

Determining Factors of Perceived Value, Trust and Innovativeness to Promote Purchase Intention

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Abstract:

Activities of electronic business in the online travel booking application are ultimately aimed to increase revenue as much as possible through an increase in the number of purchases. To obtain more revenue is influenced by many factors, both from the consumer perspective and from the business organization itself. This study is a preliminary study to develop a factor model that affects purchase intention in online travel booking application. The research model examined four main variables, i.e. innovativeness, trust, perceived value and purchase intention. This model is adapted from research model that is proposed by Escobar-Rodriguez (2017). We used bootstrap resampling procedure based on partial least squares (PLS) by processing 984 data. Based result of data analysis, trust has the biggest influence to purchase intention with t-value 8.280. Moreover, trust also support perceived value with t-value 29.619. Perceived value influences the purchase intention in online travel booking application with t-value 7.091.

Keywords —online travel booking, electronic innovativeness, trust, perceived value

I. INTRODUCTION

Online travel booking application becomes an application that is quite popular in Indonesia. Since it was launched, an online travel booking application has earned 500,000 orders. Business growth in transportation field with the help of online travel booking application supported the increasing number of existing amount of transportation, for example the Go-Jek application has gained 10,000 transportation partners just over two months since its launch [1][2].

Electronic business activities on the online travel booking application are ultimately aimed to increase revenue as much as possible through an increase in the number of purchases. It can be realized and influenced by many factors, both from

the consumer perspective and from the business organization itself[3], [4].

Research on purchase intention in various business sectors has been done by many researchers. However, research has been done related to the three factors that became the focus of research to support purchase intention, such as electronic innovativeness by [5][6], trust by [6][7] and perceived value by [8][9].

Research by Herrero and Rodriguez (2008) focuses on the effects of innovativeness on B2C adoption of e-commerce based on the model theory of planned behavior[5]. Research by McCole et al. (2010) discusses the effect of trust on attitudes towards online purchasing with moderating effects of privacy and security factors[7]. In 2012, Kim et

al. conducted a study to measure the effect of perceived value on internet shopping [8].

Based on background above, we conducted research titled online travel booking application: perceived value analysis, trust and innovativeness to increase purchase intention. This study is a preliminary study to develop a factor model that affects purchase intention in online travel booking application.

II. LITERATURE REVIEW

This section explained literature review regarding perceived value, trust and innovativeness.

A. Related Work

Research on purchase intention in various types of electronic business has been done. The renewal of this research lies in the object of research which is a new business type that utilizes online travel booking application media seen from three main factors namely perceived value, trust and innovativeness.

Research related three factors to support purchase intention, including electronic innovativeness by[5][6], trust by[6][7] and perceived value by[8][9]. Research by Herrero and Rodriguez (2008) focused on the effects of innovativeness on business to costumers (B2C) adoption of e-commerce based on model theory of planned behavior[5]. Research by McCole et al. (2010) discussed the effect of trust on attitudes towards online purchasing with moderating effects of privacy and security factors[7]. In 2012, Kim et al. conducted a study to measure the effect of perceived value on internet shopping[8].

B. Innovativeness

Innovativeness is the interest degree for developing and adapting the new things or activities, including concept, service, product and so forth [10]. Recent research stated that innovativeness has positively influenced to decision making in order to purchase products or services [11][12][13].

C. Trust

Based on research by Kim et al. (2012), the costumers will execute online purchase with only expend less time on searching and validation information of product and seller. Moreover, trust can be influenced the degree of perceived value[14].

D. Perceived Value

Customer-perceived value is the dealing with consumers wishing in order to make purchase decision[15]. Based on recent research, the perceived value of online purchase intention will affect to realisation of transaction [14].

III. RESEARCH METHODOLOGY

This section explained the research phases including the used method, research model, data collection and analysis procedures.

A. Research Phases

The research phase for completing this research aim is depicted in Figure 1.

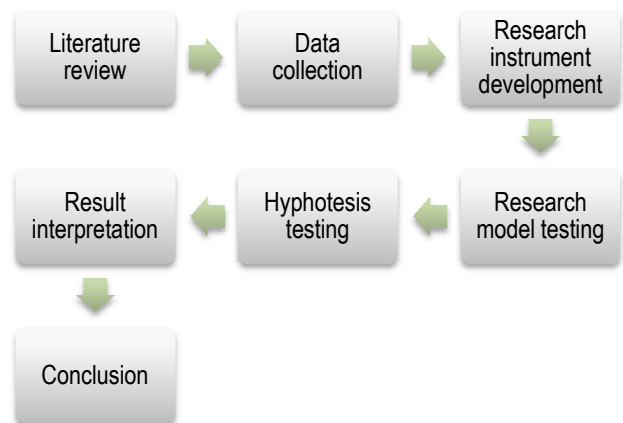


Fig. 1 Research phases

This research used quantitative approach which is completed in seven phases. The first phase is literature review by searching relevant journal and proceeding in research databases, for examples ScienceDirect, Spinger and GoogleScholar. The second phase is instrument research development based on previous similar studies about this research topic. Data collection is completed by spreading research instrument in questionnaire to respondent in Jakarta, Indonesia. In fourth phase,

we conducted the model testing by using SmartPLS. The fifth phase, we tested hypotheses using Structural Equation Modelling (SEM) approach based on research model in Figure 2. We used SEM for model and hypotheses testing with reasons that SEM is popular approach to explain interaction and relation between variables and indicators thus among variables [16].

