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# **Conference Proceedings**

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4th & 5th October 2018 Kuching I Sarawak



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### THE INTERACTIONAL EFFECT OF E-SERVICESCAPE ON EMOTION, TRUST AND PURCHASE INTENTION : A SOR MODEL

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#### ABSTRACT

This research was conducted at online product buyers in Surabaya, Indonesia. The purposes of this research were (1) to test the effect of e-serviscape towards buyers' emotion, (2) to test emotion toward trust (3) emotion toward purchase intention and (4) trust towards purchase intention. Quantitative is used as a design in this research. Online buyers in Surabaya region is used as the population of the research. Purposive Sampling in the term of accidental sampling is used as a method within 229 online buyers as a respondent. SmartPIS second version is used as the analysing tool. The research results showed that there is positive and significant correlation between electronic servicescape toward emotion, emotion toward purchase intention, emotion toward trust, and trust toward purchase intention. The results of the research also support Stimulus, Organism and Respond Theory which is stated that environment stimulus effect the individual both cognitive and affective reaction. The research results support the theory that e-serviscape can be as a consideration for the company which is working in the area of online business.

#### INTRODUCTION

At 2013 the total internet users in Indonesia predicted only 72.8 million and it will be increased drastically by the year 2018 with predictions of 123.0 Million. An increasing number of users of the internet technology will affect the behavior of shopping from the consumer, who has opted to buy offline now turn into online buyers in accordance with the facts presented, from the survey was conducted at online shopping National Day in 2017, it reported that there was a displacement behavior of purchase by the original consumer purchase offline, with the percentage of 5% (Sumantri, 2017). Expenditures made by consumers in shopping through online shopping website will tend to increase over time (Vazquez Xu, 2009) but a definite reason why consumers buy online, is still in question for the researchers, as well as considering the unique consumer attitude will make a purchase online, be one of the reasons why many such issues raised in the study (Darley, Blankson, Luethge, 2010).

To explain the phenomenon, the researcher is using the model of Stimulus-Organism-Response (S-O-R) (Mehrabian Russell, 1974). Within the S-O-R framework, characterized as stimulus impact that affects the State of the internal organismic of the individual. The organism is represented by a process mediated the relationship between stimulus and response of the individual. Response was marked the final consequences such as customer satisfaction or avoidance behavior (Hsu, Chang, Chen, 2011), based on the theory the e- servicescape variable used as the variable "stimuli" (Hakim & Deswindi, 2015; Lee Jeong, 2012; Teng, Ni, Chen, 2018), emotion and trust as the variable "organize" (Brosch, Pourtois, Sander, 2010; Wu, Lee, Fu, Wang, 2013) and the last is purchase intention as the "response" variable (Jang & Namkung, 2009; J. Kim & Lennon, 2013; Koo & Ju, 2010).

The understanding about e- servicescape which is still unclear effect on invalid constructs of the variables, and tied with the lack of empirical evidence found by the researcher, it arouses the researcher to conduct the research on e- servicescape (Harris & Ezeh , 2008; Wu, Quyen, & Rivas, 2017) model is very robust research is needed to examine the impact of the e- servicescape online behavior (Chen, Yan, Fan, & Gordon, 2015). Some of the results of the research found that the most important aspect of belief is variable in influencing the purchase intention (Dennis, Dennis, Merrilees, Jayawardhena, & Tiu Wright, 2009; Jones & Kim, 2010; Oliveira, Alhinho, Rita, & Dhillon, 2017). However, different results stated by (H. Kim & Niehm, 2009) in the research found that the relationship is not significant due to the existence of consumer perception toward the Internet in the context of business activities.



The students feel at ease in navigating around the internet, they understand the capabilities of online marketers in terms of consumer protection against privacy and convenience as well as security transactions, as well as in this study, around 80% of the respondents of the research is a student who frequently shop online and are familiar with the online world, so when they see the product or service being sold online, they never thought the length whether to buy or not to buy, no need to high involvement product to trust online, so they consider the trust factor is not so important. The purpose of this research are (1) to test the influence of e-servicescape toward emotion, (2) to test the influence of emotion toward the trust, (3) emotion toward purchase intention, and (4) the trust toward the purchase intention, conceptual framework of this research show in fig 1



