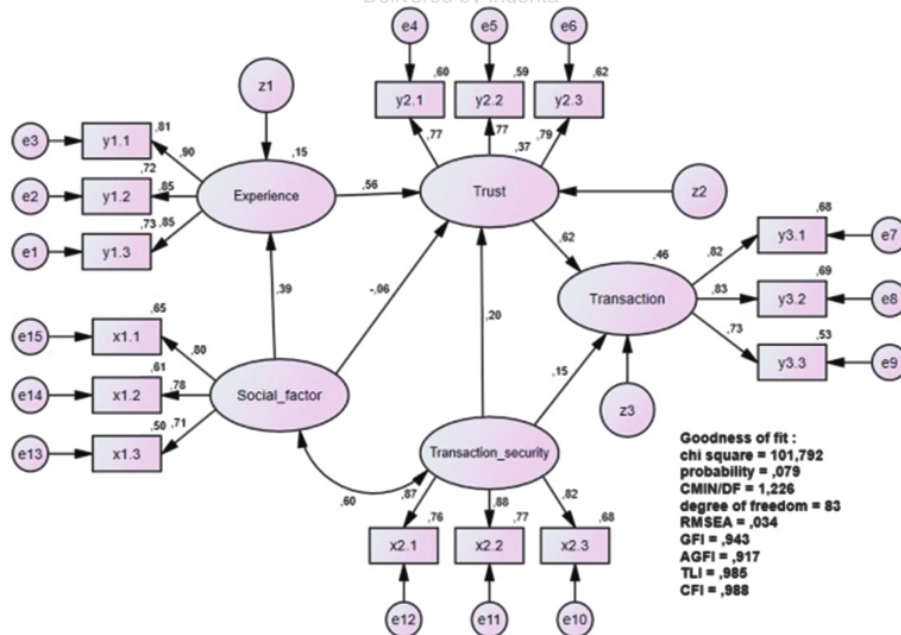


Fig. 1. Full model SEM testing.

5. CONCLUSION AND RESEARCH LIMITATION

The better interaction to the social factor encourages consumer behavior than the higher experience will be got through online shopping. This research strengthens the previous research by Yoo and Alavi⁷ and Kumar and Benbasat⁹ who believe that somebody who strengthen his social relation will deliver the information about online shopping and experience to others.

1. Social factor will encourage the trust to the online shopping, because in sharing positive information will increase someone's trust in doing online shopping. This research strengthen the previous research by Weisberg et al.¹¹ and Gefen and Straub.¹²

2. The higher experience consumers have then the higher trust consumer will have in doing online shopping. Experience will ensure the trust. This research strengthens the previous research by Komiak and Benbasat¹⁵ and Ariely.¹⁶

3. The higher transaction security then the higher trust, yet in online shopping system the worst transaction security happen because no one control the safety transaction directly, it is one of most considerable thing before doing the online shopping because the level of trust is still low. This research strengthens the previous research by Cheung and Lee¹⁸ and Kim and Park.¹⁹

4. The higher trust then the higher transaction. This is because trust is the key success and become the determination of consumers in taking the decision of online shopping. This research strengthens the previous research by Kwahk et al.²²

5. The higher transaction security the higher transaction will the consumers take, transaction Security become the main consideration factor of consumers before doing the online shopping. This research strengthen the previous research by Raman and Viswanathan⁵ and Koufaris and Sosa²³ believe that the user of e-commerce generally have a concern towards transaction security in all online shopping system.

This research result shows that improving social factor will affect experience, the higher the experience affect trust and finally can increase the transaction.

This research has some constraints such as the observed object which is conducted in this research only consumer in customer to customer (C2C) e-commerce, considering there are other online shopping models in Indonesia as Business to Customer (B2C). The next constraint is lack of good interaction in factor which forming the social factor that can increase consumers trust. Therefore two-way communication is needed among the things

which forming social factor and online shop seller in order the role of social factor will be better.

The next research is expected observe online shopping model in Indonesia in a whole with the wide range of respondent and expected to address the benefit and risk in online shopping.

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