

Research Paper

The Nexus between Social Presence, Customer Experience and Purchase Intention in Social Commerce Platform Toward Sustainable Digital Economic Development

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Abstract.

Social media has transformed the digital landscape from connecting people to connecting supply and demand. Many individuals as well as enterprises engage their customers using social media platforms. Transaction through social media could bring influence to digital economic transformation. Producers from various counties could optimize customers participation using their social media accounts. This research aims to explain about the connection among social presence, trust, customer experience and intention to purchase toward social commerce. This study applied quantitative method using partial least squares (PLS-SEM). The data was obtained from 312 respondents, who had conducted online transactions through social media platforms during the last three years. This study showed that social presence and customer experience obtained from selling services had a significant effect on consumer purchase intention. Whereas trust indicators had no effect on consumers' intention to buy. In maintaining sustainable digital economic development, stakeholders should consider that digital engagement with the public could increase product acceptance and ensure that constructive feedback could be followed up rapidly.

Keywords: social presence, trust, consumers experience, digital economic development

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1. Introduction

Trading through social media has become more popular among business people. The social media platforms has increased the consumer's engagement through social interaction between buyers and sellers (C. Wang & Zhang, 2012). Furthermore, the presence of the internet has played a crucial role for some business actors (DeLone & McLean, 2004). Trading through social media can reach various regions and can even reach remote areas where they were out of reach before. Consequently, the social media trade has lead substantial digital developments around the world (Palmatier et al., 2006) (Sturiale & Scuderi, 2013) (Vongsraluang & Bhatiasevi, 2017).

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The idea of social commerce was initiated in 2005 by Yahoo (Y. S. Wang & Liao, 2008). Social commerce is a part of e-commerce that uses social media for the process of transactions and buying and selling activities (Liang & Turban, 2011). In Thailand, Facebook platform is the most attractive social commerce, as many as 19 million Facebook users use it for buying and selling (Pornwasin A, n.d.) . The emergence of digital technology has transformed the production process, the distribution, and the transactions. The ease felt by consumers by using social commerce can increase the hedonistic nature or excessive purchase intentions of consumers in social commerce (Yahia et al., 2018).

Through social commerce platforms, this study tries to figure out the effect of social characteristics on customers' purchasing decisions. In Indonesia, social commerce is applied in many different types of transactions. The level of competition among digital economic actors using social media brings this sector becoming almost perfect competitive. As Indonesia has enormous social media user, social commerce can reach customers to the local level and can communicate well to distant customers (Park & Kim, 2014). The Indonesian economy is also greatly helped by the existence of social commerce, especially during the Covid-19 pandemic where there are many mobility restriction. In explaining the importance of social media role in the world, several studies has already mentioned on their research (Lu et al., 2016) (Zhu et al., 2016) (Hajli, 2014).

2. Literature Review

2.1. Social Commerce

Social commerce is a business activity carried out through social media (Liang et al., 2011) (Gonçalves Curty & Zhang, 2013). Trading carried out using social media has transformed from an offline to an online trading system (Zhang et al., 2016). Another definition of social commerce is transaction by combining social networks with online shopping (David Wesson, 2010). Social media platform has advantages in facilitating the promotion process because people in various regions can view and interact directly with the sellers. One of the services provided by social commerce platforms that provide trust to consumers is the provision of suggestions and input features. The consumer's review is another key feature of social commerce where they can see the advantage and disadvantage of the product from the other side of the buyer.

2.2. Trust and purchase intention

Consumer buying intention is a condition where the consumer intends to buy something without any coercion from any party. Behavioral theory according to (ICEK AJZEN, 1991), behavioral intention is the most influential indicator for buying something. The trust felt by consumers can be called antecedent beliefs that have a positive influence on the behavior to transact (Jarvenpaa et al., 2000) so that the transaction process occurs. Trust can reduce buyers' perception of risk when dealing with vendors online, thus encouraging them to engage in trust-related behavior.

2.3. Theory of consumer behavior in the digital age

Consumer behavior in the digital era has created a new landscape in digital economic development. Digital changes will continue to bring changes to social life so that it can affect consumer behavior. Changes in consumer behavior make companies able to make strategies to keep up with the rapid changes. The company continues to create strategies to improve service, such as user experience (UX), influencer marketing, user-generated contents (UGC), or electronically word-of-mouth (EWOM) (eWOM) (Saura et al., 2020). There are influences for decision making on online shopping, namely personal experience, outside influence, and several other factors (Gursoy, 2019).

3. Research Method

This study explains the influence of social, trust, and consumer experience on purchasing intentions. By collecting 312 respondents based on the specific criteria including the transaction in social commerce at least 2 purchases over the past 2 years, this research try to capture the consumers behaviour of social commerce users, especially the consumers perspective.

This study analyse the social presence, customer experience, and trust toward the purchase intention. This study calculated using PLS-SEM, or partial least squares structural equation modelling. The likert scale ranger From 1 for "strongly disagree" to 7 for "strongly agree,"

Study Hypothesis

H1: Customer Experience positively affects Purchase Intention

H2: Social Presence positively affects Customer Experience

H3: Social Presence positively affects Purchase Intention Intention

H4 : Trust positively affects Purchase Intention Intention

4. Result and Discussion

According to the data analysis, there are several variable affecting the intention to purchase the social commerce product, including customer experience and social presence. However, the trust factor does not have an influence on people buying continuously in social commerce.

4.1. Validity and Reliability Testing

As shown in the table 1, it can be seen that the latent variables have a value above 0.5. This indicates that the variables in this study have been determined to meet the specifications for validity. Meanwhile, the composite reliability of this study produced a Composite Reliability value of more than 0.7 on all variables so that it could be declared to meet the reliability aspect. After conducting the validity and reliability test, this research then proposes the hypotheses test in order to understand the effect of social presence, trust and costumer experience on purchase intention.