LITERATURE REVIEW

#### E-serviscape

E-servicescape as aspects of the atmosphere in a virtual space that occurs when there is a meeting between the service providers with customers (Harris & Ezeh, 2008). servicescape describes the physical environment of an organization, including the overall layout, design, decoration, and aesthetics, the concept applied in the online environment (Koernig, 2003; Lee & Jeong, 2012). E- servicescape may stimulate feelings and perceptions of customers toward the performance of the website, and these have an impact on purchase intent (Wu et al., 2017). Feelings and perceptions can be influenced by a good impression of the environment when customers feel the services that have been provided and this is the purpose of the creation of the e- servicescape (Hakim & Deswindi, 2015). In the midst of increasing the use of Internet, the company is obliged to integrate the needs and preferences of customers into the design of their website (Parasuraman, Zeithaml, & Malhotra, 2005).

#### Stimulus-Organism-Response (S-O-R) Framework

Previous research showed that consumer behaviour is more emphasis on inputs and outputs, with financial and economic factors which act as inputs and the purchase behaviour acts as output (Kaur, Lal, & Bedi, 2017), however over time appear Advanced Research stating that consumer response is influenced by a variety of stimulus in the market, while the assumption is lessened on the framework of Stimulus-Organism – response (Jacoby, 2002; Kaur et al., 2017), S-O-R paradigm was conceived by Mehrabian and Russell (1974) in the context of the paradigm of psychology, showed that the stimulus from the environment affects cognitive and affective reactions of individuals, which in turn generate a response and behaviour, the paradigm was applied in the research associated with the online store (Sohaib & Kang, 2015). From research conducted by (Eroglu, Machleit, & Davis, 2001) in the context of online, the atmosphere of the online store which is part of the eservicescape is able to evoke emotional reactions from consumers and direct interest to buy.

#### Emotion

Emotion is a form of affective response to the environment and elaborated into three indicators of emotion: pleasure, arousal and dominance (Mehrabian & Russell, 1974) as for these three dimensions can be explained as follows, (1) pleasure refers to a level where someone feel joy, happy or comfortable with online shopping environment (Koo & Ju, 2010), the second dimension (2) arousal refers to the levels where an individual stimulated, active or excited when navigating a web page from the online store (Eroglu et al., 2001) while the third dimension (3) dominance is not entered in the study because of the dimension of pleasure and arousal felt was enough to represent a variable positive emotion (Eroglu et al., 2001; Gu Ju, 2010).



#### Trust

Trust, in general, is an important factor in a lot of social interaction, which involves uncertainty and dependence. Online transactions are not only dealing with uncertainty, but also by anonymity, lack of control and the potential opportunism, full of risk (Grabner-Kräuter Kaluscha, 2003). Lack of trust is one of the most common reasons expressed by consumers why they are reluctant to buy from Internet vendors (Grabner-Kräuter & Kaluscha, 2003; Hoffman, Novak, & Peralta, 1999) the trust is the concept of multidimensional hinges on social context relevant to the dimension and depend on the state of the interaction and contains two aspects, namely behavioral intentions and cognitive elements (Gefen & Straub, 2004), the aspect of behavioral intentions relate to behaviours that increase the vulnerability of the trust a person toward another person under the condition of interdependence, whereas the cognitive aspects, the trust associated with the belief that is believed will behave ethically (Kacmar, McKnight, & Choudhury, 2004).

#### Purchase Intention

Interest in buying refers to exchange behaviour made after consumers do general evaluation of a product or service. (Dodds, Monroe, & Grewal, 1991) suggested that the intention of buying is the possibility for the consumer to buy a product. Other definitions proposed by Engel et al (2005) subjective assessment involves buying intentions for future behavior. Intention to buy means what we want to buy in the future. According to (Shao, Baker, & Wagner, 2004) buying intention refers to attempts to purchase a product or visiting a store that offers the service, there are several aspects in purchasing interest as has been said by (Lucas Britt, 1950) in buying interest will be through several stages, namely: (1) a concern, attention to the direction of attraction and desire, (4) confidence, after it will be emerging confidence in consumer and hearts ended in purchase decisions.

#### **DEVELOP HYPOTHESES**

#### E-Servicescape And Emotion

Define e- servicescape as atmospheric aspects of environment in virtual space when there are meetings between service providers with customers (Harris & Ezeh, 2008), if using the concept of the S-O-R aspects of the atmosphere from the homepage can be used as a "stimulus" and emotion as "organism" (Yoon, 2012), from the theory is found that there is a positive correlation between electronic servicescape with emotion on the consumer online product (Cheng, Wu, Yen, 2009; Roy Tai, 2003) therefore compiled the following Hypothesis as follow:

H1: electronic servicescape has a positive and significant influence towards emotion on online shoppers.

