

Trust in Intermediaries as a Mediator Between Perceived Effectiveness of Escrow Services and Repurchase Intention

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Abstract—Theory of reasoned action is a theory that explain and predict intention behavior. Previous study reveals that trust in the community of seller mediates the relationship between PEES and intention to purchase. Other research reveals that in e-commerce, trust can be seen not only trust in the community of sellers but also trust in intermediaries. This study develop previous study using trust in intermediaries' variable as a mediator in the relationship between PEES and repurchase intention. The purpose of this study is to investigate the role of Trust to Intermediary as a mediator variable between PEES and repurchase intentions. This research was conducted by distributing surveys online to 138 respondents who had buy at marketplace in Indonesia in the last 6 months. The data were processed using Path Analysis. The finding indicates that Trust to Intermediary can be a mediator between PEES and repurchase intentions. Further, we found that PEES affects Repurchase Intention directly. We can conclude that PEES affects repurchase intention directly and indirectly with Trust in intermediaries as a mediator. The finding of this study helps the intermediaries' business entities that their escrow services increase customer's trust and increase customer's intention to repurchase.

Keywords: *perceived effectiveness of escrow services, trust to intermediary, repurchase intention, e-commerce, customer*

I. INTRODUCTION

High internet users' penetration is one of the factors that can drive the e-commerce's growth [1]. The penetration rate of internet users in Indonesia is quite high, reaching 64.8% of the total population in 2018 [2]. In 2017, the penetration rate was still around 54.68%. There are many reasons behind the use of internet regularly in Indonesia, one of the reasons is selling and shopping online. There are around 2.4% of people who use the internet to sell online and 0.9% to shop online. Online shopping and online selling activities involve e-commerce which is currently quite a lot and is getting bigger.

Consumer activity in e-commerce, which will determine the success of e-commerce itself, is strongly affected by trust [3]. Marketplace, as one form of e-commerce, is always competing to build trust and eliminate the uncertainty and risk in their transaction [4]. In e-commerce's transaction,

consumers cannot see the goods being sold and also cannot predict the behaviour and motives of the seller, resulting in uncertainty that perceived as a risk by consumers [5]. Trust in e-commerce is needed to reduce the uncertainty that exist in e-commerce transactions [6]. Existing research states that trust in e-commerce affect consumers repurchase intention [7].

Uncertainty on every transaction in e-commerce is also one of intermediaries concern. Currently, e-commerce in Indonesia provides escrow services to give a sense of security and protect consumers from fraud, as done by Tokopedia [8]. Previous studies reveals that perceived effectiveness of escrow services (PEES) significantly affect trust in the community of seller, then also increase the transaction intention [9]. The research only focused on trust in the community of seller that mediates the relationship between PEES and transaction intention. Other study reveals that trust in e-commerce can be divided into two categories, namely trust to community of sellers and trust to intermediary [10]. Based on this background, this study aims to develop previous study and answer the question whether trust to intermediary can mediate the relationship between PEES and repurchase intention?

II. THEORY AND HYPOTHESES

A. Theory of Reasoned Action (TRA)

Theory of Reasoned Action (TRA) was developed by Ajzen and Fishbein in 1980. TRA has received considerable and justifiable attention within the field of consumer behaviour. The theory of reasoned action is the earliest version of the theory [11]. The main construct of TRA is intention. Intentions reflect the extent to which an individual tends to plan to do, and invest efforts in pursuing, the behaviour given. Intentions are conceptualized as a function of two trust-based constructions: attitudes and subjective norms [11]. TRA shows effectiveness in predicting variability in people's behaviour in various contexts, populations, and behaviours. Ajzen modifies theories of reasoned action to explain behaviour that is not under the complete control of the individual [11].

B. Perceived Effectiveness of Escrow Services, Repurchase Intention, and Trust in Intermediaries

Escrow Service is the third-party services in which a third party authorizes payment only after the customer receives and approves the goods [9]. For example, a customer buys an item to a seller who sells his merchandise in a market place. The customer makes a payment to the market place and confirms the payment after the item is received by the customer.

