



Exploring the Relationship of Local Marketplace and Customer Using a Construal Level Theory

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Abstract. Technological developments at this time are very advanced, one of them is internet technology, the marketplace is one of the products that produced from internet technology where it makes convenient for the community in carrying out their economic activities. The increasing use of internet technology and mobile devices such as smartphones facilitates people's activities in daily activities, especially in the activities of buying and selling products and services and Indonesia has a large market share for the marketplace. This study uses Construal Level Theory (CLT) as a conceptual framework to understand the effect of individual psychological distance from an object. Construal Level Theory is the process of generating the use of representations in guiding individual judgments in the presence of psychological distance. This study aims to understanding the relationship of local marketplace with customers using construal level theory as methodology. The findings of this study reveal that the construal level theory can predict the relationship of marketplace with their customers. This study provides interesting insights about e-commerce business in Indonesia by using a construal level theory. The limitation of this study rests on its findings which cannot be generalized to a wider e-commerce business community as it focuses only on the context of Indonesia.

Keywords: Construal Level Theory · Psychological Distance · Marketplace

1 Introduction

The advancement of technologies significantly changing the way of people doing a transaction in economic activities, supported by Coppola's [1] showed that more than 2 billion people converting and conducting conventional buying and selling activities of goods and services into electronic buying and selling activities, one of them is the marketplace. Indonesia is one of many countries that has a large market share for the marketplace and they have purchased goods and services in the marketplace [2]. The high use of mobile devices provides opportunities for online commercial activities [3]. Electronic commerce (e-commerce) is getting increasing attention because of its potential to expand market share and enable the achievement of various commercial transactions through wireless channels, especially marketplaces [4]. The increase in smartphone users in Indonesia has had a significant impact on Indonesia's e-commerce activities, where based on the

results of data reports from media and study companies Katadata.co.id related to the highest use of e-commerce in Indonesia in the world, it was stated that as many as 88.1% of the total population of Indonesia carry out buying and selling activities on the marketplace [5]. Marketplace can be interpreted as a forum that has the task of acting as an intermediary between sellers and buyers to process product transactions online, furthermore the marketplace also provides various facilities such as payment methods, delivery estimates, product selection according to category, and other features [6]. The results of study from CupoNation [7] found that the e-commerce market in Indonesia is still dominated by local marketplaces, such as Tokopedia, Bukalapak, Blibi, JD ID, and others, while for foreign marketplace, such as Shopee, Lazada, Zalora, Alibaba, Rakuten, and others.

This study uses Construal Level Theory (CLT) as a conceptual framework to understand the effect of individual psychological distance from an object. Construal Level Theory is the process of generating the use of representations in guiding individual judgments in the presence of psychological distance. Study from Kim, H. W., Xu, Y., and Gupta, S. [8] found that psychological distance affects online buying and selling transactions between buyers and sellers related to unpreparedness and distrust of the online system used. Psychological distance can be defined as the separation between self and other things such as people, events, knowledge, or time [9]. People can feel psychological distance when an object is not part of the individual's direct experience [10]. Therefore, based on the background and theory described, this study is important to do in order to add knowledge and understanding regarding the potential and what strategies to do from local marketplaces, especially based on psychology individuals to local marketplaces.

2 Literature Review

2.1 Construal Level Theory Towards Marketplace

This study applied the construal level theory by Trope, Liberman, and Wakslak [11] as guidance to understanding the distance relationship of local marketplace and Indonesian customers. Construal level theory (CLT) is an explanation of how individual behavior took place based on psychological distance [11]. The study from [12] suggest that psychological distance has a role in determining consumer trust and purchase intention in online transaction. The study from [13] found that psychological distance can provide insight into value creation through service interactions. Proximity to consumer can be influenced by the psychological distance [14], in order to make the distance is close, the consumer's stimulation toward the product or brand must have a positive judgment [15]. The distance of knowing about unfamiliar retailer can be explained by psychological distance [14]. Psychological distance can affect trust in e-commerce via smartphones so that a brand can make effective strategic communication to consumers [10], those findings strength the study from [16] argue that construal level theory could influence consumer behavior, especially in e-commerce's studies.