#### **Emotion and Purchase Intention**

Within S – O – R framework, responses represent the final results, the behavior of the approach/avoidance. While behavioral approach refers to all the positive actions which might be directed to a specific purpose, for example, the intention to keep shopping, exploring, and avoidance behavior concerns the affiliation, the reverse (Mehrabian & Russell, 1974), from Eroglu., et al. (2001) research found that pleasure and arousal have an impact both to the positive behavior approach or avoidance behavior. Therefore, drawn up the following hypothesis

H2: emotion has a significant and positive influence towards purchase intention on online shoppers.

#### **Emotion And Trust**

Pleasure/arousal as a form of cognitive reaction represent variable "organism" neighborhood retail stores can affect the mood of consumers, perceptions, attitudes, and pictures, and may lead to the activation of the purchase intent (Bitner, 1992) when the consumer feel the emotions of positive pleasure and arousal, then it would be more likely to have high confidence than when they have a bad emotion (Dunn Schweitzer, 2005) therefore compiled the following hypotheses:

H3: Emotion has a positive and significant influence towards trust on online shoppers



#### **Trust and Purchase Intention**

Several studies found empirical evidence that consumers in cyberspace are willing to purchase the product or service being sold online even though they haven't learned well that site, this depends on the ability of vendors to build trust on a potential consumer (McKnight et al., 2004) in Indonesia the Trust's role is very important, the most important issue in e-commerce is trust and security (Abbad, Abbad & Saleh, 2011) in previous research stated that the trust is able to influence the Purchase Intention (Abbad et al., 2011; Fitzgerald, 2017; See-To & Ho, 2014) and written reasons above then drawn hypothesis as follows:

H4: Trust has a significant and positive influence towards purchase intention on online shoppers.

#### **RESEARCH METHODOLOGY**

#### Population, Sample, and Sampling

The design of this research is quantitative in nature, whereas the population used in this research are the buyers who shop via online in Surabaya, the research using method purposive sampling in the term of accidental sampling with 229 as respondent and for sampling criteria are as follows: 1) respondents are the buyers of products through online shop with a minimum of 18 years of age, (2) living in Surabaya, (3) the shop via online at least four times a month and are willing to to fill questioners that has been distributed.

#### Measurement

Each variable in this research measured using likert scale 5, where category 1 is strongly disagree and 5 totally agree, as for the measurements of each variable are described as follows:

e-Servicescape describes the physical environment of an organization, including the overall layout, design, decoration, and aesthetics, the concept applied in the online environment (Koernig, 2003; Lee & Jeong, 2012) the variable measured by the following indicators: (1) Aesthetic appeal, (2) Entertainment value, (3) Layouts and functionality usability (4) Relevance of information, (5) Customization, (6) Ease of payment, (7) Perceived security, (8) Interactivity.

Emotion is a form of affective response to the environment and elaborated into three indicators of emotion: pleasure, arousal and dominance (Mehrabian & Russell, 1974) there are two indicators that are used (1) pleasure, (2) arousal whereas the third indicators (3) dominance is not used in this research, because both feel pleasure and arousal is enough to describe emotion (Eroglu et al., 2001; Koo & Ju, 2010)

Trust in online vendors is the desire to make themselves vulnerable to abandonment or the action taken by the trust because we're confident security given (Gefen & Straub, 2004) as for the charge indicators are (1) integrity, (2) predictability, (3) ability, (4) benevolence.

Purchase Intention in buying refers to exchange behavior made after consumers do general evaluation of a product or service. (Dodds et al., 1991) with regard to the indicators used in the study are: (1) considering to buy, (2) willing to recommend to my friends, (3) the chance to buy.

#### **Respondent Description**

The number of respondents in the research was 229 respondents by age 19 - 21 as much as 51 people, age 22-24 as much as 68 people, age 25-27 as much as 56 people, age 28-29 as many as 30 people, age 29-31 as many as 24 people, most of the respondents purchased products via online, one time in a month as many as 100 people a month, four times as many as 71 people, a month 5 times as many as 50 people, and a month buying 7 times as many as 8 people, respondents income  $\geq$  Rp. 500,000 as many as 100 people, as many as 1 million IDR  $\geq$  80 people,  $\geq$  IDR 2000.000 as much as 49 people, a senior high school education level as many as 30 people, as many as 183 University undergraduate level, as many as 16 people postgraduate level.

