

PERCEIVED INFORMATION TRANSPARENCY IN INDONESIAN B2C E- COMMERCE

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ABSTRACT: This study aimed to identify the effect of perceived information transparency towards purchase intention and word of mouth that is mediated by perceived risk. A total of 100 of data collected from respondents who have done online shopping in the B2C e-commerce in Indonesia such as Lazada or Tokopedia. Sample collection techniques surveys using e-forms. Data were analyzed using path analysis through Smart PLS 2.0 applications to test the hypothesis proposed. The proposed hypothesis of 7, 5 hypotheses have positive and significant impact, while the other two do not have any impact.

Keywords – *Perceived information transparency, purchase intention, word of mouth, perceived risk*

I. INTRODUCTION

Previous research shows that consumers are increasingly overwhelmed by the need for transparency of information in online transactions. In the context of B2C e-commerce, information transparency is defined as the extent to which the available information website that can be accessed by consumers. Indonesia is a country with a population the fourth largest in the world. This large population, Indonesia has economic potential for production resources and market potential. Technological development in Indonesia has changed the behavior of business. Buying and selling goods and services are not required to do physically, but it can be done online. The development of technology business opportunities via the internet, or what is known as e-commerce. According statistic, the average growth in the value of transactions through e-commerce in Indonesia reached 21% per year. The value of e-commerce retail sales Indonesia in 2017 reached 7.05 billion USD, and increased to 8.59 USD in 2018. Zhou (2018) states that In particular, consumers believe that in the majority of B2C e-commerce sites, the information to make purchasing decisions is inadequate, incomplete, or may be wrong, resulting in the refusal to make a purchase. Research on the transparency of information, purchase intention and word of mouth has been done before. Are as follows.

Research conducted by Zhou (2018) found that the product features, product quality, vendor warranty policy, and the ordering method has a significant effect on purchase intention. While the price of products, availability of products, how to contact the e-vendor, shipping and transport, booking status, privacy and security, and payment methods have no significant effect on purchase intention. Zhou (2018) also found that (1) the transparency of the product, transparency of the vendor, and transaction transparency greatly affect the perceived transparency of information; (2) the perceived transparency of information significantly increases consumer intention purchased online; and (3) the perceived risk is partially mediate the effects of perceived transparency of information on consumer intention purchased. Transparency of information has been recognized as the key factors that influence consumer buying behavior in e-commerce, information transparency which affects the purchase intentions of consumers are still unknown, and thus, there is no practical guidance is available for e-vendors to improve the transparency of their website in attract customers and increase purchases from their site.

Research on Information Transparency in the purchase intention and word of mouth in the B2C e-commerce is still very limited. Therefore, this study aims to investigate and answer the following four research questions:

1. Are Perceived Information Transparency effect on Purchased Intention?
2. Are Perceived Information Transparency effect on Purchased Intention via Perceived Risk as mediating variables?
3. Are Perceived Information Transparency effect on Word Of Mouth?
4. Are Perceived Information Transparency effect on Word Of Mouth through Perceived Risk as mediating variables?

II. LITERATURE REVIEW

2.1 Perceived Information Transparency

In the context of search engines and online recommendation system, a transparent system expressed as a system that allows users to understand the underlying algorithms of the system. In other words, transparency helps users understand "How certain results obtained from input" (Zhou, 2018). Research conducted by Granados (2008) explained in the context of B2B and B2C e-commerce, information transparency in terms of availability and accessibility of information websites to open the black box of the vendor, product, and aspects of the transaction process on the website, so as to satisfy the information needs of consumers. Research conducted by Zhou (2018), explained, *perceived transparency* conceptualized as a composite of three dimensions, namely the transparency of the product, transparency of the vendor, and transaction transparency. Transparency product refers to the extent to which consumers can easily access and understand clearly the information necessary to evaluate the performance of a product, such as price information, quality information, and feature information.

