
Dynamics of Trust, Information Quality, and Risk Perception in Online Purchasing Decisions

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Abstract

This study aims to analyze the influence of trust, information quality and risk perception on online purchase decisions. This research is a quantitative research with a research design using exploration. The population in this study is the overall consumer of *online shop* services in South Jakarta. The sampling method in this study uses *purposive sampling* using the Roscoe (1975) approach in determining the number of samples. The data analysis method in this study uses SEM-PLS. Based on the results of the study, it was found that trust, information quality and risk perception play an important role in influencing online purchase decisions. It was also found that the perception of risk had a significant negative effect on purchase decisions.

Keywords: Trust; Purchase Decisions; Quality of Information; Risk Perception

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INTRODUCTION

In recent years, technology has been increasingly developed and more sophisticated than in previous years. This technological development is felt in various fields. Therefore, people's lifestyles are also growing and increasing along with technological developments, one of the most striking is the use of gadgets that tend to be used by some people to shop online or often called *online shopping*.

The condition of people's behavior for online shopping is basically quite mushrooming. Not only in the form of convenience factors felt by the public in online shopping, but there are many factors that also contribute as one of the reasons for the increasing intensity of people in online shopping. As reported by databox, among the 10 countries with the highest percentage of e-commerce use, Indonesia is in first place with a percentage of users, which is 88.1%. This shows that 88.1% of internet users in Indonesia already operate e-commerce services to buy products online. In fact, according to the research results of the Katadata Insight Center (KIC) and Kredivo (2021), it shows that generally Generation Z and millennials spend a lot of their salaries shopping in e-commerce. Where around 3-5% of his monthly income is used for shopping in e-commerce.

Based on the Similar Web report in the first quarter of the 2023 period, information was obtained that there are 5 e-commerce with the highest level of visitors in Indonesia, namely: Shopee with 158 million visitors, Tokopedia with 117 million visitors, Lazada with 83.2 million visitors, Blibli with 25.4 million visitors and Bukalapak with 18.1 million visitors.

Referring to the report, it can be said that Shopee is one of the *e-commerce* that has a high enough market share to be used as one of the platforms in online shopping.

According to Baskara & Hariyadi (2014) that an important factor that affects online purchases is the ability of online stores to attract public interest in the form of promotions and other forms shown to create good impressions and experiences. Where the result of this experience is the existence of consumer trust in online stores.

Trust is a psychological area that is concerned with accepting things as they are based on expectations of good behavior from others (Kartika & Gunawan, 2018). Trust is one of the psychological factors in influencing consumer behavior. In online transactions, trust arises when one of the parties involved has received certainty from the other party, and is willing and able to provide its obligations. When someone shops online, the main thing that a buyer considers is whether the website that provides online shops and online sellers on the website can be trusted.

Trust positively influences the decision to shop online because consumers are confident that the company is capable of carrying out its online activities (due to competence) and can deliver the purchased products to the consumer (Iswara, 2016). If consumers trust the online store provided by the company, then it allows them to increase their intention to make purchases online.

In maintaining long-term relationships with its buyers, online sellers need to adhere to the concept of customer satisfaction (*customer satisfaction*). In order to survive in the era of online shopping, online sellers must have loyal customers (*Customer Loyalty*) who believe in the excellence of online shopping services. This is in line with research Fivianty et al (2019) that trust has a positive and significant influence on purchase decisions.

In addition to the influence of trust, the decision to buy online shopping is basically also supported by the quality of information provided by the online shopping website itself. D'Alessandro, Girardi & Tiangsoongnern (2012) Explaining the quality of information is a function that concerns the value of the information output produced by the system. The quality of information is related to *System Use*, *user satisfaction* and *net benefits*. Gaol & Chen (2019) found that in the context of online shopping, the information features of online shopping sites are an important factor that determines consumers will make a purchase decision. This emphasizes the importance of product information and *user quality interface* in online shopping sites.

Choon & Corresponding (2010) In his research, it is proven that the quality of information also determines the purchase decision of the product or goods. The quality of accurate information can provide customers with a direct picture of the products being marketed. According to Choon & Corresponding (2010) Up-to-date information can create comfort for customers who want to continue to exist for products and goods in marketing.

On online shop sites, not a few fictitious online sellers market fictitious products as well. A buyer must first check the existence of an online seller. Usually on online shop sites, the site will display information about sellers whose "stalls" are often accessed by people. Buyers can take advantage of this information when they are going to buy online. Virtual transactions are susceptible to fraud, which can cause financial losses for online customers and is a financial risk that discourages customers from making online purchases.(D'Alessandro et al., 2012); (Liu & Forsythe, 2021).