Exploring psychological distance can be interpreted into four dimensions, namely the temporal, the spatial, the social, and hypothetical [11]. Research from [17] explained those dimensions as follows, in temporal, from now to earlier or later; in spatial, from here

to closer or farther; in social, from self to familiar or unfamiliar; and in hypothetical, from certain to uncertain. Various studies related psychological distance's dimension has been conducted, a study from [18] showed that on temporal distance, the consumer review, whether it is recent or outdated, is still has influence on consumer purchase decision for the near future. The spatial distance has influence on the relationship between individual and the object, as explained in study from [14] showed that the distance of knowing about unfamiliar retailer can be explained by spatial or physical distance. The similar perceived value between individual and others, it will make the social distance is imminent [19].

In order to gaining insight a construal level theory applied in marketplace studies, the researcher is inspired by the study from [10] that it suggests to focus on three dimensions of psychological distance, which are the temporal, the spatial, and the social distance. The study from [12] argue that the dimensions of psychological distance have similar and interrelated each other, therefore, it led researcher to focus three psychological dimensions. Research from [20] found that mobile commerce which can be accessed and used anytime can reduce the temporal distance with its consumers. The consumer will reduce the spatial distance when mobile commerce providing the accessibility anywhere [3]. Last but not least, the familiarity of mobile commerce value between consumer and other will reduce the social distance [21]. Therefore, from those perspective of previous studies, we could gain new insight about the relationship between local marketplace and consumer when the distance of those three psychological distances is contiguous.

3 Research Methodology

Our study is use combination of quantitative and qualitative methods, we conducted two types of survey, through questionnaire and interview to collecting our data. The sample size was 100 local marketplace consumers, who were students of PGRI Yogyakarta University. The first step is we give an introduction to our respondent with the definition of local marketplace and an example local marketplace in Indonesia, such as Tokopedia, Bukalapak, Blibli, etc., then explained about psychological distance and its dimensions. The researcher describes psychological distance and its dimensions based on previous studies in order to give understanding to the respondents when performing our survey, as shown in Table 1.

After the introduction section is clear, the next step is doing a survey using questionnaire, the objective is to gain an information regarding psychological distance of respondent toward local marketplace statistically. The measurement items to conduct a questionnaire survey is collected from [3, 20, 21].

The interview survey was arranged after the researcher obtained the data from questionnaire, to strengthen the data result, a focus group discussion (FGD) is established as the method to conduct the interview survey with the expect to gain a new information or insight about the proximity of relationship between local marketplace and their consumer. The researcher chooses total 30 respondents for participate in a focus group discussion and separated into two groups.

Table 1. The Definition of Variable and Its Dimensions

Variable and The Dimensions	Definitions
Psychological Distance	The degree of individual feeling toward the objects (Trope, Liberman, and Wakslak, 2007; Cui, Mou, Cohen, Liu, and Kurcz, 2020)
Temporal Distance	The degree of individual feeling toward the objects based on its time (Trope, Liberman, and Wakslak, 2007; Cui, Mou, Cohen, Liu, and Kurcz, 2020)
Spatial Distance	The degree of individual feeling toward the objects based on its space (Kalinic and Marinkovic, 2016; Cui, Mou, Cohen, Liu, and Kurcz, 2020)
Social Distance	The degree of individual feeling toward the objects based on its familiarity with other (Lu, 2014; Cui, Mou, Cohen, Liu, and Kurcz, 2020)

Table 2. Respondent Characteristic

Respondent Characteristic	Total	Percentage
Frequency:		
More than two times	84	84%
Less than two times	16	16%

4 Result

4.1 Respondent Characteristics

The total data in this research is 100 respondents, after the selection to assure that those are representative for our research, and 84 respondents are chosen. The selection was based on a characteristic respondent, with the statement regarding the age must more less or above 17 years old and the frequency of access in local marketplaces, whether their website or application, must be more than two times in accessing local marketplace website or application, as shown in Table 2.

All of respondent's age was 17 years or above and in term of frequency, based on Table 2, mostly the respondent is accessing the local marketplace's website or application more than two times as much as 84 respondents and others is accessing less than two times. Therefore, the eligible respondent in this research is 84 respondents.

4.2 Respondent Profile

The information related respondent profile is divided into a gender and a local marketplace that respondent often visit, as shown in Table 3.

Table 3. Respondent Profile

Respondent Profile	Total	Percentage
Gender:		
Male	26	31%
Female	58	69%
Local Marketplace That Often Visit:		
Tokopedia	62	74%
Bukalapak	8	10%
Blibi	5	6%
Other	9	10%

Based on Table 3, the majority of respondent was female respondent with 58 respondent or 69% and follow up by male with 26 respondent or 31%. The characteristic of respondent from local marketplace that often visit is separated and Tokopedia is the most local marketplace that often visit by respondent with 62 respondent or 74%, it is correlated with previous finding by CupoNation (2019).