Transparency vendor refers to the extent to which consumers can easily access and clearly understand the information needed to evaluate the performance of e-vendors, such as e-vendor identity information, contact information, and rules of engagement (eg, warranty and refund policy). Transparency of transactions refers to the extent to which consumers can easily access and understand clearly the information needed to evaluate the reliability of transactional processes, such as information about ordering and payment methods as well as privacy and security policies.

2.2 Purchase Intention

Purchase intention showed likelihood that consumers will plan or willing to buy certain products or services in the future (Wu, Yeh, & Hsiao, 2011)

2.3 Word of Mouth

Word of Mouth refers to verbal communications about products with friends, family, and colleagues. Word of Mouth (word of mouth marketing) is the marketing tactics of the most ancient, but until now there are still many who apply. Almost all business sectors rely on their success by word of mouth. By word of mouth of satisfied customers will tell or recommend to friends to use or buy or purchase the product. Some experts in trying to define WOM marketing communications from a variety of perspectives. Kotler (2012) defines WOM as an interpersonal communication about the product among buyers and those around him. While Harrison and Walker (2001) defines WOM as an informal information from one person to another between a carrier noncommercial messages about what he felt by the recipient of a product, organization, services, and brands.

According to Collin and Ivanovic (2004) word of mouth is the informal channels of communication such as friends and neighbors, co-workers and family members. According to Rosen (2000), WOM that all comments regarding a certain product are bought and sold among people at any given time. Oral communication is one tool used by marketers to run promotional activities, in addition to other forms of promotion such as advertising, publicity and so on. In contrast to the forms of marketing communication in general, a greater WOM strategy in achieving the target. This is because WOM translated and packaged in the form of symbols before being submitted via a communication channel to the receiver of the message, so that information is delivered directly received by the target, which generally are the ones who need the information.

The shape of the channel used in the WOM is viral or traditional. It usually occurs in the event of marketers encounter with a target somewhere or via new channels such as the internet, mobile telephone and others. The conversation that ensues from the channels are then transmitted. The channel is a private channel (personal channel), so that the recipient of a message know who convey information. If it turns out the information conveyed is received later adopted by a reference group will display potential customers are likely to adopt a new service product. According to Hasan (2010) Word of Mouth is a conversation that is designed both online and offline have a multiple effect, non-hierarchyal, horizontal and mutational. The reason is strong in WOM is a reciprocal conversation, which can not be found with hundreds of other messages in the folder conventional company.

Based on some of the above opinion, it was concluded that the word of mouth is a part of personal communication informal, submitted by fellow consumers or anyone other than the organization, based on the experience of services it receives in terms of the use of certain products and services which may be ideas, comments / opinions, suggestions or recommendations that are expected to be positive so useful for the organization.

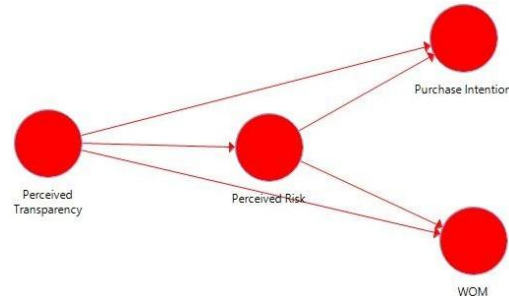
2.4 Perceived Risk

The term perceived risk to consumer behavior expressed by Bauer, "Consumer behavior involves a risk in the sense that every consumer action will result in consequences that cannot be anticipated with anything approaching certainty, and some of them may not be pleasant" (Cunningham et al., 2004), Jacoby (1972) explain consumer behavior involving risk in the sense that every consumer action would result in consequences that cannot be anticipated with anything. In his research, Jacoby (1972) identifies five dimensions of risk that the perceived performance risk, financial risk, social risk, the risk of psychological and physical risks.