Therefore, the risk perspective plays an important role in explaining online purchasing behavior. The perceived risk of online transactions is the customer's confidence about the potential negative consequences of online transactions (Luh Indiani, Rahyuda Nyoman & Yasa, 2015). Risk perception can be interpreted as the uncertainty faced by a person, namely when they are unable to predict the consequences that may be experienced from the decisions that have been taken. Kirbrandoko (2013) Interpreting risk perception is a person's subjective

assessment of the likelihood of an accident and how worried the individual is about the consequences or impacts caused by the event. *Perceived Risk* is the negative consequences that a consumer anticipates related to the situation of purchasing a product. One very important concept related to *perceived risk* is that the risk perceived by a consumer, both its existence and its magnitude, is something very subjective.

Pink & Father (2013) suggesting that internet consumer trust and risk perception have a strong influence on their purchasing decisions. Consumer disposition to trust, reputation, privacy issues, security issues, the quality of Website information, and the reputation of companies, has a powerful effect on Internet consumer trust in the Website. Pink & Father (2013) stated that perceived risk is an important factor that affects consumers' online shopping purchase decisions. According to Bianchi & Andrews (2012), a key factor, which continues to be identified as a major obstacle to various forms of online consumer transaction activity is risk perception. Where perceived risk (risk perception) has consistently been identified as having a negative influence on online behavior, including purchases (Bianchi & Andrews, 2012). In the online consumer behavior literature, perceived risk is recognized as very important (D'Alessandro et al., 2012).

So it can be concluded that consumer *trust* will be formed if consumers get the information quality they need completely or consumers have understood a purchasing system on a website. Based on the description above which explains consumer confidence, information quality and risk perception of online purchase decisions is an interesting thing to research.

RESEARCH METHODS

This research is a quantitative research with a research design, namely using exploration. The population in this study is the overall users of *online shop* services in South Jakarta which are infinite. The sample withdrawal technique in this study uses a purposive sampling *approach* with the characteristics of the respondents, namely (1) the sample in the study is an online shop service user; and (2) has experience in making purchases at the *online shop* at least 2 times. As for the determination of the number of research samples, the researcher determined the number of samples which refers to the opinion of Roscoe (1975) that in mutivariate research (including multiple regression analysis), the sample size should be 10 times the number of variables in the study, so that the sample size is determined to be as many as 40 respondents. In this study, the data collection method was carried out through the dissemination of questionnaires conducted online through various social media applications. In this study, the data analysis method uses SEM-PLS.

RESULTS AND DISCUSSION

Based on the results of the outer model test, it was found that there were several variable construction items that were considered not to meet the criteria, so that in the research model, the construction items were excluded in the research model. The results of the outer model test on all variable construct items that have been validated, can be seen more clearly as follows:

Table 1. Test Results *Outer Model*

Variable	Items	Outer Loading	Composite Reliability	Cronbach Alpha	AVE
Trust (x1)	T1	0.908	0.919	0.882	0.741
	T2	0.879			
	T3	0.893			
	QI1	0.941	0.946	0.915	0.854
	QI2	0.938			

Quality Information (x2)	QI3	0.893			
	PR1	0.932			
Perceived Risk (X3)	PR2	0.884	0.928	0.896	0.764
	PR3	0.885			
	PR4	0.788			
Purchase Decision (Y)	PD1	0.904	0.919	0.882	0.741
	PD2	0.929			
	PD3	0.766			
	PD4	0.835			

2. Research Results

Based on the results of the research that has been carried out, the results of regression estimation and hypothesis testing are found as follows:

