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Factors Influencing Social Commerce Purchase Decision Via Mobile Apps In The New Normal Period

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ABSTRACT

A company engaged in the field of goods delivery services or better known as expedition services which is one of the fields that is growing rapidly with the needs of national freight forwarding services. However, from the delivery of entrustments that have been recorded, they are only stored as recording reports. With the existing problems, the current research that the author conducts aims to implement one of the algorithms in data mining, namely the C4.5 Algorithm to produce complex decisions to be simpler such as data for customers to better challenge customers with large-scale groups so as not to turn away or move to other expedition services. The results showed that the tree resulting from the C4.5 method with the C4.5 Algorithm had an accuracy percentage of 84.00%. The data processing carried out in this study used the help of the Rapid Miner application to obtain the model. The results of this study can recommend marketing the sale of freight forwarding services with the criteria of what kind of customers will get a discount.

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1. INTRODUCTION

Social commerce (s-commerce) is an essential component of e-commerce and has emerged as a key strategy for sustaining consumer buying and selling activities using social media sites (1). The concept of s-commerce evolved further because of its groundbreaking efforts to connect buyers with other buyers — who may or may not know each other — through the reliable exchange of information, advice, and social support. Specifically, s-commerce is viable even in the absence of e-commerce, as online retailers can sell solely through social media without directing buyers to e-commerce sites. Some experts at least concur that s-commerce is a development of e-commerce (2,3). This evolution also has an effect on business operations, requiring organizations, both online and offline, to develop new abilities, such as listening, interacting, and developing a

dialogue with buyers on social media, in order to continue monitoring their actions. In contrast to e-commerce, the platform on which the purchase is made differs: website versus social network. Additionally, these shopping platforms vary from social selling. Social selling entails acquiring friends on social networks in order to compile a list of prospective buyers. Many individuals today browse social networks for product images and reviews before making a purchase. The purpose of social commerce is to enable customers to purchase the desired product without leaving the platform. This reduces the likelihood of a purchase cancellation and enables customers to talk with their friends and contacts about their recent purchase.

It is not surprising that the s-commerce sector is frequently projected by observers or marketing experts to have high growth potential and to be mastering online businesses in the future (4). A recent study from Visa highlighted the increased interest in online shopping amid the “new normal” era, with 1 in 2 Indonesian consumers’ considering online shopping a safer and cheaper way. The study also underline users greater awareness of local products where more than half of respondents found that they are more affordable in terms of price, quality, and various discounts offered (5). Furthermore, according to a global survey from Rakuten that describe the shopping trends in Asian countries (China is not included in the survey) showed that Indonesians have the highest willingness and engagement (78% of online shoppers) to shop and share their purchases and to recommend products on social media sites through sharing messages or photos, and tweeting or posting. This survey indicates that sellers and buyers prefer to interact and know each other well. Ashoer (2021) stated that consumers’ purchase intentions are influenced by their intensity in searching for products or services (browsing products) on social media. It demonstrates that the development of s-commerce in the future cannot be separated from the large number of social media users in a country. As an illustration, these s-commerce platforms, Facebook, Instagram, and Twitter, provide myriad C2C and B2C channels; both have relationships with buyers and sellers.

Despite the merits provided by social commerce, its implementation is overshadowed by some potential risk such as lack of trust (7). This is reasonable as the users of social media platform (contain of friends, family, and communities) carry their own affective and cognitive forms that determining their trust to the products and services. Moreover, this interaction will be vulnerable as well because the subjective assessment of others (i.e. negative or bad impression) are directly or indirectly able to discourage their intention to buy. Even though this judgement is not always correct, there is still some possibilities that consumers will believe it. Another case is that the COVID-19 pandemic have caused significant swift in consumer behavior due to basic necessity, resulting impediment to marketers on how predicting consumers’ behavior. Consequently, marketing researchers now have more access to consumer behavioral and psychographic data than ever before to gain consumer insights. Regardless of how the company chooses to deal with this complex adaptation process, (8) argues that consistently keeping consumers remembered and engaging with them in new innovative and more social ways will probably yield profitable results.