4.3 Data Result

4.3.1 Questionnaire Survey Result

As explained before, the first survey was a questionnaire survey. The respondent filled the questionnaire with the researcher instruction, the measurement item was collected from previous studies, namely, the spatial distance is from [3], the temporal distance is from [20], and the social distance is from [21]. The tools that researcher used was WarpPLS 8.0 to measure psychological distance items, as shown in Table 4.

The result in Table 4 showed that all of the psychological distance dimension items are valid, above 0.5 and significant at < 0.001 , it means that all the item can represent itself for each psychological distance dimensions. Further measurement is reliability test that can be seen in Table 5.

For reliability testing, it can be seen from the Composite Reliability value and Cronbach's Alpha value. The criteria that declared reliable is having a value above 0.7. In this test, the instrument can conclude to be reliable because it has a value above 0.7. Based on factor loading and reliability result, it can be assumed that the psychological distance dimensions can be the construct to measure the proximity of relationship between local marketplace and consumer statistically.

4.3.2 Interview Survey Result

The objective to conduct the interview apart from to strengthen the statistic result, also to acquire a new information or insight about the psychological distance between local marketplace and consumer. A focus group discussion was established into two group or section with total 30 respondents. The researcher split interview result into two

Table 4. Factor Loading

Dimension Items	Factor Loading	P value
Spatial Distance (Kalinic & Marinkovic, 2016):		
I can use the local marketplace's website or apps anywhere	0.866	<0.001
I can use the local marketplace's website or apps even while traveling.	0.846	<0.001
Using the local marketplace's website or apps is suitable because my mobile phone is always within reach.	0.813	<0.001
Temporal Distance (Ko, Kim & Lee, 2009):		
I can use the local marketplace's website or apps anytime	0.623	<0.001
I can use a mobile to confirm my order processing in real-time	0.813	<0.001
The local marketplace's website or apps provides real-time and updated info about the products I am interested in.	0.881	<0.001
The local marketplace's website or apps service responds to my problems in real-time.	0.750	<0.001
Social Distance (Lu, 2014)		
People who influence my behavior think that I should continue using the local marketplace's website or apps.	0.859	<0.001
People who are important to me think that I should continue using the local marketplace's website or apps.	0.884	<0.001
My friends think that I should keep using the local marketplace's website or apps.	0.886	<0.001

Table 5. Reliability Result

Reliability Result	Composite Reliability	Cronbach's Alpha
Spatial Distance	0.880	0.794
Temporal Distance	0.853	0.768
Social Distance	0.908	0.849

types, which are positive and negative. The positive interview result is the respondent who agreed each item in psychological distance dimensions and the negative interview result is the respondent who not agreed in one or some items in psychological distance dimensions.

The respondent who has positive interview result illustrated their experience when they used local marketplace's website or application, as they describe:

“When I used the apps, I feel its convenience everytime and everywhere I access to buying in this local marketplace, and also when I sharing to others, they feel similar with my experiences...”

Despite most of the respondent agreed all the items in psychological distance dimensions, this perspective will give a new information or insight that can be a suggestion for future research. Some of the respondent not agreed in one or some items, as the describe:

“When I in a certain area, I cannot access the local marketplace website or apps, because the service area of the local marketplace is still not built up yet...”

“When I get the information about the product and then purchase it, I found out that the information is wrong and it already sold out before I paying the product, even though I got refund, it seems the information is still not update yet and it is not just one product but others also...”

Those two perspectives give not just confirm our findings but also give a new information that it can be a suggestion for further research, especially in psychological distance in a marketplace.

5 Conclusion

This research provides two insights based on the data result that has been gathered, the first is the psychological dimension, namely spatial, temporal, and social distance can measure the relationship, the degree of individual feeling toward the objects, between a local marketplace and their consumer. This finding support previous studies, the psychological distance can predict the distance between mobile commerce and their consumer [10] and the relationship between online retailer and consumer can be measure from its psychological distance, especially the familiarity consumer and their college [14].

The second insight is based on the interview result, even though the respondent mostly agreed with the psychological distance dimension items, but others that not agreed with one or some items, give the researcher new information that the local marketplace website or apps has opposite result with the psychological distance dimension item, such as the accessibility not always can be done in anywhere (spatial distance) and the information about product not always up to date or real-time (temporal distance). Therefore, we suggest for further research, the research about the psychological distance in marketplace can be add with the technology acceptance model (TAM) from [22].

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