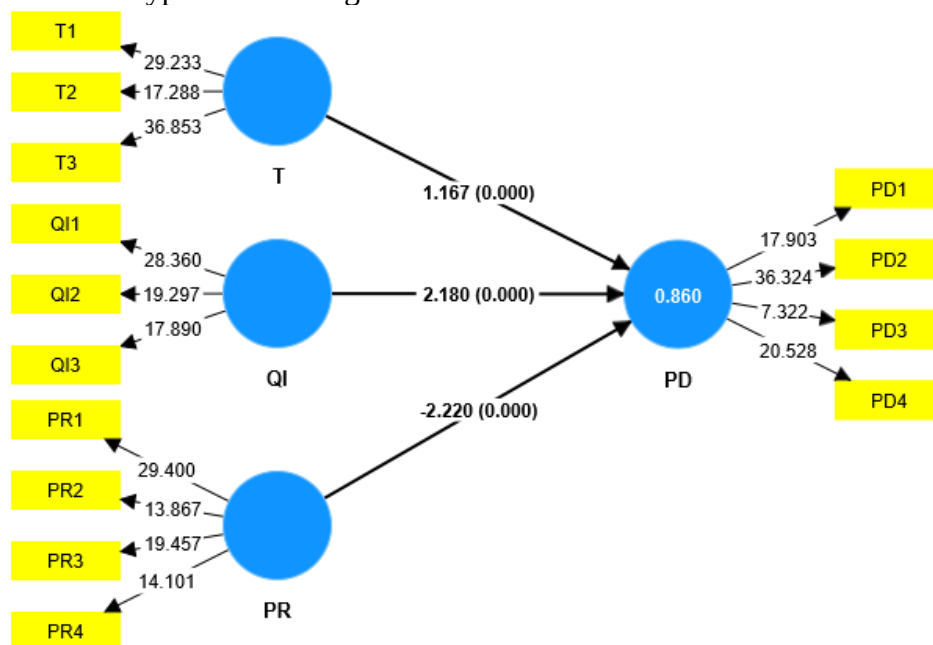


Table 2. Recapitulation of Research Results

Hypothesis	Original sample	T Statistics	P values	Information
H1 : Trust (X ₁) in Purchase Decision (Y)	1.167	7.521	0.000	Hypothesis Accepted
H2 : Quality of Information (X ₂) towards Purchase Decision (Y)	2.180	4.235	0.000	Hypothesis Accepted
H3 : Risk Perception (X ₃) on Purchase Decision (Y)	-2.220	3.593	0.000	Hypothesis Accepted

Based on table 1 above, it can be explained that the testing of each research hypothesis will be described as follows:

1. Consumer Confidence in Purchase Decisions

It was found that the coefficient value of the influence of consumer confidence on purchase decisions was positive, which was 1,167 and the t-statistical value was 7,521 with a significant level of $0.000 < \alpha 0.05$. So based on this, it can be stated that consumer confidence has a significant positive effect on online purchase decisions or in other words, the hypothesis proposed is acceptable.

2. Quality of Information on Purchase Decisions

It was found that the coefficient value of the influence of information quality on purchase decisions was positive, which was 2,180 and the t-statistical value was 4,235 with a significant level of $0.000 < \alpha 0.05$. So based on this, it can be stated that the quality of information has a significant positive effect on the decision to buy online or in other words, the hypothesis proposed can be accepted.

3. Risk Perception on Purchase Decisions

It was found that the coefficient value of the influence of risk perception on purchase decisions was negative, which was -2,220 and the t-statistical value was 3,593 with a significant level of $0.000 < \alpha 0.05$. So based on this, it can be stated that risk perception has a significant negative effect on the decision to buy online or in other words, the hypothesis proposed is acceptable.

2. Discussion

The Influence of Consumer Confidence on Purchase Decisions

Based on the results of the study, it was found that consumer trust has a significant positive effect on online purchase decisions. This indicates that trust plays an important role in any decision making from consumers to shop online. The higher the level of trust owned by a consumer, the greater the opportunity that a consumer has to make a purchase on online services. Where this trust refers to the availability of security guarantees in the form of a warranty for products that are damaged at the time of receipt, the existence of information provided for all problems that may occur at the time of purchase and the suitability of the relevance of the information to existing facts.

The results of this finding are in line with the description presented by Lee (2014) that the consumer's perspective on trust in online shopping plays an important role in determining the final purchase decision of a consumer. Thursday & Zulkiffli (2020), there is a difference between a person's trust in online transactions and their traditional trust. Where in the context of online trust, a consumer will be faced with a condition to be able to dare to accept the risk of the transaction made.

Online trust describes the extent to which online consumers will accept vulnerability and dependence on relying on the credibility, virtue, and competence of an online vendor to deliver on its promises in the future (Jadil et al., 2022). Thus, the consumer's perspective on trust tends to determine the final purchase decision between the buyer and the seller (Gupta et al., 2009). According to Lee (2014), trust is even more important online than offline retailers, as consumers see more risk in e-commerce due to their inability to visit physical stores and check out the products they want to buy. It plays a crucial role in determining online purchase intent (Hong & Cho, 2011) and spending decisions (Goritz, 2008).

Conversely, lack of trust is the biggest barrier for consumers to make online transactions (Lorenzon, 2009). When fraud or a negative buying experience occurs, the buyer creates a negative attitude (Rice & Post, 2014), they no longer trust sellers, and they tend to turn to alternatives to fulfill their needs and desires (Lee, 2014).

The Influence of Information Quality on Product Purchase Decisions

Based on the results of the study, it was found that the quality of information had a significant positive effect on the decision to buy online. The existence of this significant positive influence indicates that online purchase decisions are determined by the role of information quality owned by Shoppe which includes accurate, timely information in

conveying information and relevant in providing information. The results of this study are in line with the description by Widiyanto & Prasilowati (2015) That customer satisfaction with e-commerce depends on three main qualities, namely information quality, system quality and service quality. The quality of the system depends on the needs of the user defined as an analysis and development system. Some important factors in user purchase satisfaction with the website include appearance, technical readiness, handling of navigation delays, security, and privacy.