B. Research Model

The research model examined four main variables, i.e. innovativeness, trust, perceived value and purchase intention. This model is adapted from research model that is proposed by Escobar-Rodriguez(2017) with some modifications[17]. The final proposed research model of this study is shown in Figure 2.

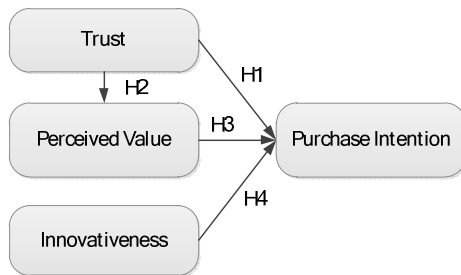


Fig. 2 Research model

There four hypotheses that are derived in this study based on research model above:

H1: The trust positively influences the purchase intention in online travel booking application.

H2: The trust positively influences the perceived value in online travel booking application.

H3: The perceived value positively influences the purchase intention in online travel booking application.

H4: The innovativeness positively influences the purchase intention in online travel booking application.

C. Data Collection

Data were collected at the end of 2017. Users of online travel booking namely Traveloka were included in the research sample. As many 1232 questionnaires were distributed through GoogleForm. A total of 240 questionnaires were excluded into the research dataset because the invalid responses and never used Traveloka.

TABLE I
RESPONDENT DATA

Category		Number	Percentage
Gender	Male	481	48.88%
	Female	503	51.12%
Age	< 21	467	47.46%
	21 – 30	480	48.78%
	31 - 40	23	2.34%
	41 - 50	12	1.22%
	> 51	2	0.20%
Education Level	High school	511	51.93%
	Diploma	95	9.65%
	Undergraduate	357	36.28%
	Graduate	21	2.13%
Salary	<Rp. 2000.0000	506	51.42%
	Rp. 2000.0000 – Rp. 3000.0000	150	15.24%
	Rp. 3000.0000 – Rp. 4000.0000	198	20.12%
	Rp. 5000.0000 – Rp. 6000.0000	70	7.11%
	>Rp. 6000.0000	60	6.10%
Total		984	100%

D. Data Analysis

We used SmartPLS to support data analysis to obtain the result of research. The research result will be answered research questions in order to understand implication of hypothesis. In order to structural model validation, we used bootstrap resampling procedure based on partial least squares (PLS) by processing 984 data using research model below.

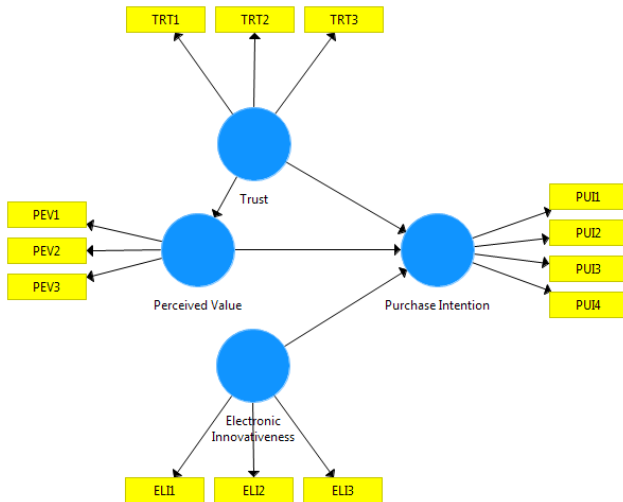


Fig. 3 Research model in SmartPLS

Moreover, we validated convergent validity by looking for loading factor. The score of loading factor must be under 0.7 point. To ensure of model reliability, we used indicator of composite reliability (CR), Cronbach's alpha (CA) and average extracted variance (AVE) with score must be greater than 0.7 [18], [19][20], [21].

IV. RESULT

We validated convergent validity by looking for loading factor. The score of loading factor must be under 0.7 point. Based on the loading factor result, all attributes can be allowed as shown in Table 2.

