Social Media Marketing, Perceived Service Quality, Consumer Trust and Online Purchase Intentions

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Social Media Marketing, Perceived Service Quality, Consumer Trust and Online Purchase Intentions

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ABSTRACT— This study aims to measure the effect of social media marketing and perceived service quality on online purchase intention that is mediated by consumer trust toward Airpaz.com. The sample obtained in this study was 214 samples. Respondents are customers who had made transactions at Airpaz.com using payments in Indonesian Rupiah. Partial least squares structural equation modeling (PLS-SEM) was used to analyze the collected data. The outer model test proved the reliability and validity of the constructs, as well as the inner model, proved the hypotheses. The result showed that as partial social media marketing has a positive and significant effect on consumer trust, it has no significant impact on online purchase intention. The perceived service quality has a positive and significant impact on consumer trust and online purchase intention. Likewise, consumer trust has a positive and significant effect on online purchase intention. The hypotheses are supported since social media marketing, and perceived service quality has a positive and significant impact on online purchase intention, mediated by consumer trust. The findings can direct Airpaz.com or other online retailers to increase their promotion and marketing by using social media. And also, they improve their service quality to create customer trust and online purchase intention, especially for Airpaz.com, which has a smaller market share in Indonesia and smaller social media followers compared to its competitors. These findings showed that social media marketing was not always directly influenced by online purchase intention, but the correlation needs the trust variable as the mediator.

KEYWORDS: Social media marketing, service quality, consumer trust, online purchase intention, airline ticket reservation.

1. INTRODUCTION

Online transactions continue to increase in Indonesia. The Nielsen study showed that more than half (55%) of online consumers in the Asia Pacific prefer to buy new products from well-known brands rather than switching to new brands. According to APJII (Indonesian Internet Service Providers Association), the internet seems increasingly used by entrepreneurs to improved their business performance. Most business sectors that use the internet are the trade and services sectors. According to Nielsen Global Survey of E-Commerce, about half of Indonesian consumers had intentions to buy airplane tickets online (55%). Make online hotel reservations and travel agencies (46%), four out of ten consumers (40%) have intentions to buy electronic books (e-books). Almost four out of ten consumers (37%) have intentions to online buying clothing/accessories/shoes, and more than a third of consumers (34%) have intentions to buy event tickets online [1]. The phenomenon of using online media as a transaction for various types of businesses, especially ticketing services, was captured as an opportunity by Airpaz.com. Airpaz.com is an Online Travel Agency company founded in 2011. Airpaz.com sells airplane ticket products online. Airpaz.com markets airplane ticket products in various countries in South East Asia. But unfortunately, the market shares of Airpaz.com in Indonesia is relatively lower than its market share in other southeast Asian countries, such as Malaysia, Thailand, Singapore, Philippines. The website or platform Airpaz.com does not seem to be well known by Indonesian consumers compared to other platforms, such as Traveloka.com, Tiket.com, and Pegipegi.com. On social media, for example, Facebook.com, Airpaz.com also has fewer followers than other platforms in Indonesia. Traveloka.com has the most number of followers, which is as many as 4,500,000 followers, then

Pegipegi.com has 659,000 followers, and Tiket.com has 657,000 followers Airpaz.com only has 34,000 followers. Tiket.com has the highest number of followers on Twitter, which are 95,000 followers, and it is followed by Traveloka.com with 69,900 followers, while Airpaz.com only has 20,900 followers. Indeed, the position of Airpaz.com is still higher than Pegipegi.com, which only has 13,900 followers on Twitter. Traveloka.com still has the most number of followers on Instagram, namely as many as 304,000 followers, and Tiket.com follows it as many as 103,000 followers, then Pegipegi.com has 66,600 followers, and in the last position is Airpaz.com with 3,900 followers. All of that suggests that Airpaz.com is still not well known by many people in Indonesia compared to other platforms. Many studies showed that online purchase intention was influenced by consumer trust, and consumer trust was influenced by social media marketing (SMM). Mohammadpour found that social media marketing influenced consumers' intention to purchase the product online [2]. Whereas, Hajli found that trust built through social media can influence consumers to trust in online transactions [3]. found that service quality influenced consumers' trust [4], and found that consumers trust influenced the consumers' intention to purchase [5]. also found that the website quality influenced the level of trust, and then the trust influenced consumers' intention to make an online purchase [6]. Then this study investigated the effect of SMM and perceived service quality on consumer trust and the impact of consumer trust on intentions to online purchase at Airpaz.com.