TABLE 1: Validity and Reliability Test.

| | Cronbach's Alpha | rho_A | Composite Reliability | Average Variance Extracted (AVE) |
|---------------------|------------------|-------|-----------------------|----------------------------------|
| Costumer Experience | 0.828 | 0.829 | 0.879 | 0.594 |
| Purchase Intention | 0.855 | 0.880 | 0.893 | 0.627 |
| Social Presence | 0.771 | 0.776 | 0.853 | 0.591 |
| Trust | 0.602 | 0.602 | 0.834 | 0.715 |

Source : Processing Data from SmartPLS

According to the findings of the hypothesis testing performed using the PLS-SEM approach, consumers' experiences may influence their decision to make a purchase through social commerce. so that the study's first hypothesis (H1) was evaluated to be acceptable. Additionally, social media presence has a positive impact on the consumer experience. As a result, it is stated that the second hypothesis (H2) is valid. With regard to the third variable, it may be said that H3 is acceptable since social presence influences purchasers' intents to buy. Though H4 was considered unacceptable, consumer trust did not have a significant effect on customers' purchase intentions on social commerce.

TABLE 2: Hypotheses Testing.

| | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (O/STDEVI) | P Values | Decision |
|---|---------------------|-----------------|----------------------------|--------------------------|----------|-------------|
| Customer Experience -> Purchase Intention | 0.500 | 0.501 | 0.061 | 8.144 | 0.000 | H1 Accepted |
| Social Presence -> Customer Experience | 0.533 | 0.536 | 0.046 | 11.626 | 0.000 | H2 Accepted |
| Social Presence -> Purchase Intention | 0.139 | 0.140 | 0.063 | 2.191 | 0.029 | H3 Accepted |
| Trust -> Purchase Intention | 0.051 | 0.052 | 0.064 | 0.787 | 0.431 | H4 Rejected |

Source : Processing Data from SmartPLS

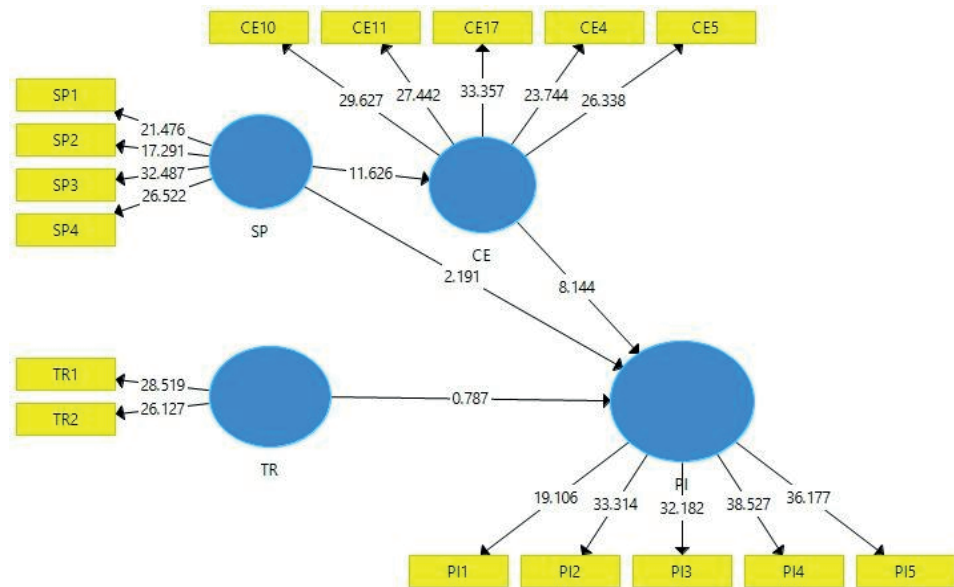


Figure 1: Path Analysis.

5. Discussion

According to the study’s findings, social presence and purchase intention are significantly correlated with customer experience. The consumer buying behavior is also influenced by social presence. However, there is no evident connection between trust and intention to buy. Purchase Intention is obtained from the convenience offered, the existence of social media makes it easier, and online stores recommended by the closest people can bring influence to consumers buying through social commerce.

The first variable tested was customer experience. The social commerce has become more favorable than offline stores because it has more diverse product, better service than offline stores, more affordable, more discount opportunity, and better quality for some particular product. These reasons lead more consumers interested in social commerce, then increase the social commerce purchases.

The second variable tested, namely social presence. This can be recommendations from the closest people, the influence of followers and following, and the online store has a large following so that it is more trusted. Because of this, it affects social commerce purchase intentions significantly and increases the customer experiences. Similarly, the results of research (Zhu et al., 2016) (Lu et al., 2016) stated that social support can influence customers through customer satisfaction to increase consumers' purchase intentions.

The last variable tested is trust. Trust is obtained through references to goods in social commerce in the form of videos and photos. However, this does not have an influence on consumers' buying intentions in social commerce. This research is contrary to research (Hassan et al., 2018), that consumer confidence can increase the increase in buying interest.

6. Conclusions

This study showed that social presence and customer experience gotten from selling service had significant effect on consumer purchase intention in social commerce transaction. Whereas trust indicators had no effect on consumers' intention buy. The influence of outsiders has affected the consumers' purchasing intentions through social commerce. The recommendations from the closest people, the influence of followers and following, and the online store can be monetize toward purchase intention. Meanwhile, the trust factor, in the form of references to goods in social commerce in the form of videos and photos, can not attract consumers to buy through social commerce. In maintaining sustainable digital economic development, stakeholders should consider that the digital engagement with the public could increase the product acceptance and ensure that constructive feedback could be followed up rapidly.

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