

# Antecedents of Consumer Preferences for Online Shopping in Jakarta

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## ABSTRACT

Research on the antecedents and preferences of consumers shopping online in Jakarta based on the background of the increasing growth of online business in Jakarta. The growth of this online business will have a good impact on improving the economy and also increasing the workforce in Indonesia. This study aims to determine what are the most dominant variables that greatly influence consumer preferences for the success of online businesses in Jakarta. In the long term, it is very useful to know whether these variables can be applied to the success of online businesses in Indonesia. In collecting the necessary research data, the authors took 200 samples of online business buyers in Jakarta as research data. The results of respondents who answered the questions were dominated by respondents with an undergraduate education background of 136 people (68%), with an age range between 31-40 years as many as 130 people (65%), and having an income of 11-30 million rupiah per month as many as 135 people (67.5%), and with a frequency of online shopping between 4-5 times per month as many as 144 people (72%). The results of the analysis found that the Reliability variable, Delivery Performance variable, E-Commerce System Quality variable, Product Quality variable and Perceived Price variable had a significant effect on the Success Online Business variable.

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## INTRODUCTION

The background of this research is the increasing competition in online businesses such as Tokopedia, Bukalapak, Lazada Indonesia,

Kaskus, OLX Indonesia, Blanja.com, Bhinneka, Blibli, Elevenia, Zalora Indonesia, Shopee, and others. This increase will have a good impact on improving the economy and also increasing

the workforce in Jakarta. The author wishes to find out the most dominant variables that greatly influence the success of online businesses in Jakarta. In order for online businesses to remain successful, and to develop well, the authors wish to conduct research with the title antecedents of consumer preferences for online shopping in Jakarta.

## **LITERATURE REVIEW**

According to Alam, S.S., Yasin, N.M. (2010), and Vasic et al. (2019), online satisfaction and success based on website design, reliability, product variety, time saved, and delivery performance. Meanwhile, according to Lin, C., C. et al. (2011), online satisfaction and success based on E-Commerce system quality, product quality, delivery quality, and perceived price.

### **Website Design**

Website design is a procedure for designing a website to make it look attractive to online buyers or product seekers. Website design affects the first time for buyers who will buy products online.

### **Reliability**

Reliability is the ability to perform the promised service dependably and accurately, providing service as promised, dependability in handling customers' service problems, performing services right the first time, providing services at the promised time, maintaining error-free records, and employees who have the knowledge to answer customer questions.

### **Product Variety**

Product Variety is the number of types of products and types of products offered by online businesses. Online business shoppers really like to find and learn about different types and types of products before making an online purchase.

### **Time Saved**

Consumers did not have to spend more times and money to look for the products in some local stores. Since online stores offer consumers with variety of products and services, it gives consumers more chances to compare price from

different websites and find the products with lower prices than buying from local retailing store.

### **Delivery Performance**

Delivery performance is the delivery of products that are appropriate and on time as promised by online businesses, and consumers do not have to wait too long for the delivery of the ordered products.

### **E-Commerce System Quality**

E-Commerce system quality is a quality that can be trusted from online businesses, both online business systems and the quality of the company. So it is about trust in the online business system and online business as a whole.

### **Product Quality**

Product quality is the reliability and quality of products offered by online businesses. Buyers will remember and feel about the experience of buying quality products from online businesses. Product quality is one of the most important factors for online product buyers.

### **Perceived Price**

Perceived quality is the perceived price. Before purchasing a product, buyers usually evaluate the price of the product and if the buyer feels the price is reasonable, it will greatly affect the satisfaction of purchasing products online.

In this case, the research will be designed with a questionnaire containing questions that match the key indicators for all the variables described in the literature review chapter for this research.

## **RESEARCH METHOD**

According to Wijaya, (2013), the basic assumption that must be met in the SEM (Structural Equation Modeling) analysis is the number of samples that meet the analysis rules. According to Sekaran, Uma (2003), SEM analysis requires a sample of at least 5 times the number of indicator variables used. Maximum Likelihood Estimation technique requires samples ranging from 100 to 200 samples. According to Hair, Black, Babin,

Anderson (2010), regarding the sample size question, the researcher would generally not have a sample size of fewer than 50 observations, and preferably the sample size should be 100 or larger. As a general rule, the minimum is to have at least five times as many observations as the number of variables to be analyzed, and the more acceptable sample size would have a 10:1 ratio.

