Chapter 31

Drivers of Brand Trust in Internet Retailing:
The Case of Indonesia

Adilla Anggraeni
Bina Nusantara University, Indonesia

Florenz Lay
Bina Nusantara University, Indonesia

ABSTRACT

This study investigates the attributes that create brand trust in internet retailing through the replication of the work of Ruparelia, White and Hughes (2010) using two different purchase categories: apparels and travel accommodation. Quantitative methodology was employed through survey method involving 180 respondents. There are ten independent variables include website security, website privacy, website brand name, word-of-mouth, website design & navigation, information, returns policy, country of origin, past experience, advertising and testimonials and one dependent variable which is brand trust. Security, privacy, word of mouth, design & navigation, and past experience were proven to have direct linear effects towards web brand trust. On the other hand, brand name, information, returns policy, country of origin and advertising & testimonials have weak relationships with web brand trust. Respondents who purchased clothing apparel were more concerned of the country of origin than respondents who purchased ticket accommodation.

1. INTRODUCTION

The study is a replication of Ruparelia, White and Hughes's (2010) study, using Indonesian customers and e-retailers as the context for this research. Several alterations have been made to suit the current study context.

Extant literature has observed how the internet continues to be an important factor in retailing (Martin, Mortimer and Andrews, 2015). The practice of online shopping has increased due to its convenience and ease. With the increase of competition in e-retailing, new e-retailers face difficulties upon entering

the market. Therefore, new e-retailers should attract attention by making the customer trust their brand. Building trust for online retailers is more challenging compared with traditional bricks-and-mortar stores. However, there are several factors that need to be taken into account in creating a well-trusted web store, especially for e-retailers when their target market is customers living in Jakarta.

The reason for the growth of retailers and online purchases was due to more varieties of choice available online and also from the factors of convenience for both consumers and retailers (PwC, 2013). Shoppers around the world have shown a lot of interest in purchasing online, especially garment products (Park & Stoel, 2005). This statement was supported by an increase of 35% in online apparel sales from 2000 to 2002 in United States, and the increase has made clothing the second largest product category after DVDs (Greenspan, 2003).

Indonesia has many opportunities in the Internet business. The increase of e-commerce would necessitate trust in a website to convince consumers to purchase or conduct transactions on the website. Brand trust is an arduous fundamental of brand equity (Riegelsberger, 2005). Without brand trust, any strategy made by the retail will not be effective. Trust plays a critical role in online business. Especially with the new risky cyber-crime such as privacy invasion and identity theft, which are including pharming and phishing, (Riegelsberger, Sasse and McCarthy, 2005).

It is fundamental for e-retail to not only have a good websites but also good brand. As Chen and Wells (1999) pointed out, the challenge in e-retail is not limited to have a website but how to compete and win the competition in the Internet. Branding is crucial to identify one with another and also creating trust. It is important for a firm to understand factors that influence trustworthiness of a brand, especially for online firms (Gupta, Yadav, and Varadarajan, 2009).

The majority of Indonesia's online shoppers has spend 55 USD per online transaction (InsideRetail. Asia, 2012). However, the number of consumers who purchased in local websites are still limited compared to the increase of online users (Coolfounder, 2012). This might be because of consumers' lack of trust on the local websites. This would then highlight the importance of studying the driving factors of brand trust in e-retail in Indonesia.

In the current study, the researchers aim to investigates the most significant attributes that affect brand trust in an online environment in Jakarta, whether different product category would lead to different perception on brand trust of the websites and whether gender impact the online shopping behavior.

2. LITERATURE REVIEW

2.1. E-Commerce

According to Miletsky (2010) electronic commerce is also known as e-commerce. It is the use of online websites for buying and selling product and service. E-commerce lesser used by B2B (Business to Business) and were used more in B2C (Business to Consumers).

Miletsky (2010) argues that there are several aspects that encourage demand to shop online. From the consumers' perspective, convenience is one of the key factors that encourage most consumers to shop online, as online stores could be accessed from everywhere and at anytime. It is very convenient for working people as they could shop from home without a need to travel and waste their time.

Despite all the benefits, there are some drawbacks about online shopping (Miletsky, 2010). Payments are non-cash means that it is less secure as consumers personal identity and privacy could be figured

Related Content

The Use of Geomarketing to Promote Personal Branding: Make Your Mark as a Teacher in the Territory of Internet
Gersón Beltrán López (2019). *Brand Culture and Identity: Concepts, Methodologies, Tools, and Applications (pp. 1232-1244).*
www.irma-international.org/chapter/the-use-of-geomarketing-to-promote-personal-branding/213763

Sustainability and the UK's Major Food Retailers: Consumer Concentric Cause Marketing Writ Large
Peter Jones, Daphne Comfortand David Hillier (2013). *Customer-Centric Marketing Strategies: Tools for Building Organizational Performance (pp. 374-394).*
www.irma-international.org/chapter/sustainability-major-food-retailers/71077

Effectiveness Solutions in Online Advertising
 (2012). *Online Advertising and Promotion: Modern Technologies for Marketing (pp. 173-184).*
www.irma-international.org/chapter/effectiveness-solutions-online-advertising/64979

How Relevant is the Marketing Curriculum to Today's Market: A Case Study from an HEI in Mauritius
Hemant Kasseanand Mridula Gungaphul (2015). *International Journal of Technology and Educational Marketing (pp. 29-35).*
www.irma-international.org/article/how-relevant-is-the-marketing-curriculum-to-todays-market/129772

Reflexive Tourism Supply Chain Management: Sustainability in Higher Education in the Asia-Pacific Context
Chiung-Li Li, Yun-Hui Lin, Yi-Hsuan Chenand Wei-Shuo Lo (2017). *International Journal of Technology and Educational Marketing (pp. 1-16).*
www.irma-international.org/article/reflexive-tourism-supply-chain-management/191225