2. Literature Review

SMM is one of the marketing strategies. This strategy uses social media to build networks or communities with consumers, disseminate information through blogs and other online media intending to develop communication, market research, customer relationship management, and customer service [7]. SMM is a marketing tool with extensive and unlimited coverage and low cost so that companies can enter a broader market through social media with relatively smaller capital. According to Vinerean, SMM was growing. Increasingly popular social media drove this growth [8]. The unique aspects of social media make marketing strategies evolve. Marketing through social media has many functions, such as connecting and building good relations between the company and its customers. Then [9] explains that social media marketing is a promotional activity through social media that integrate social media and elements of the marketing mix. Unlike traditional marketing activities, SMM allows companies to increase corporate recognition and familiarity with consumers through online communities. Brand awareness can be created through SMM, and it can influence consumers' intentions to online purchases. Similarly, according to Mohammadpour SMM was considered as a phenomenon [2]. It has an essential role in e-Commerce business communication with consumers. Social media is a medium that is easy to be accessed, so companies can quickly introduce their products by social media marketing. It is also considered to increase online purchase intentions for consumers. While according to Chang, consumer trust is an essential factor in online transactions and in building long-term relationships with consumers [6]. Without trust, consumers will not be interested in online purchases. So, the level of consumer trust will also directly affect consumers' intention to make online purchases. Trust is an essential element to make strengthen and deepen relationships [10]. describe that in the absence of trust, it will create a negative effect, so consumers do not want to make an online purchase, because an analysis of actions and risks influences the willingness to spend during the shopping process [5]. Hajli also explained that trust is an important step to develop and maintain e-Commerce business [3]. In the shopping process, the level of consumers' trust in the seller is at risk or a bad possibility during the transaction. There are two dimensions of consumer trust, namely: Benevolence, which refers to the sustained relationship between companies and consumers, and credibility that relates to consumer trust in the seller or company. Credibility of information can continuously increase the level of a customer's trust [11], [12], [13].

Online purchase intention means the desire of someone to engage in online transactions and shop for certain brand products that have previously been evaluated online [14]. According to Meskaran, consumers' intention

to make online purchases can be interpreted as an activity in which consumers look for references to buy products online [5]. The attitude of consumers in shopping online is related to how consumers finally decide to buy a product online. In online purchase intention, it is expected that consumers can also have the desire to go back to shopping for the same product. This can happen if consumers have positive feelings, then look for information about the product he wants to buy, then feel happy with the product, then buy the product [15]. Hajli sees a positive relationship between social media that has changed the lifestyle of the people worldwide with a level of consumer trust, which will influence the online purchase intention [3]. Hajli found that social media is a platform that consumers can interact with, to make observations, join into online communities, and provide reviews and recommendations [3]. This interaction can build consumer trust. Hajli also found that trust established through social media can influence online purchase intention [3]. When a consumer has trusted an online store from his observations through social media, he will be compelled to do online purchase intention.

Based on the theories and studies above, the first hypothesis can be built that:

H1: There is an effect of social media marketing on online purchase intention that is mediated by consumer trust.

Besides being influenced by social media marketing, online purchase intention is also influenced by service quality. Dapas proved that service quality and website quality are keys factor for purchase intention [16]. Rush and Carson said that service quality is the quality of the overall service that customers have ever felt [17]. Perceived service quality is defined as the assessment of customers to the superiority and service quality that be offered in virtual markets [18]. [4] found that the role of perceived quality of service on consumer trust, then consumer trust influenced online purchase intentions [4]. found that perceived quality of service changed consumers' desire to buy the product [19]. Before deciding to buy a product, consumers have an assessment of product quality and price. The consumer in the specification will assess the perception of product quality from the features of the product or service provided.

Based on the theories and studies above, the second hypothesis can be built that:

H2: The effect of perceived service quality on online purchase intention is mediated by consumer trust.