Information Products on online shopping include information on the attributes of a product, recommendations from consumers, evaluation reports (Choon & Corresponding, 2010). The quality of accurate information can provide customers with a direct picture of the products being marketed (Choon & Corresponding, 2010). In addition, up-to-date information can create convenience for customers who want to continue to exist for products and goods in marketing (Choon & Corresponding, 2010).

Milan et al (2015) Posing that when customers search on a website that they consider to provide high-quality information, they understand that the website has a good layout and appearance, where customers can easily find what they need and, for that reason, identify that they can trust this website (Bart et al., 2005). How much useful and appropriate information indicates whether the information presented in the website is correct, i.e. if it meets the needs and can help customers (Chang et al., 2012). If the information is useful to the customer, he or she will be more likely to trust the online purchase website (Hsu et al., 2008), however, when a customer sees evidence that the information is not secure or trustworthy, it is likely that the customer leaves the website and is disappointed, which anticipates or reinforces his or her distrust.

The quality of the website is very important, because in shopping for online shopping activities, a person completely depends on the information owned by the website so that consumers will trust. According to Sarwono and Prihartono (2012) in Widiyanto & Prasilowati (2015) stated that another supporting factor that encourages consumers to carry out e-commerce activities is website quality, the quality of a company's website must present the company's presence in the eyes of customers virtually so that consumers become confident and make transactions online through the company. Gregg & Walczak (2010) states that those who have good website quality, even though they don't have a good reputation, are more trusted than-sellers who have a good reputation, but the quality of the website is bad.

Kurniawan (2018) Proving that consumers need good website quality, by paying attention to the usability, information and service interaction owned by the website to be able to encourage consumers to make purchases. The results of this study also support the statement of Sarwono and Prihartono (2012) in Widiyanto & Prasilowati (2015), a company's website must present the company's presence in the eyes of consumers or customers virtually so that they become confident in the credibility and professionalism of the company so that consumers or customers become confident and make purchase transactions to the company concerned. The relationship between website quality and consumer purchase decisions also supports the results of research found by Satika (2016) in Kurniawan (2018) that the results of their study said that variable X, namely website quality, had a significant effect on variable Y where the variable website quality could explain the purchase decision variable by 40.5%.

The Influence of Risk Perception on Purchase Decisions

Based on the results of the study, it was found that risk perception has a significant negative impact on online purchase decisions. In particular, the higher the level of risk perception that consumers have in the context of online shopping, the lower their tendency to make online purchases. These findings are consistent with a number of previous studies that have highlighted the negative and significant influence of risk perception on online purchasing decisions. These observations suggest that factors that make consumers feel insecure or hesitant

in the face of an online buying environment can substantially inhibit them from engaging in such transactions.

The importance of understanding risk perception in the context of online purchases has proven relevant in interpreting consumer behavior. The success of this research contributes to a further understanding of the factors that influence consumer decisions in today's digital era.

Perceived Risk is the negative consequences that a consumer anticipates related to the situation of purchasing a product. One very important concept related to *perceived risk* is that the risk perceived by a consumer, both its existence itself and its magnitude, is something very subjective. The same buying situation, when faced with two different people, can result in different risk perceptions. In addition, the true or actual probability of a loss is irrelevant to a consumer's reaction to risk, as far as past experience is used as the basis for his current perception. Risk perception is a negative perception of consumers in shopping that refers to negative results and the possibility that these results will be real. Therefore, the most important point that is relevant for a company is how to create a condition where the consumer's risk perception is lower, so that consumers do not have more worries about the transaction that will be carried out.

Luh Indiani, Rahyuda Nyoman & Yasa (2015) Positivity suggests that customers seek more information for the sake of risk reduction, and therefore information seeking is a strategy to lower purchase risk to a manageable level. Online customers feel the need to gather more information than offline customers before making a purchase (Ashraf, 2011).

Maulidiyah & Purwanti (2020) stated that a consumer's perception of risk over online shopping can increase if: (1) the availability of information about products is limited; (2) the product is a new product; (3) low consumer confidence to evaluate products; (4) high product prices; and the product is important to consumers.

CONCLUSION

Based on the results of the study, it can be concluded that in the context of online purchase decisions, the trust factor and the quality of information have a significant positive impact. This means that the tendency of consumers to make online purchases is greatly influenced by the confidence that consumers have in online e-commerce platforms and the availability of access to accurate and useful information for consumers. Meanwhile, the risk perception was found to have a significant negative effect on online purchase decisions. The higher the level of risk perception perceived by consumers, the lower their likelihood of making an online purchase. Therefore, risk management and mitigation are key in designing a successful online business strategy. Referring to the findings, the researcher suggests for future studies to add variables of experience and digital literacy as variables that moderate the relationship between risk perception and online purchase decisions.

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