III. MODEL AND HYPOTHESIS

3.1 Research model

Figure 1
Research model



In accordance with the theory that has been described previously, that Perceived Transparency is reflected by the three-dimensional namely Product, Vendor, and Transaction Transparency, where each dimension has an indicator that is formative. Thus, the hypothesis which can be formulated in this study are as follows:

- H1 : Provision price (H1.1), features (H1.2), quality (H1.3), and information availability (H1.4) of the products offered for sale on the web site B2C Indonesia will impact positively on the perceived product transparency consumer(H1.5).
- H2 : Provision of identity (H2.1), contacts (H2.2), and related information assurance (H2.3). As well as the e-vendor provides information on the time, method and shipping agents (H2.4) and E-vendors will positively affect the transparency of e-vendor consumer perceived(H2.5).
- H3 : Provisions related to the fulfillment of the transaction information, namely, ordering method (H3.1), booking status (H3.2), method of payment (H3.3), and the privacy and security policies (H3.4) in B2C web sites will have positive influence on consumer perceived transparency of transactions (H5),
- H4 : Transparency of information about high consumer perception will lead to a high purchase intent
- H5 : Transparency of information will influence the consumer's perception *Word of Mouth*
- H6 : Transparency of information perceived to be causing a high intent to purchase, if mediated by risk perceived by consumers.
- H7 : Transparency of information perceived to be causing high word of mouth behavior, if mediated by risk perceived by consumers.

IV. RESEARCH METHOD

4.1 Sample and Population

The samples in this study is the B2C e-commerce website in Indonesia, namely Lazada and Tokopedia. The study was conducted by survey method. Respondents in this study is real respondents who ever made a purchase on the site Lazada and Tokopedia, and is not a hypothetical purchase. The survey was conducted by using an e-form with 100 respondents. Construct measured using Likert Scale. Research It uses 3 x 5 indicators measuring the independent variable, or as many as 15 research questions. Using 2 x 3 indicator measurements for the dependent variable by 6 research questions, and 5x2 indicators on measuring mediating variables or as many as 10 research questions.

4.2 Variables and Measure

Perceived Information Transparency reflected into 3 dimensions, and each dimension is measured with 5 items. Transparency for Product dimension is measured by: 1) the product price information 2) Information about the product 3) Information on product quality 4) Information about the availability of the product and 5) overall product information. Vendor Transparency is measured by: 1) Identification of vendor profiles 2) contact or address of the vendor can be contacted 3) Information about the return policy and maintenance services 4) Information about the time, Method and delivery agents and 5) Vendor Information overall.

Transaction Transparency measured by: 1) Information on booking method 2) Information on order status 3) Information about the manner of payment 4) Information on the guarantee and protection of personal information and 5) overall transaction information. This study uses two dependent variables, where each variable is measured by three items. Intention to Purchase variables measured by: 1) the respondent's intention to make purchases 2) Information obtained by the respondent assured to make the purchase and 4) Where the respondents get the information to make a purchase at online shopping sites. For variable Word of Mouth, measured by: 1) Before making an online purchase, the buyer is always read reviews from others 2) Information obtained about

shopping online from a friend convinced and 3) The information submitted by friends to represent the expectations of the buyer.

Mediating variables in this study is Perceived Risk which uses five indicators of financial risks, functional risks, physical risks, risks of psychological and social risk. Each indicator in mediating variable was measured using two items of questions. Financial risk measured with: 1) Concerns the fault of the system 2) concerns the price is not comparable to the product obtained. Functional risk is measured by: 1) Concerns goods obtained are not in line with expectations 2) Concerns items have no benefit in the future. Physical risk is measured by: 1) Concerns victims of crime 2) concern because too much uncertainty when giving out personal information. Psychological risk is measured by 1) the psychological discomfort, such as a sense of worry when purchasing 2) The lack of availability of products I want cause stress because they have to look for alternatives. Social risk is measured by 1) Concerns despised friendship group 2) Concerns about the unapproved purchase decisions friend because it considered buying the product through online shopping sites is less prestigious. Each construct in this study was measured by Likert scale, from a scale of 1 (strongly disagree) to 5 scale (strongly agree).