Repurchase is a real action of customer in buying or using the product again [12]. Repurchase intention is buyer's intention to buy back product or service by vendor or online store after they getting a positive experience [13]. Customers buy similar products repeatedly from similar sellers, and most purchases represent a series of events rather than a single isolated event [12].

Trust is transferable from a better known party to an associated party [14]. In e-commerce, the intermediary plays the institutional role of agent in the trust function on trust in seller [15]. Online transaction in marketplace involve trust in dyadic relationship between buyer and seller [10]. Intermediaries are independent third-party structures that provide an institutional aegis for consumers in an uncertain market environment by controlling and processing market exchanges [16]. Trust in intermediary is buyer believes that the intermediary will institute and enforce fair rules, procedures, and outcomes in its marketplace competently [9].

Many escrow services can be mediator between buyers and sellers. Theoretically, escrows could solve many uncertainty issues for buyers and be a compelling trust-building mechanism in a marketplace [9]. Effective escrow services reduce actual risk by absorbing some of the uncertainty regarding payments, product quality, and delivery, so creating trust in the marketplace's customers [9]. Trust influence repurchase intention [13]. To improving customer's intention repurchasing, trust is very important [13]. Online customer trust affects online repurchase intention [17]. Based on literature, it can be explained that escrow service can improving customer's trust and then can improving repurchase intention, so the hypotheses on this study is:

Ha: Trust in Intermediary mediates the influence between PEES and Repurchase Intention

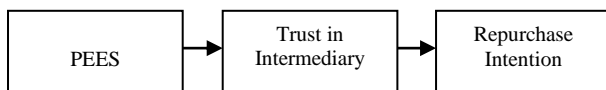


Fig. 1. Research model.

III. METHODS

Data collection in this study was conducted by sending online questionnaire's link in random group chat room, and asking group's member to spread the link to their community. The questionnaire's instrument in this study is adopting previous research. All items were measured with 7 scales Likert-type. Sample in this study are people who have bought through marketplace in Indonesia that has escrow services

systems in their marketplace. Respondent should has bought any kind of things through the marketplace in the past six months, so that they still remember the buying process. To encourage participations, the selected respondents were offered with phone balance.

Data analysis in this study was conducted with Path Analysis. Path Analysis can be used to test the effect of mediator variables in a relationship [18]. Hypothesis testing uses path analysis by doing three ways that are: the first, looking for a direct influence between PEES on Trust in Intermediary. The second, looking for a simultaneous influence between PEES and Trust in Intermediary to Repurchase Intention. Third, calculate the indirect effect coefficient [18].

Before data were processed using Path Analysis, there are several test to ensure validity and reliability using bivariate correlation test and Cronbach's Alpha, data normality using Kolmogorov-Smirnov test, data multicollinearity using VIF value, and data heteroskedasticity using Glejser test and statistic descriptive using statistic descriptive test.

IV. RESULTS AND DISCUSSION

A. Results

1) *Descriptive statistics*: Table 1 shows descriptive statistics about Trust in Intermediary, PEES, and Repurchase Intention. The number of N is 138 samples. The minimal value of Trust in Intermediary is 1.330, maximum value is 5.000, and has Mean Value of 4.190. The minimal value of PEES is 1.000, maximum value is 5.000, and has Mean Value of 4.125. The minimal value of Repurchase Intention is 1.000, maximum value is 5.000, and has Mean Value of 4.000.

TABLE I. DESCRIPTIVE STATISTICS

	N	Range	Min	Max	Mean	St. Dev
Trust in Intermediary	138	3.670	1.330	5.000	4.190	0.597
PEES	138	4.000	1.000	5.000	4.125	0.712
Repurchase Intention	138	4.000	1.000	5.000	4.000	0.710

Source: SPSS.

2) *Validity and reliability*: Validity Instruments test using Bivariate Pearson Correlation. The result of validity test is that all questions are valid and have an r count greater than r table.

Reliability test using Cronbach's Alpha. The following are the result of the reability test:

TABLE II. RELIABILITY TEST

Variable	Cronbach's Alpha
Trust in Intermediary	0.943
PEES	0.845
Repurchase Intention	0.795

All of variables has Cronbach's Alpha value greater than 0.60, this shows that all question instruments are reliable.