TABLE II
LOADING FACTOR

Attribute	Value
ELI1	0.824
ELI2	0.818
ELI3	0.847
PEV1	0.829
PEV2	0.874
PEV3	0.867
PUI1	0.856
PUI2	0.851
PUI3	0.881
PUI4	0.870
TRT1	0.836
TRT2	0.868
TRT3	0.880

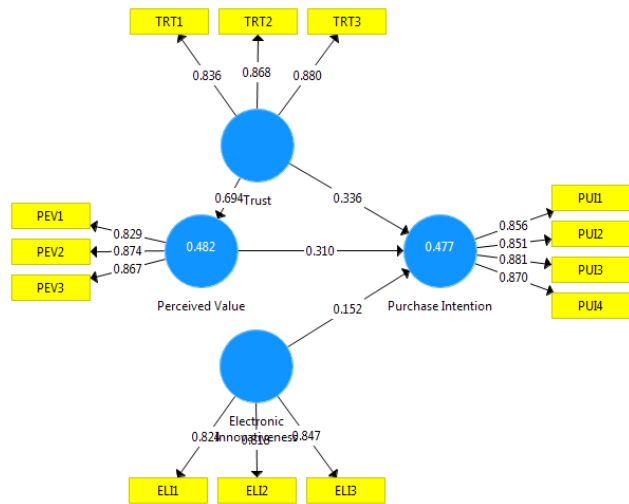


Fig. 4 Loading factor result in SmartPLS

To ensure of model reliability, we used indicator of composite reliability (CR), Cronbach's alpha (CA) and average extracted variance (AVE) with score must be greater than 0.7. Based on the result in Table 3, all indicators can be allowed.

TABLE III
MODEL RELIABILITY TESTING

Factors	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Electronic Innovativeness	0.774	0.774	0.869	0.689
Perceived Value	0.819	0.824	0.892	0.734
Purchase Intention	0.887	0.888	0.922	0.747
Trust	0.826	0.826	0.896	0.742

We used significant level 0.05 with two-tails for hypothesis testing. Based result of data analysis, trust has the biggest influence to purchase intention with t-value 8.280. Moreover, trust also support perceived value with t-value 29.619.

Perceived value influences the purchase intention in online travel booking application with t-value 7.091. Unfortunately, the innovativeness positively influences the purchase intention in online travel booking application with t-values 4.182.

Fig. 5 Hypothesis result in SmartPLS

Hypothesis Testing	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Electronic Innovativeness -> Purchase Intention	0.152	0.151	0.036	4.182	0.000
Perceived Value -> Purchase Intention	0.310	0.312	0.044	7.091	0.000
Trust -> Perceived Value	0.694	0.693	0.023	29.619	0.000
Trust -> Purchase Intention	0.336	0.335	0.041	8.280	0.000

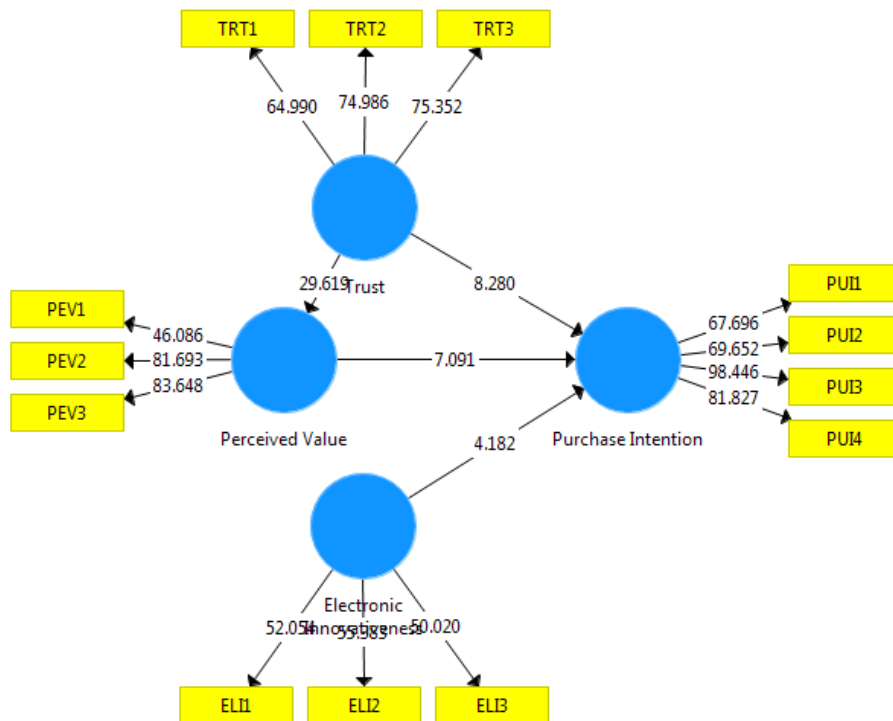


Fig. 6 Hypothesis testing in SmartPLS

V. CONCLUSIONS

As the conclusion, based on data analysis by processing 984 data, trust has the biggest influence to purchase intention with t-value 8.280. Moreover, trust also support perceived value with t-value

29.619. Perceived value influences the purchase intention in online travel booking application with t-value 7.091.

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