V. RESULTS AND DISCUSSION

5.1 Validity and Reability Testing

Empirically, the model analyzed by Partial Least Square (PLS). In this study, the authors use the software SMARTPLS 2.0 for testing and estimating data from respondents. The initial analysis is done by testing the validity and reliability of data that have been collected. In this study, note data used by 100 respondents.

Table 1
Validity & The Reliability

variables	Cronbach's Alpha
X1	0.495
X2	0.560
X3	0.724
Y1	0.537
Y2	0.661
C	0.817

Source: test results Smart PLS 2.0

These tests show the validity and the reliability of test results. In this study, guided by Lai and Fan (2008) as well as Vinzi et al. (2010) which requires that the rule of thumbs in this test should have a Cronbach's Alpha value of more than 0.40. In this test it is known that all the variables have a value of more than 0.40. It can be concluded that the data is valid and feasible to do the next test.

5.2 Hypothesis Testing Results

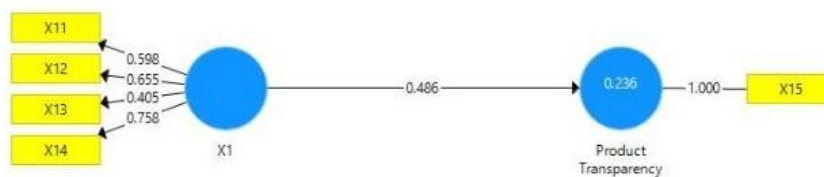
Table 2
Test Results Hypothesis 1

H1	P Value
X1 on Product Transparency	0,000

Source: test results Smart PLS 2.0

In Table 2, the test results show that the hypothesis 1 P Value of 0.000 with a significance value < 0.05. It can be concluded that the hypothesis 1 and significant effected serves.

Figure 2
Model Test Results Hypothesis 1



Source: test results Smart PLS 2.0

In figure 2 it can be seen that the provision of price (H1.1), features (H1.2), quality (H1.3), And information availability (H1.4) of the products offered for sale on the web site B2CIndonesia positive and significant influence on the perceived transparency of consumer product that is equal to 0.486 or 48.6%.

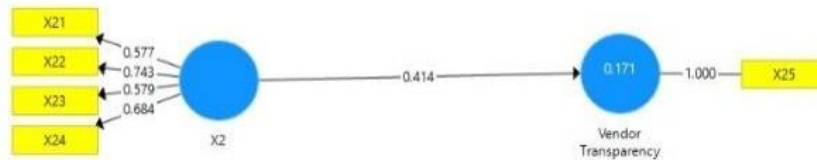
Table 3
Test Results Hypothesis2

H2	P Value
X2 in E-Vendor Transparency	0,000

Source: test results SmartPIS2.0

In Table 3, the test results show that the hypothesis 2 P Value of 0.000 with a significance value <0.05. It can be concluded that Hypothesis 2 significant influence and deserves.

Figure 3
Model Test Results Hypothesis 2



Source: test results SmartPIS 2.0

Table 4
Hypothesis 3 Test Results

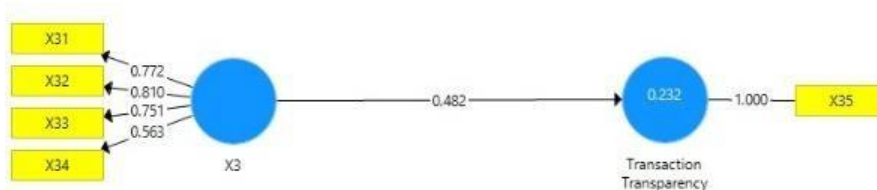
H3	P Value
X3 on E-Vendor Transparency	0,000

Source: test results Smart PIS 2.0

In figure 3 it can be seen that the provision of identity (H2.1), contacts (H2.2), Information regarding time, methods, shipping agents (H2.3) and related information assurance (H2.4). As well as the e-vendor provides information on the time, method and shipping agent in a positive and significant effect on the transparency of e-vendor consumer perceived in the amount of 0,414 or 41.4%.