In collecting the necessary research data, the authors collect primary data by distributing questionnaires to customers who shop at retail stores such as Carrefour, Diamond Supermarket, Farmers Market, Giant, Hypermart and Lotte, because generally people who shop at retail stores have ever done shopping at retail online stores. In addition, questionnaires were also distributed to visitors at malls in Jakarta who often shop online, and to everyone who frequently shopped online in Jakarta.

The author took 200 research samples with details of North Jakarta 40 samples, East Jakarta 40 samples, South Jakarta 40 samples, West Jakarta 40 samples and Central Jakarta 40 samples. The sampling technique used by the author is non-probability sampling. According to Sumarni and Wahyuni (2006), non-probability sampling is sampling with the probability that the selected population element is unknown. This technique does not provide equal opportunities or opportunities for each element or member of the population to be selected as a sample.

The data analysis technique that will be used by the author is multiple regression analysis. According to Hair, Black, Babin, Anderson (2010), multiple regression is the right analysis when the research involves a dependent variable which is estimated to be related to one or more independent variables. The purpose of multiple regression analysis is to estimate the change in response in the dependent variable to several independent variables.

For this causal research, the authors process research data with Structural Equation Modeling.

According to Wijaya (2013), the main purpose of SEM analysis is to test the suitability of a model, namely the suitability of the theoretical model with empirical data.

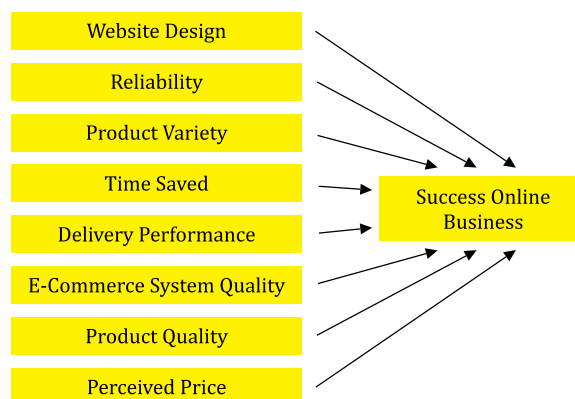


Figure 3.1: Regression Analysis

Source: Wijaya (2013), regression analysis diagram

### RESULT AND DISCUSSION

From the results of data processing with SEM, the following results were obtained:

The Regression Weights table shows the estimated value of the influence of one variable on other variables as well as the probability that shows the significance of the influence of one variable on other variables.

The Website Design variable has no significant effect on the Success Online Business variable (probability of 0.732 > 0.05, with a beta coefficient of - 0.043).

The reliability variable has a significant effect on the Success Online Business variable (probability of 0.042 < 0.05, with a beta coefficient of 0.323).

The Product Variety variable has no significant effect on the Success Online Business variable (probability 0.105 > 0.05, with a beta coefficient of 0.200).

The Time Saved variable has no significant effect on the Success Online Business variable (probability of 0.138 > 0.05, with a beta coefficient of 0.183).

**Table 4.1:** Profile of Respondents

<b>Education</b>	<b>Number of Respondents</b>	<b>Percentage (%)</b>
Primary School	-	-
Junior High School	2	1.00
Senior High School	52	26.00
Bachelor Degree	136	68.00
Master Degree	10	5.00
Doctoral Degree	-	-
Other	-	-
<b>Total</b>	<b>200</b>	<b>100</b>

<b>Age (Years)</b>	<b>Number of Respondents</b>	<b>Percentage (%)</b>
10 – 20	-	-
21 – 30	8	4.00
31 – 40	130	65.00
41 – 50	55	27.50
51 – 60	5	2.50
61 – 70	2	1.00
71 – 80	-	-
<b>Total</b>	<b>200</b>	<b>100</b>