The role of WoM, which is trustworthy in facilitating interaction between consumers on social media, is one of the success factors of s-commerce (9,10). Prospective customers can spread WoM messages quickly and reliably and it can also be disseminated not only by providing information through communication, but through

social media. Though since WoM communication is based on the actual consumer experience when purchasing a product or service online, the results are unquestionably more effective. Furthermore, during the Covid-19 pandemic, positive WoM actions can reduce uncertainty and risk as the information obtained by asking friends, family, close friends, or neighbors must be more valid and reliable (11). Trustworthy comments, reviews and ratings provide a valuable impact in developing consumers' purchase decision and thereby stimulate product sales, whereas social commerce construction will enhance the level of social support and consumer confidence in both mobile application and sellers. Having this informative knowledge, managers can provide services or marketing activities to increase the level of social support and trust, especially during COVID-19. Another alternate construct is online advertising (via social media), which is philosophically aimed at attracting customers' attention, whether intentionally or unintentionally. The advertisement's message is viewed as a medium that dances and always keeps up with the times, regularly being a provider of information about the ability, price, function, and other attributes of products. Many products or services began to campaign for collective awareness to follow health protocols to avoid transmission during Covid-19, even when they had nothing to do with their products (11). Moreover, previous research has proven that low customer trust in s-commerce spending is generally caused by concerns about the quality of products to be purchased (12). Consumers will be alarmed if their purchasing do not meet their expectations. As a result, the trust factor for making online purchases remains a serious issue that online sellers should reconsider.

Several prior studies have investigated that social commerce features and technology have a determining effect on trust which, eventually, affect their purchase decision. Moreover, experts argue that social media is not only adopted as a place for narcissism or personal branding, but also as a platform to sell or promote their wares (3,12-14) – including in Indonesia which is the fourth largest social media users in the world. Nevertheless, there is still little research that reveals the relationship between WoM, trust, advertising, and s-commerce purchasing decisions in the Indonesian context. Hence, referring to the preceding argument, this study attempted to determine whether WoM, social media advertising, and trust influence s-commerce purchasing decisions in developing countries economy. The results of this study are expected to enrich the study of s-commerce in Indonesia as well as to inspire a more representative and up-to-date marketing strategy:

2. RESEARCH METHOD

2.1 Sampling and data collection

Participants in this study was acquired from one of the most favorite s-commerce apps in the world which is Instagram users that settle in Makassar, Indonesia. Instagram is chosen because it has been successfully facilitated its users in purchasing goods and services via mobile apps during the post-Covid-19 period. The data used to estimate models and test hypotheses is based on primary data gathered via an online questionnaire survey (e-questionnaire). During the new normal period, e-questionnaire links are sent through social media (especially Whatsapp and Facebook) to facilitate access (forms) so that the targeted rate of respond return can be achieved. According to (15), the use of purposive sampling technique is quite favorable in business and

management research as it is considered more reliable in screening prospective respondents. Sample withdrawal consideration refers to two things: having knowledge of s-commerce concepts and practices and having made direct transactions through Instagram at least twice during the new normal period. The preliminary survey instruments were reviewed by five professors specializing in e-commerce and marketing management studies to provide a subjective assessment of the content's validity. Following the preceding steps, 420 feedback have been entered into the researcher's database, yet only 208 responses have been perfectly filled (resulting in a response rate of 49.5%) and can be used for data analysis. In general, most s-commerce respondents via Instagram in Makassar are female (71%) with a median age of 21-23 years (64%) and considered as student. Furthermore, 91.6 percent of consumers have made more than two online purchases through Instagram, and they prefer offers in the fashion, culinary, and tourism categories.

2.2 Construct measurement and data analysis

The data collection instrument refers to four variables that are measured on a three-point scale; trust by (16); WoM by (17); online advertising by (18); and s-commerce purchase decision by (6). On a five-point Likert scale, respondents rated their approval with statements for each measure ranging from (1) strongly disagree to strongly agree (5).

Subsequently, since the main purpose of research is prediction, variant-based Structural Equation Modeling (SEM) testing (PLS), which is supported by SmartPLS 3.0 software, is the most logical analysis (19). SEM-PLS was also chosen as it does not require data normality and does not require a large sample size based on the data characteristics in the current study. As per test results, all items that measure WoM, trust, online advertising, and s-commerce purchasing decision have a loading factor greater than 0.7. In cross loading testing, this value was also found to be greater than the spread of values. In accordance with the preceding evaluation, threshold values in the Criteria Average Extracted Variance (AVE), Cronbach Alpha (CA), and Composite Reliability (CR) are also acceptable. Hence, all validity and reliability assumptions in the PLS measurement model (outer model) are declared eligible.