3) *Hypotheses testing result*: Table 3 shows direct influence PEES to Trust in Intermediary. Value of Unstandardizes Coefficients is 0.564 and has sig. 0.000 this shows that there is a direct influence between PEES and Trust in Intermediary.

TABLE III. DIRECT INFLUENCE PEES TO TRUST IN INTERMEDIARY

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
(Constant)	1.865	0.222		8.406	0.000
PEES	0.564	0.053	0.674	10.635	0.000

Dependent variable: Trust in Intermediary.

Source: SPSS.

Table 4 shows simultaneous influence between PEES and Trust in Intermediary to Repurchase Intention. Value of Unstandardized Coefficients Trust in Intermediary to Repurchase Intention is 0.357 and has sig. 0.001, and Unstandardized Coefficients PEES to Repurchase Intention is 0.417 and has sig. 0.000 this shows that there is simultaneous influence between PEES and Trust in Intermediary to Repurchase Intention.

TABLE IV. SIMULTANEOUS INFLUENCE PEES AND TRUST IN INTERMEDIARY TO REPURCHASE INTENTION

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
(Constant)	0.793	0.332		2.389	0.018
Trust in Intermediary	0.357	0.104	0.300	3.430	0.001
PEES	0.417	0.087	0.419	4.789	0.000

Dependent variable: Repurchase Intention.

Source: SPSS.

The path analyst results show that PEES can directly influence Repurchase Intention and can also have an indirect effect, through mediating the Trust in Intermediary variable. As shown in Figure 2, the direct effect from PEES on Trust in Intermediary is 0.564 while the value of indirect influence is 0.201.

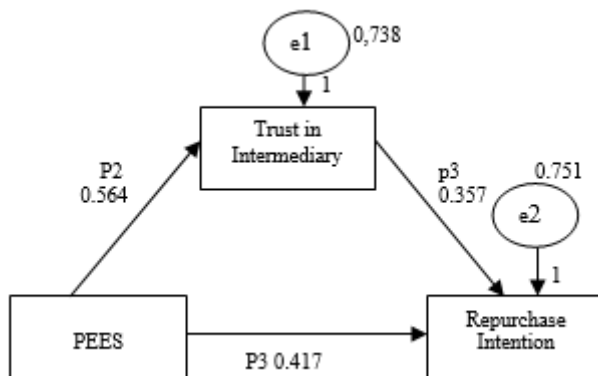


Fig. 2. Path analysis model.

The effect of mediation is shown by the following formula:

$$Sp2p3 = \sqrt{p3^2 Sp2^2 + p2^2 Sp3^2 + Sp2^2 Sp3^2} \quad (1)$$

$$Sp2p3 = \sqrt{0.357^2 0.053^2 + 0.564^2 0.104^2 + 0.053^2 0.104^2}$$

$$Sp2p3 = 0.0618$$

Based on the results of the calculation of $Sp2p3$, the next step is calculate the value of t statistics mediation effect. The following are the results of the statistical t calculation:

$$t = \frac{p2p3}{Sp2p3} \quad (2)$$

$$t = \frac{0.564 \times 0.357}{0.0618}$$

$$t = 3.2543$$

t count value of 3.254 is greater than the value of t table with a significance level of 0.05 which is 1.977, it can be concluded that the mediation coefficient of 0.201 is significant which means there is a mediation effect.

V. CONCLUSIONS

This study examines influence PEES to Repurchase Intention mediated by trust in intermediary. The result of this study indicate that PEES affects Repurchase Intention indirectly through Trust in intermediary. In the other world, trust in intermediary significantly mediates the influence between PEES and Repurchase Intention.

This result of this study is in line with Theory of Reason Action. Individual's intention to repurchase will be determined by the individual's trust in intermediaries because they believe that the funds they have sent through the escrow service will be safe and guaranteed by the escrow service. To increase consumer repurchase intention, the escrow service provider needs to ensure that the escrow service that has been built can guarantee the buyer's funds that have been saved so as to increase the buyer's trust in the intermediary and increase the repurchase intention.

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