<b>Income/Month</b>	<b>Number of Respondents</b>	<b>Percentage (%)</b>
< 10 million rupiah	-	-
11 – 30 million rupiah	135	67.50
31 – 50 million rupiah	45	22.50
51 – 70 million rupiah	10	5.00
71 – 90 million rupiah	8	4.00
> 90 million rupiah	2	1.00
<b>Total</b>	<b>200</b>	<b>100</b>

<b>Online Shopping Frequency/Month</b>	<b>Number of Respondents</b>	<b>Percentage (%)</b>
1	6	3.00
2 – 3	38	19.00
4 – 5	144	72.00
6 – 10	10	5.00
> 10	2	1.00
<b>Total</b>	<b>200</b>	<b>100</b>

Source: Sampling data for research

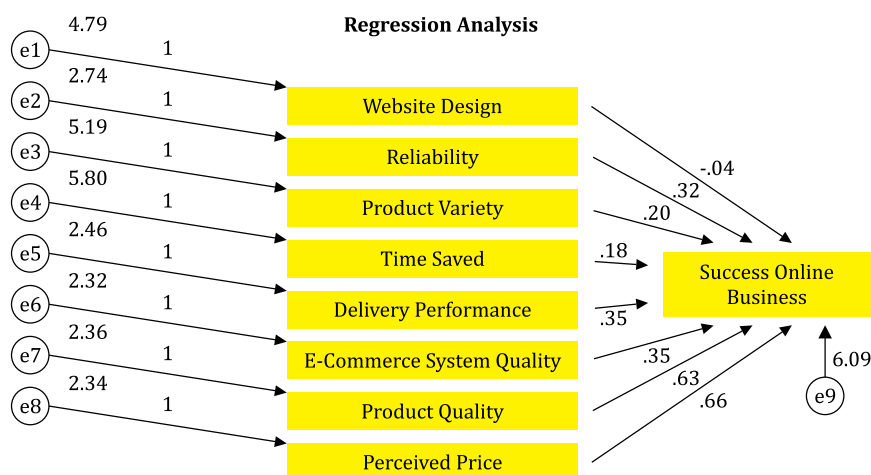


Figure 4.1: Output Data Analysis

Source: Wijaya (2013), regression analysis diagram

Table 4.1: Regression Weights

	Estimate	S.E.	C.R.	P	Label
SuccessOnlineBusiness<---WebsiteDesign	-.043	.127	-.343	.732	par_1
SuccessOnlineBusiness<---Reliability	.323	.159	2.032	.042	par_2
SuccessOnlineBusiness<---ProductVariety	.200	.124	1.619	.105	par_3
SuccessOnlineBusiness<---TimeSaved	.183	.124	1.484	.138	par_4
SuccessOnlineBusiness<---DeliveryPerformance	.352	.179	1.964	.050	par_5
SuccessOnlineBusiness<---ECommerceSystemQuality	.352	.154	2.281	.023	par_6
SuccessOnlineBusiness<---ProductQuality	.635	.165	3.847	***	par_7
SuccessOnlineBusiness<---PerceivedPrice	.662	.160	4.136	***	par_8

Source: SEM analysis

The Delivery Performance variable has a significant effect on the Success Online Business variable (probability of 0.05 = 0.05, with a beta coefficient of 0.352).

The E-Commerce System Quality variable has a significant effect on the Success Online Business variable (probability of 0.023 < 0.05, with a beta coefficient of 0.352).

The Product Quality variable has a significant effect on the Success Online Business variable (probability of 0.000 < 0.05, with a beta coefficient of 0.635).

The Perceived Price variable has a significant effect on the Success Online Business variable

(probability of 0.000 < 0.05, with a beta coefficient of 0.662).

From the results of the analysis above, it can be concluded that only the Reliability variable, Delivery Performance variable, E-Commerce System Quality variable, Product Quality variable and Perceived Price variable have a significant effect on the Success Online Business variable or are consumer preferences for online shopping in Jakarta.