3. RESULTS AND DISCUSSIONS

3.1 Inner model evaluation

The value of Q-Square predictive relevance is used to evaluate the first structural model (inner model) in PLS (Q2) (20). This value represents the amount of variance in the model's description of the construct. According to the test, the R-square value of the endogenous variable s-commerce purchase decision is in the medium range of 0.544. (54.4 percent). This means that the diversity of endogenous variables (s-commerce purchase decisions) can be explained by three exogenous variables (WoM, trust, and online advertising) by 54.4 percent, while the difference (46.6 percent) becomes another unstudied determinant. This figure is quite reasonable given that the construct raised is regarded as revelan by s-commerce consumers when making online purchases during the pandemic.

The results of data analysis with PLS software are displayed in the form of coefficients, error standards, and significance numbers, which serve as benchmarks (Figure 1). If the sum of significance numbers (T-value) is greater than 1.96, it is proven

that the variable has a significant influence at a confidence level of 0.95 (20). According to the bootstrapping calculation (Table 1), WoM's and trust have a positive and significant effect on consumer s-commerce purchasing decision, with path coefficients of 0.360 and 0.592 (dominant) respectively. Unfortunately, WoM (0,211) does not affect s-commerce purchasing decision. The justification of the hypotheses can be seen below.

Table 1. Loadings Factor, Average Variance Extracted (Ave), Cronbach Alpha (Ca), And Composite Reliability (Cr)

Items	Statements	Loadings	AVE	CA	CR
<i>Word-of-Mouth (WoM)</i>			0,637	0,713	0,840
WoM1	I once participated in a product discussion on the Instagram social media platform	0,811			
WoM2	I frequently hear about a product on Instagram social media from friends	0,770			
WoM3	After learning about a product, I am interested in using Instagram's social networking platform	0,821			
<i>Trust (Tr)</i>			0,649	0,729	0,847
Tr1	I believe in satisfaction guarantees on Instagram social media	0,827			
Tr2	I feel the goods I purchased on Instagram is as described	0,898			
Tr3	I believe that sellers on Instagram always prioritize candor while marketing their products	0,796			
<i>Online Advertising</i>			0,604	0,759	0,813
Adv1	Advertisements on Instagram social networking sites always contain information about new products	0,827			
Adv2	Messages transmitted in adverts on Instagram social media have the ability to impact my selection of a product to purchase	0,817			
Adv3	In my perspective, Instagram advertisements are simple to recall	0,771			
<i>S-commerce purchase decision (ScPD)</i>			0,609	0,792	0,879
ScPD1	I purchased a goods on Instagram due to a necessity	0,732			
ScPD2	The quality of products offered on the social media platform Instagram is assured	0,814			
ScPD3	After comparing prices with various retailers, I opted to buy the product from Instagram	0,844			

Source: SmartPLS output, 2022

Table 2. The Result Of Bootstrapping Test

Results	Coefficients	S.E.	T-Statistics	P-Value	Sig.	Hypothesis
Word-of-Mouth → S-commerce Purchase Decision	0,360	0,097	3,700	0,000	**	Accepted
Trust → S-commerce Purchase Decision	0,592	0,108	5,495	0,000	**	Accepted
Online Advertising → S-commerce Purchase Decision	0,211	0,115	1,835	0,070	NS	Rejected

Significance level: ** $\alpha < 0.01$; * $\alpha < 0.05$; Non-significant $\alpha > 0.05$