#### Analysis

The use of PLS analysis of the test requires that the validity and reliability constructs as testing Goodness of fit on the outer model. Three measurements are used namely convergent validity, discriminant validity, and



reliability. Validity and reliability testing was done on the variable e-serviscape, emotion, and trust purchase intention.

#### RESULT

#### Validty and Reliability Testing

#### Validty Testing

One measurement validity of invalid constructs is the discriminant validity. The discriminant validity of the intended test that an invalid construct appropriately only measures invalid constructs being measured, not another invalid constructs. Discriminant validity testing method i.e. the root method AVE compared with correlation between latent variables. If the root of the AVE is larger than the correlation between latent variables, indicate the invalid discriminant. Discriminant validity test results using the method of the root of the complete AVE presented in the following Table 1:

Table 1: The test results and the correlation of latent variables AVE								
	AVE	Akar AVE	Stimulus	Emotion	Purchase Intention	Trust		
e-servicescape	0.4942	0.7030	1	0.6209	0.5543	0.6807		
Emotion	0.6076	0.7795	0.6209	1	0.5472	0.4688		
Purchase Intention	0.5144	0.7172	0.5543	0.5472	1	0.4672		
Trust	0.4752	0.6894	0.6807	0.4688	0.4672	1		

From the chart above showed from the fourth variable, the value of the root is greater than the value AVE correlation between latent variables, thus the discriminant validity has been fulfilled.

Convergent validity or convergent validity requires that the precise indicators to measure invalid constructs in question. This examination is evaluated using the outer loading, if the value of the outer loading less than 0.5 will be eliminated in the model. The test results are presented in the following Table 2:

	Table 2: Results Of Testing The Outer Loading					
		Original Sample (O)	Sample Mean (M)	Std Deviation (STDEV)	Std Error (STERR)	T Statistics ( O/STERR )
e-servicescape<- servicescape	e-	0.7052	0.7037	0.0687	0.0687	10.2603
Ease <- e-servicesca	ре	0.7877	0.7874	0.0442	0.0442	17.8369
Interactivity <- servicescape	e-	0.7351	0.7250	0.0556	0.0556	13.2256
Layout <- servicescape	e-	0.6871	0.6874	0.0602	0.0602	11.4045
Perceved <- servicescape	e-	0.6791	0.6774	0.0646	0.0646	10.5062
Relevance <- servicescape	e-	0.6111	0.6086	0.0757	0.0757	8.0702
Emo1 <- Emotion		0.8237	0.8262	0.0389	0.0389	21.1813
Emo2 <- Emotion		0.7619	0.7626	0.0565	0.0565	13.4830
Emo3 <- Emotion		0.7508	0.7465	0.0517	0.0517	14.5228
Trust1 <- Trust		0.7084	0.7062	0.0733	0.0733	9.6648
Trust2 <- Trust		0.7207	0.7203	0.0618	0.0618	11.6641
Trust3 <- Trust		0.6688	0.6608	0.0690	0.0690	9.6969
Trust4 <- Trust		0.6854	0.6680	0.0907	0.0907	7.5559



						the second se
		Original Sample (O)	Sample Mean (M)	Std Deviation (STDEV)	Std Error (STERR)	T Statistics ( O/STERR )
Trust6 <- T	rust	0.6617	0.6676	0.0688	0.0688	9.6234
PI1 <-	Purchase					
Intention		0.6084	0.6023	0.0992	0.0992	6.1324
PI2 <-	Purchase					
Intention		0.6953	0.6928	0.0751	0.0751	9.2637
PI3 <-	Purchase					
Intention		0.8321	0.8293	0.0391	0.0391	21.2874
PI4 <-	Purchase					
Intention		0.7152	0.7125	0.0818	0.0818	8.7439

From the table above it can be seen that all outer loading of each indicator variable in research have outer loading above 0.5, thus the whole indicator measuring the fourth constructs as research variable have been valid convergent.