**CONCLUSION AND RECOMMENDATION**

**Conclusion**

The results of respondents who answered the questions were dominated by respondents with an undergraduate education background of 136

people (68%), with an age range between 31-40 years as many as 130 people (65%), and having an income of 11-30 million rupiah per month as many as 135 people (67.5%), and with a frequency of online shopping between 4-5 times per month as many as 144 people (72%), so it can be categorized that the majority of consumers who shop online in Jakarta are educated with a bachelor's degree and in the age range who are still productive, and have income good per month, and with the frequency of online shopping between 4-5 times per month.

*Data processing with SEM gives the following results:*

The Reliability variable has a significant effect on the Success Online Business variable (probability of  $0.042 < 0.05$ , with a beta coefficient of 0.323). This is also confirmed by Alam, S.S., Yasin, N.M. (2010), and Vasic et al. (2019), cited that providing service as promised, dependability in handling customers' service problems, performing services right the first time, have any significant effect toward the success of online business.

The Delivery Performance variable has a significant effect on the Success Online Business variable (probability of  $0.05 = 0.05$ , with a beta coefficient of 0.352). This is also confirmed by Alam, S.S., Yasin, N.M. (2010), and Vasic et al. (2019), cited that delivery of the right product and on time as promised have any significant effect toward the success of online business.

The E-Commerce System Quality variable has a significant effect on the Success Online Business variable (probability of  $0.023 < 0.05$ , with a beta coefficient of 0.352). This is also confirmed by Lin, C., C. et al. (2011), cited that E-Commerce system quality is a quality that can be trusted from online businesses, both online business systems and the quality of the company, have any significant effect toward the success of online business.

The Product Quality variable has a significant effect on the Success Online Business variable

(probability of  $0.000 < 0.05$ , with a beta coefficient of 0.635). This is also confirmed by Lin, C., C. et al. (2011), cited that product quality is one of the most important factors for online product buyers, has any significant effect toward the success of online business.

The Perceived Price variable has a significant effect on the Success Online Business variable (probability of  $0.000 < 0.05$ , with a beta coefficient of 0.662). This is also confirmed by Lin, C., C. et al. (2011), cited that buyers usually evaluate the price of the product and if the buyer feels the price is reasonable, it will greatly affect the satisfaction of online product buyers, perceived price has any significant effect toward the success of online business.

Sudirga, R.S. (2021) also cited that variety of Choices variable with Estimate value = 1,091, and Saving Money variable with Estimate value = 1,000, are also factors that influence customer buying decisions in shopping at online retail stores in Jakarta. This is also reinforced by Bastam, H, Lotfabadi, V., T, Kouchakzadeh, V., Faraji, M. (2017), who explain that Variety of Choices are the most influential factor in consumer purchasing decisions on online shopping.

In the conclusion Sudirga, R.S. (2021) also mentioned that instead of Product Quality variable which has a significant effect on the Success Online Business variable, online retailers should have a variety of variations, specifically only for all fast moving consumer goods products both in terms of brand, quality, choice, price, size, type, color, and others. Thus customers do not need to move to other online retailers, because customers have found the product according to their needs.

### **Recommendation**

The results of the analysis found that the Reliability variable, Delivery Performance variable, E-Commerce System Quality variable, Product Quality variable and Perceived Price variable had a significant effect on the Success Online Business variable, so it can be suggested

for online business people in Jakarta to pay attention to the following factors:

Reliability of online business, is the ability to carry out the promised services reliably and accurately, provide services as promised, be reliable in handling customer service problems, and perform services properly, especially for customers who buy for the first time.

Delivery Performance, delivery of products that are appropriate and on time as promised by online businesses, and consumers do not have to wait too long for the delivery of the ordered products.

E-Commerce System Quality, is a quality that can be trusted from online businesses, both online

business systems and the quality of the company. So it's about trust in the online business system and online business as a whole.

Product Quality, is the reliability and quality of products offered by online businesses. Buyers will remember and feel about the experience of buying quality products from online businesses. Product quality is one of the most important factors for online product buyers.

Perceived Price, is the perceived of the retail price of online shopping. Before purchasing a product, buyers usually evaluate the price of the product and if the buyer feels the price is reasonable, it will greatly affect the satisfaction of purchasing products online.

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