

The Role of Prices Fairness on Intention to Online Transactions on Students in Yogyakarta

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Abstract—This study aims to identify the effect of perceived prices on the intention to shop online. The sample in this study was students in Yogyakarta aged 17-24 years. The study sample of 100 people was collected using a convenience sampling technique guided by a questionnaire. Statistical analysis uses the structural equation model with split samples that distinguish samples that have high and low perceived prices. The growth of online shopping is in line with the growth of internet usage because the increase in internet usage is driving the growth of online shopping. Adolescents have high growth in internet usage, so the phenomenon of online teen shopping is interesting to study. The results of the study indicate that before perceived prices moderate the behavior of online shopping, perceived benefits and perceived risk influence the intention of online shopping. After perceived prices, moderate online shopping behavior, high perceived price groups, perceived benefits and perceived risk influence the intention of online shopping. Low perceived price group, perceived risk does not affect the intention of online shopping; perceived benefits affect the intention of online shopping. The low perceived price group indicates that product prices in online stores are relatively affordable and are considered more profitable than brick and mortar stores. The price of online shopping perceptions is profitable so that customers benefit compared to shopping at conventional stores. The results of this study can be an alternative to developing a strategy to increase the intention of online shopping by considering perceived prices as variables that moderate the intention of shopping online. Research on online shopping behavior in adolescents is important because growth in the number of internet users is increasing. Suggestions for further research by increasing the number of samples and dividing based on economic and social structure, because the income variable can explain its role in online shopping behavior.

Keywords—perceived benefits; perceived risk; perceived price; intention to shop online

I. INTRODUCTION

The internet is an essential medium in communication and business [1]. The number of internet users in Indonesia continues to increase, 83.7 million in 2014 to 112 million in 2017 [2]. The Internet encourages online transactions. It is estimated that the turnover of online transactions in 2018 is 144 trillion [3]. Increasing online transactions causes companies to focus on competing in online businesses [4].

The number of internet users in the adolescent age group by 79.5% [5]. The internet is the primary means of communication for adolescents [6], which affects online shopping behavior [7]. The internet is considered capable of influencing consumer behavior in making purchases. The internet provides many beneficial features, that the reasons for shop online [1,8-15].

The internet provides many advantages in online transactions. Consumers need to be vigilant in shopping online because online transactions have a perceived risk [9,14,16,17]. Perceived risk is a negative consequence of online shopping because it is considered to be potentially detrimental [18], even though it does not necessarily occur.

One variable that affects consumer behavior is the fairness of prices. Purchasing decisions are influenced by the comparison between the costs incurred with the benefits obtained [19]. Prices that are considered unnatural will be obstacles in the purchase process. The more attractive and profitable compared to competitors, the higher the intention to make purchases, and vice versa.

II. RESEARCH METHOD

A. The Sampling Method

The population in this study are adolescent who intends to shop online in Yogyakarta. The number of research samples is 100 according to the requirements of sample adequacy in structural equation model tests. Retrieval of research data using a questionnaire. To increase the response rate, the questionnaire is given directly to the respondent and taken back after it is complete.

B. The Statistical Method

The Multi-group of structural equation model is a statistical tool selected to elaborated relationship among structural variable as conceptualized in the hypothesis. The Multi-group of structural equation model is a statistical tool selected to an elaborated relationship among structural variable as conceptualized in the hypothesis. Such method was selected to elaborate the relationship among variables as conceptualized, and it can elaborate on the role of the moderating variables in influencing the behavioral process.

The risk of online shopping is divided into two, namely financial risk and product risk. Financial risk is the opportunity for losses to be measured in nominal money due to online purchases [20]. Product risk is the consumer perception of product quality that is not following what consumers expect [14]. Previous research shows that perceptions of risk are negatively and significantly related to online purchases [9,14].

Customers often do not remember the actual price of a product or service, because they value goods or services based on expensive or cheap terminology [21]. This understanding indicates that prices relate to the benefits felt by customers, and reflect the suitability of something that is issued by the customer with the quality of the product or service received.

The fairness perception of prices, namely the valuation of prices based on customer perceptions. Price valuation is subjective and different possibilities for each. In purchasing behavior, price fairness is more relevant compared to fixed prices [19]. Customers compare the costs incurred with the benefits obtained. In the purchasing process customers perceived fairness of prices is an important variable [21].

III. RESULT AND DISCUSSION

The result of regression exam between perceived benefit variables to online shopping intentions indicates that the perception affects positively and significantly to online shopping ($\beta = 0,247$, $SE = 2,816$ dan $CR = 2,074$). Also indicates that the more online transaction intention are increasing, the more the perceived benefits are increased.

The results have the same aim with the researches of such as Alreck and Settle, Theo, Limayem et al., Kurnia and Chien, Forsythe et al, Yannopoulos, Jusoh and Ling, Liu et al., Meixian who identified the online transaction intention are affected by consumers' perceived benefits [1,8-15].

The result of regression exam between perceived risk variables to online transaction intention indicates that it affects negatively and significantly one another ($\beta = 0,201$, $SE = 1,141$ dan $CR = 2,987$). Also it, indicates that if the perceived risk are increasing the online transaction intention will be decreased.

The result of the exam supports the previous research indicates that perceived risk affect negatively and significantly to online transaction [9,14,16,17].

The result of regression exam became multi-group after it was modernized by its reasonable price, indicates that the reasonable price modernize the research model (χ^2 difference χ^2 calculated (2)) so that model constrained significantly which was different to unconstrained model.

High cost reasonable price, perceived benefits affect positively and significantly to online transaction intention ($\beta = 0,433$ $SE = 0,125$, $C.R = 3,061$). Low cost reasonable price group, perceived benefits affect positively and significantly to the online transaction ($\beta = 0,201$, $SE = 0,155$ $C.R = 2,081$). This research invention indicates that on higher group, the perceived benefits to online transaction shows bigger than the other one.

In low cost reasonable price group, perceived risk will not affect the intention ($\beta = -0,196$, $SE = 0,172$, $C.R = 1,322$). The perceived risk affect negatively and significantly to the online transaction ($\beta = -0,126$ $SE = 0,133$, $C.R = 2,164$). This invention indicates the existence of the differences of perceived risks influence to online transaction intention between both higher and lower reasonable price.

IV. CONCLUSION

Before the respondents are differentiated by either the higher reasonable price group or the lower one, the online transaction intention are affected by both perceived benefits and risks.

However, after they were done to differentiation so it was identified that on the higher group, both perceived benefit influence and perceived risk to online transaction intention became bigger than the lower one. The research focuses on both higher and lower reasonable price which on the previous in contextually online transaction on teen shopper group has not explained yet.

To expand generalized concept, this research model can be used for the next researches in context to either related online transaction intention or unrelated one. The result of this research can be used as consideration in arranging marketing strategy to increase online transaction intention on teenagers. The strategy is arranged by designing stimuluses that can increase online transaction intention by considering the differences on reasonable price levels.

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