#### **Reliability Testing**

Reliability testing of constructs (latent variables) using a composite reliability, declared reliable in constructs if the value of the composite reliability above 0.7. Here are presented the results of the measurement of reliability:

Table 3: Reliabili	Table 3: Reliability Testing Results					
	<b>Composite Reliability</b>					
e-servicescape	0.8535					
Emotion	0.8226					
Trust	0.8189					
<b>Purchase Intention</b>	0.8071					

The table above shows that the entire constructs has composite reliability value above 0.7. Therefore, the reliability problems were not found in the model was created.

#### Hypothesis Testing

The Testing of inner model essentially test the relations between latent variables in the research. Hypothesis testing is performed with a value of T statistics on each line partially influence. From the table below the four hypothesis presented in this research are accepted because of the correlation of each variable has a value of the T-statistic > 1.96.

Table 4: Hypothesis Testing Result						
Pengaruh Langsung	Originale Sample (O)	Sample Mean (M)	Std Deviance (STDEV)	Std Error (STERR)	T-Statistics ( O/STERR )	
e-servicescape ->	<u>un</u>					
Emotion	0.6209	0.6396	0.0550	0.0550	11.2863	
Emotion -> Purchase						
Intention	0.4206	0.4273	0.0868	0.0868	4.8480	
Emotion -> Trust	0.4688	0.4851	0.0789	0.0789	5.9425	
Trust -> Purchase						
Intention	0.2700	0.2679	0.0883	0.0883	3.0575	

#### DISCUSSION

In this study, all the indicators in the e- Servicescape which is influence toward emotion on online shoppers, especially on aspects of design, there are three requirements of design which may affect the emotions of customers, namely: (1) the adaptation of the design culture a native of that country, (2) design that is tailored to the behavior, understanding, and physical functions of a product, (3) design that is reflective of the cultural



messages that are related to (Fishwick, 2004), as well as the design of an e-commerce website in Indonesia can be said meet the desires of the customers (Dewi, Sudiarno, Saputra, Dewi, 2018).

In this research, it was found that there is a positive and significant correlation between emotion toward purchase intention, such as the research in accordance with previous research says that a positive emotional satisfaction lead to the high perception to quality of product, high recommendations, intention to subscribe, and interest buy (Ladhari, Souiden, & Dufour, 2017).

Online shop especially for the Indonesian people is very pleasant. Emotional Design which is amusing at Online Store has a positive effect on customer trust, in which this effect led to the growth of Customer Intention in doing an online purchases (Saputra, 2017). Moreover in this research also found that have the most positive and significant influence toward an purchase intention, the research results is in line with the results of the research result of (Abbad et al., 2011; Fitzgerald, 2017) over and above from research results is said that trust is the most dominant factor in influencing consumer in doing the buying behavior such, purchase intention, word of mouth and purchasing decisions (Ba & Pavlou, 2002; Chen et al., 2015).

The theoretical implication of this research is the need to enhance e- Servicescape in an effort to maintain customers as well as increase customer satisfaction and interest buying on consumers, this should be done as a strategy the company in competing in the online world, because electronic Servicescape can be a competitive advantage for the company, talks about the e-commerce not only deals with technical issues regarding the website and the surrounding system, however, payment must be in the include prima quality service because somehow the consumer is a man and require for need of humanity in a system.

#### CONCLUSION

The results in this research showed that there is positive and significant correlation between e-serviscape toward emotion, emotion toward purchase intention, emotion toward trust, and trust toward purchase intention, the results also support the Stimulus, Organism and Response theory stating that the stimulus from the environment affects the cognitive and affective reactions of individuals, which in turn generates a response and the behavior (Mehrabian & Russell, 1974)

#### **Research Limitation**

The weaknesses in this research was to measure the correlation between variables using Organize Stimulus Respond methods, in generally, it's good to use a method that is more adapted to the object of research i.e. The Technology Acceptance model which is more focus on to the research object namely E-commerce, the necessity of using SEM analysis because of the alleged there is existence of an indirect correlation between electronic Servicescape toward purchase intention through trust (Dewi et al., 2018; Saputra, 2017)

#### Future Research Agenda

For future research not only dwell on interest or purchase decisions, but also to note about variables in customer satisfaction and loyalty as well as, more leads to marketing strategies in virtual worlds, such as Virtual Experiential Marketing (VEM) and using methods that are more in line with the object of research namely e-commerce such as, Unified Theory of Acceptance and Use of Technology (UTAUT)

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