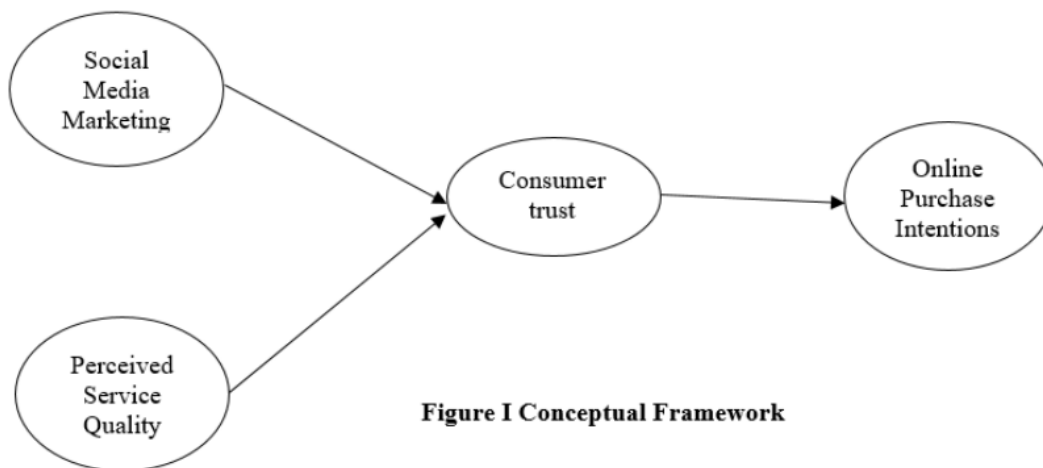Figure I is the conceptual framework that has been tested.

Figure I Conceptual Framework

3. Method

The population of this study is customers whoever bought airline ticket at the Airpaz.com. By using Non-Probability Sampling, the sample obtained in this study was 214 samples. This study's Respondents were taken from customers who had made transactions at Airpaz.com using payments in Indonesian Rupiah. The number of respondents obtained was 214 people. 52.6% (112) are men and 52.6% (101) are women. Based on the age group there were 2.8% (6 respondents) in the range of 15 to 20 years old, 20.2% (43 respondents) in the range of 21 to 25 years old, 27.2% (58 respondents) in the range 26 to 30 years old, 49.8% (106 respondents) > 35 years old, and 0.1% (1 respondent) did not inform their age. Respondents domiciled in Jabodetabek (an abbreviation of Jakarta, Bogor, Depok, Tangerang, and Bekasi) are 37.7% (80 respondents). In Java island (excluded Jabodetabek) are 15.6% (33 respondents). In Sumatera island are 11.3% (24 respondents), in Borneo (Kalimantan) island are 5.7% (12 respondents), in Sulawesi island are 3.3% (7 respondent), in Bali, Nusa Tenggara Timur, and Nusa Tenggara Barat islands are 2.8% (6 respondents), in Papua island are 0.9% (2 respondents), and in excluded above areas 22.6% (48 respondents). The collected data was analyzed using PLS-SEM. The outer model test provides individual indicator reliabilities, internal consistency reliability, convergent and discriminant validities. Then after the outer model was proved, we test the inner model to prove the hypotheses [20], [21], [22].

4. Findings

4.1 Outer Model Evaluation

Table 1, Table 2, Table 3, and Table 4 shows that all of the indicators have outer loadings > 0.70, so all measurements scale of indicators is valid. Average Variance Extracted of all variables are > 0.50, so all constructs are also valid. Cronbach's Alpha and Composite Reliability value of all construct variables are > 0.70, so all construct variables are reliable. Therefore, the individual indicator reliabilities, internal consistency reliability, convergent and discriminant validities are proved. According to Hair [23], [24], [25], we can test the hypotheses through the inner model evaluation.

Table 1. Outer Model Evaluation of Social Media Marketing

Indicators	Outer Loadings	Average Variance Extracted (AVE)	Cronbach's Alpha	Composite Reliability
Social Media Marketing		0.630	0.882	0.911
SMM 1	0.733			
SMM 2	0.822			
SMM 3	0.792			
SMM 4	0.860			
SMM 5	0.825			
SMM 6	0.722			

Source: Smart PLS 3.0 output

Table 2. Outer Model Evaluation of Perceived Service Quality

Indicators	Outer Loadings	Average Variance Extracted (AVE)	Cronbach's Alpha	Composite Reliability

Perceived Service Quality		0.667	0.938	0.947
PSQ 1	0.774			
PSQ 2	0.778			
PSQ 3	0.824			
PSQ 4	0.756			
PSQ 5	0.851			
PSQ 6	0.872			
PSQ 7	0.843			
PSQ 8	0.850			
PSQ 9	0.793			