In Table 4, the results of a test of hypothesis 3 indicate that P Value of 0.000 with a significance value <0.05. It can be concluded that the hypothesis 3 and significant effect deserves.

Figure 4
Model Test Results Hypothesis 3



Source: test results SmartPIS 2.0

In figure 4 it can be seen that the provision of information related to the fulfillment of the transaction, namely, the method of booking (H3.1), booking status (H3.2), method of payment (H3.3), and the privacy and security policies(H3.4)onthewebsiteB2Chasa positive and significant impact on consumer perceived transparency of transactions in the amount of 0,482 or 48.2%.

Table 5
Test Results Hypothesis 4

H4	P Value
Perceived Transparency on Purchase Intention	0,000

Source: test results SmartPLS 2.0

In Table 5, the test results show that the hypothesis 4 P Value of 0.000 with a significance value <0.05 . It can be concluded that the hypothesis 4 and significant effect deserves.

Table 6
Hypothesis 5 Test Results

H5	P Value
Perceived Transparency on Word of Mouth	0,000

Source: test results SmartPLS2.0

In Table 6, the results of hypothesis testing 5 shows that P Value of 0.000 with a significance value <0.05 . It can be concluded that the hypothesis 5 and significant effect deserves.

Table 7
Test Results Hypothesis 6

H6	P Value
Transparency on Purchase Intention Perceived mediated by Perceived Risk	0.817

Source: test results SmartPLS2.0

In Table 7, the results of hypothesis testing 6 shows that P Value of 0.817 which means greater when compared with a significance value <0.05 . It can be concluded that the hypothesis 6 has no effect, so the hypothesis 6 failed to be accepted.

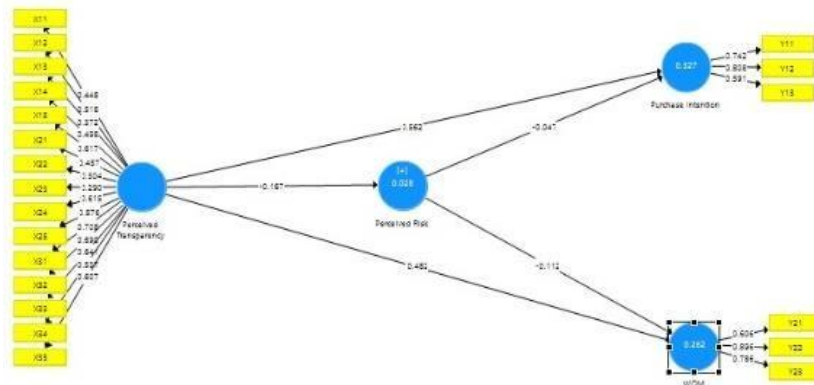
Table 8
Hypothesis 7 Test Results

H7	P Value
Perceived Transparency on Word of Mouth mediated by Perceived Risk	0,564

Source: test results SmartPLS2.0

In Table 8, the results of hypothesis testing 7 show that P Value 0.564 which means greater when compared with a significance value <0.05 . It can be concluded that the hypothesis 7 does not have the effect of making the hypothesis 7 failed to be accepted.

Figure 5
Model Hypothesis Test Results 4,5,6, & 7



Source: test results SmartPLS 2.0

In the picture above models show that the perception of information transparency high consumer directly lead to a high purchase intent as well, this is evidenced by a value of 0.562 or 56.2%. While the transparency of information directly affect consumer perception on Word of Mouth as evidenced by a value of 0,482, or by 48.2%. However, the test results with the Perceived Risk as mediating variables in this study cannot prove the influence of Perceived Information Transparency on Purchase Intention and to the Word of Mouth. It can be concluded that the Perceived Information Transparency indirectly mediated by Perceived Risk has no influence on Purchase Intention. It can be proved also that Perceived Information Transparency indirectly mediated by Perceived Risk has no effect on Word of Mouth.