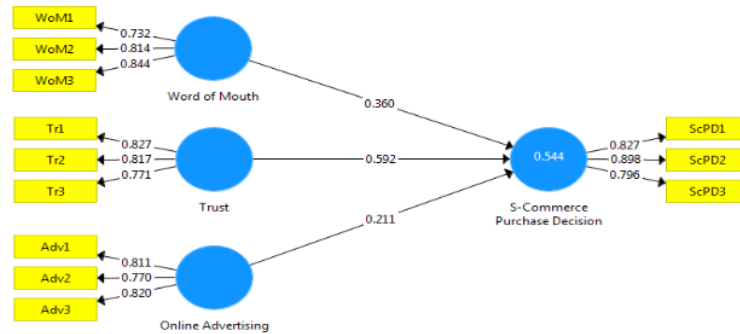


Figure 1. The PLS-SEM calculation output

3.2 Discussions

First, WoM predictors are confirmed to have a significant influence on s-commerce purchasing decisions in Makassar, Indonesia, where the findings are consistent with (17). Respondents appear to feel a supportive environment when communicating with other Instagram users, whether through an active or passive information exchange mechanism. If the content is interesting, they will come back and help promote the product or service by sharing or recommending it on other social media platforms. Because it becomes a reference, this process indirectly fosters solidarity and interdependence among participants, which, in turn, can improve s-commerce decisions. To do so, s-commerce vendors cannot rely solely on social media features, and technology that cannot be changed because they are designed or managed by Instagram. As a result, vendors must always present the social aspect – which is, after all, the WoM philosophy – by responding quickly to user comments, providing concrete solutions when requested, and so on. This is especially important to note because social distancing regulations during the pandemic cause s-commerce users to spend much more time on social media, creating a large opportunity to attract more potential customers.

Second, trust has a positive and significant effect on s-commerce purchasing decisions in Makassar, corroborating previous research by (16). This is certainly natural, because trust is widely acknowledged as one of the most important factors in predicting behavior, particularly s-commerce case. Since the ordered product met the customer's expectations, this feeling can also reflect satisfaction and even consumer loyalty. Furthermore, respondents believed that sellers on Instagram always prioritized obnoxiousness when providing information about their products or services. On the other hand, the trust established between consumers on Instagram makes solving problems easier because they trust the suggestions, opinions, and even criticisms of other users who have had previous knowledge and experience. In uncertain circumstances, such as a pandemic, gaining (and even maintaining) consumer trust can be challenging, hence delivering service quality that focus on customer health must be a major concern. Therefore, the presence of s-commerce business actors who try to answer these problems and needs with various offers on Instagram can increase trust and have an impact on the emergence of s-commerce consumer purchasing decision in Indonesia.

Finally, the development of online advertising has no discernible impact on s-commerce purchasing decisions in Makassar. This could be because the ads offered by s-

commerce sellers on Instagram have not fully provided consumers with new insights and impressions. Furthermore, the possibility of messages conveyed in Instagram social media ads has not been effective because the promoted content is not visually appealing or iconic, making it difficult for consumers to remember. Given that most respondents are millennials whose moods are very vulnerable and change quickly, the content should be delivered creatively by utilizing all the social media technology tools or features that have been provided. As a possible solution, S-commerce actor can design advertising project according to Covid-19 conditions such as offering quality masks or creating health advertising campaign videos that remind them of the importance of vaccines and maintaining health during the pandemic.

4. CONCLUSION

The findings confirmed that WoM and trust latent constructs are capable of driving s-commerce consumer purchasing decisions on Instagram, whereas online advertising did not play an important role in respondents' sight. The practical implication for s-commerce businesses is to ensure that customers can obtain information about a reliable and timely product or service when they require it. They will spread the fun experience to colleagues, family, and even other social media if applied. When customers express their problems on Instagram, s-commerce vendors must also provide satisfaction guarantees. This will have an impact on consumers trust and purchasing decisions when making purchases through the social network Instagram. For online advertising, e-commerce players should redesign content that is more interesting and relevant to the Instagram social media user segment. Besides, adapting the ads content on the pandemic situation would be essential in impressing consumers' intention such as selling a attractive mask or hand sanitizer.

Because we are aware of some limitations in this study, theoretical implications in the form of future research suggestions are provided. First, variable selection is still general and has not been specific in responding to the phenomenon of s-commerce. The upcoming studies enable to conduct an attempt with new variables and/or new indicators such as social presence, telepresence, and social media engagement (21). Second, this research uses one area as a sample, and it is suggested that future one should cover multiple provinces or cities in Indonesia so that generalization coverage can be used to describe the broader state of s-commerce customers. Finally, we advise researchers to adopt more advanced research models and methods, such as mediation and/ or moderation to extend new model and discover new findings as well.

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