Source: Smart PLS 3.0 output

Table 3. Outer Model Evaluation of Consumer Trust

Indicators	Outer Loadings	Average Variance Extracted (AVE)	Cronbach's Alpha	Composite Reliability
Consumer Trust		0.630	0.925	0.947
Trust 1	0.864			
Trust 2	0.933			
Trust 3	0.938			
Trust 4	0.880			

Source: Smart PLS 3.0 output

Table 4. Outer Model Evaluation of Online Purchase Intention

Indicators	Outer Loadings	Average Variance Extracted (AVE)	Cronbach's Alpha	Composite Reliability
Online Purchase Intention		0.666	0.834	0.888
OPI 1	0.874			
OPI 2	0.814			
OPI 3	0.736			
OPI 4	0.835			

Source: Smart PLS 3.0 output

4.2 Inner Model Evaluation

The coefficient of determination (R^2) is a primary criterion for inner model assessment [23]. Table 5 shows that the R-Square value of the consumer trust construct is 0.776, and it indicates that the model is reliable. Still, the R-Square value of the online purchase intention construct is moderate (0.648).

Table 5. R-Square

	R Square	R Square Adjusted
Consumer trust	0.776	0.774
Online purchase intention	0.648	0.643

Source: Smart PLS 3.0 output

Table 6 shows the effect of exogenous variables on endogenous variables partially. The impact of social media

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marketing on consumer trust is positive and significant because the T Statistics value is 2.674 > 1.96, and the Probability value is 0.008 < 0.05. But the effect of social media marketing on the intention to online purchase is insignificant because the T Statistics value is 1.067 < 1.96, and the Probability value is 0.286 > 0.05. The effect of perceived service quality on consumer trust is positive and significant because the T Statistics value is 11.739 > 1.96, and the probability value is 0.000 < 0.05. Likewise, the effect of perceived quality of service on an intention to online purchase is positive and significant because the T Statistics value is 5.826 > 1.96, and the Probability value is 0.000 < 0.05. Finally, the effect of consumer trust on online purchase intention is positive and significant because the T Statistics value is 3.816 > 1.96, and the Probability value is 0.000 < 0.05.

Table 6. Path Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Social media marketing -> Consumer trust	0.189	0.188	0.071	2.674	0.008
Social media marketing -> Online purchase intention	-0.082	-0.081	0.077	1.067	0.286
Perceived service quality -> Consumer trust	0.726	0.727	0.062	11.739	0.000
Perceived service quality -> Online purchase intention	0.544	0.547	0.093	5.826	0.000
Consumer trust -> Online purchase intention	0.353	0.351	0.092	3.816	0.000

Source: Smart PLS 3.0 output.

Table 7 shows that social media marketing is proved to influence online purchase intention that is mediated by consumer trust is positive and significant because T Statistics value is 2.158 > 1.96. The probability value is 0.031 < 0.05, so the hypothesis is supported. Likewise, the effect of perceived service quality on online purchase intention mediated by consumer trust is positive and significant because T-value is 3.627 > 1.96, and P-value is 0.000 < 0.05, so the hypothesis is supported. Airpaz.com is still not well known by many people in Indonesia compared to other platforms. Airpaz should use social media as a means of promotion and increase its service quality. The study proves that SCM and ServQual can create consumer trust, and then consumer trust creat the purchase intention.

Table 7. Specific Indirect Effects

	T Statistics (|O/STDEV|)	P Values	Hypotheses
Social media marketing -> Consumer trust -> Online purchase intention	2.158	0.031	Supported
Perceived service quality -> Consumer trust -> Online purchase intention	3.627	0.000	Supported

Source: Smart PLS 3.0 output

5. Conclusion

This study has proven that social media marketing influences online purchase intention that is mediated by consumer trust toward Airpaz.com. Thus it is true what Mohammadpour said that social media marketing is crucial [2]. The focus on developing marketing strategies through social media is essential because it will

improve the consumer's online purchase intention. This finding also supports Hajli, who also found that trust in social media has an essential role in creating online purchase intentions [3]. This study also has proven that perceived service quality influences online purchase intention that is mediated by consumer trust toward Airpaz.com. This finding supports, who found that perceived service quality affects consumers' desire to buy a product [19]. Before deciding to buy a product, consumers assess product quality, service quality, and price. Perceived service quality will later become a source of customer satisfaction.

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