Seven of testing hypotheses, there are two hypotheses suggesting results and no significant effect. Hypothesis 1 and Hypothesis 4 supports earlier research conducted by Zhou (2018) who found that the transparency of the product, transparency of the vendor, and transaction transparency very significant impact on the perceived transparency of information (Perceived Information Transparency); (2) Perceived Information Transparency significantly improve consumer intention purchased online; but for the results of the testing Perceived Information Transparency on Purchase Intention mediated by Perceived Risk, contradicts the findings of Zhou (2018) which states that the Perceived Risk partially mediate the effects of perceived transparency of information on consumer intention purchased. In this study, suggesting that the perceived risk cannot mediate the effect of Perceived Information Transparency on Purchase Intention. so the hypothesis 6 failed to be accepted.

The results in this study suggest that the hypothesis 7 also failed to be accepted, this means the perceived risk can not mediate the effect of Perceived Information Transparency on Word of Mouth. In addition, the results of hypothesis testing 5 in this study indicate that the Perceived Information Transparency significantly improve the behavior of Word of Mouth. In this case, the growing strength of Perceived Information Transparency in a B2C e-commerce website also encourages consumers to submit its recommendations to others who are directly or indirectly can influence others to purchase products at a recommended place.

VI. CONCLUSION

From the results and discussion, the results of testing hypothesis in this study it can be concluded that:

H1: Provision price (H1.1), features (H1.2), quality (H1.3), and information availability (H1.4) of the products offered for sale on the web site B2C Indonesia affect positively and significantly related to Product Transparency consumer perceived (H1.5).

H2: Provision of identity (H2.1), contacts (H2.2), information regarding time, methods, shipping agents (H2.3) and related information assurance (H2.4) in a positive and significant effect on E- vendor transparency (H2.5).

H3: Provisions related to the fulfillment of the transaction information, namely, the method of booking (H3.1), booking status (H3.2), method of payment (H3.3), and the privacy and security policies (H3.4) in B2C web sites will have positive influence on E-vendor transparency (H3.5).

H4: Perceived Information Transparency high consumer has a direct influence positively and significantly, leading to a high purchase intention as well.

H5: Perceived Information Transparency high consumer has a direct influence positively and significantly on

Word of Mouth.

- H6: Perceived Information Transparency does not have any influence on purchase intention if mediated by perceived risk. In other words, the perceived risk have no impact on purchase intention by the consumer. According to the authors, the reason for the failure of this hypothesis to be accepted is at the age that is very modern and has all-round online, the risks perceived by consumers in buying the product on the website of B2C e-commerce can be minimized or even eliminated, because of the sophistication of technology and services offered by B2C e-commerce is very adequate, so in case the risks of unwanted can be immediately addressed. This is what makes the perceived risk by the consumer does not have influence in mediating the effects of Perceived Information Transparency towards purchase intention.
- H7: Perceived Information Transparency by the consumer does not have an influence on word of mouth if mediated by perceived risk. In other words, the perceived risk have no impact on word of mouth by consumers. The reason failed receipt of hypothesis 7 according to the author is still dealing with the results of the testing of hypotheses 6 in this study, with the sophistication of the technology and services online sales at present, there is no doubt for the consumer to recommend B2C e-commerce to others in doing the shopping activities.

Limitation and Suggestions

Although this research is the development of research conducted by previous researchers, this study would not be separated from a lot of limitations, including:

1. The sample is still small at only 100 respondents. In this case, subsequent research can get more respondents so that the test results can be better and more accurately.
2. There is still much research conducted on information perceived transparency of the purchase intention and to the word of mouth so that researchers do not have a reference regarding adequate theories.
3. This study was conducted only on B2C e-commerce in Indonesia. The next study is expected to be testing the hypothesis on the type of e-commerce in addition to B2C, such as B2B, C2C e-commerce in Indonesia and in the world

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