“Elucidating drivers of repurchase intention in the e-marketplace through the lens of online trust-building mechanisms”

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ELUCIDATING DRIVERS OF REPURCHASE INTENTION IN THE E-MARKETPLACE THROUGH THE LENS OF ONLINE TRUST-BUILDING MECHANISMS

Abstract

Indonesia has low e-commerce transactions despite high internet usage. This study examines the e-repurchase intention on Lazada Indonesia, an e-marketplace with declining traffic and sales. This study uses the perceived usefulness of institutional-based mechanisms, the perceived usefulness of seller-based mechanisms, and the perceived usefulness of experience-based mechanisms to examine how trust in the e-market and e-seller affect repurchase intention. This quantitative study includes 231 Lazada Indonesia customers from the past three months (the survey was conducted in January 2023). The data were statistically analyzed with partial least squares structural equation modeling (PLS-SEM). 43.72% of the respondents shop one to three times a month, 42.42% – more than three times per month, and 13.85 – less than once per month. Trust in the e-marketplace increased when participants believed institutional-based processes were beneficial (with a beta value of 0.272 and a P value of 0.000) and seller-based mechanisms were valuable (with a beta value of 0.509 and a P value of 0.000). In terms of trust in the e-seller, only the perceived usefulness of seller-based mechanisms has a significant effect (with a beta value of 0.567 and a P value of 0.000), while the perceived usefulness of experience-based mechanisms has no effect. This study has also shown that e-seller trust significantly affects repurchase intention. Finally, with a beta value of -0.055 and a P value of 0.046, e-marketplace trust negatively moderates the relationship between e-seller trust and repurchase intention. Thus, e-marketplace trust can replace e-seller trust in customer repurchase intentions.

Keywords

- e-trust
- perceived usefulness of institutional-based mechanisms
- perceived usefulness of seller-based mechanisms
- perceived usefulness of experience-based mechanisms
- e-commerce
- repurchase intention

INTRODUCTION

Indonesia, one of the world’s largest internet nations, had 196.7 million users in Q2 2020 (Hidayat et al., 2021). Indonesia’s GMV was US$27 million in 2018 and is expected to reach 124 billion by 2025 (Ha & Chuah, 2023). Unfortunately, Indonesian internet users are not enough for e-commerce, with e-commerce transaction value in 2019 reaching only 3% of total retail, below the Asia-Pacific average (Ariansyah et al., 2021). These variables make Indonesia an attractive digital economy research subject, especially for e-commerce (Hidayat et al., 2021; Mudjahidin et al., 2022).

Lazada is one of the principal online marketplaces in Southeast Asia. Lazada led Indonesian e-commerce from 2014 to 2017 after debuting in 2012 (Iprice.co.id., 2017). Nevertheless, from 2018 to the second quarter of 2022, Lazada Indonesia received fewer visitors, ranking third, lagging behind Tokopedia and Shopee (Iprice.co.id., 2022).
E-commerce platforms have some challenges in encouraging repeat purchases from current shoppers to increase revenues (Martin et al., 2015). However, retaining customers in virtual marketplaces can be challenging, as they cannot see, touch, or feel goods or services (Liu & Tang, 2018; Wandoko et al., 2017). E-marketplaces are vulnerable to cybercrime due to online transactions (Hong & Cho, 2011; Mou et al., 2017). This increases ambiguity regarding product quality or monitoring of the information transaction process in online buying environments (Liu & Tang, 2018; Wandoko et al., 2017), which will lead to consumers considering repurchase decisions in the e-marketplace.

Due to the limited studies on online repurchase decisions, an e-marketplace repurchase intention study can help owners understand what makes customers buy again and enhance their service and policy to boost their business sustainability.

1. LITERATURE REVIEW AND HYPOTHESES

Digital transformation facilitates commercial transactions and allows companies to develop direct interaction with customers. By eliminating the need for sellers to operate physical retail stores, e-commerce can speed up transaction procedures and save operational costs (Lukito & Ikhsan, 2020). Customers are more transient and can switch competitors quickly and affordably as a result of increased information availability (Gordini & Veglio, 2017; Martin et al., 2015).

The online repurchase intention is vital for business owners since it indicates future revenue, profits, and business sustainability (Cuong, 2023). E-commerce has a higher cost of acquiring a new buyer than conventional outlets, but returning consumers spend more; therefore, profitability rises quickly if a seller-customer connection is established (Bao et al., 2016). With repurchase intention, a customer opts to continue with a brand to buy something, ignoring other choices (Trivedi & Yadav, 2018). Chiu et al. (2009) define online repurchase intention as a person’s likelihood of continuing to buy products from an online seller or retailer in future endeavors. Hence, the repurchases or loyalty of customers is crucial for the growth and sustainability of online retailers. Thus, scholars and practitioners must prioritize internet consumers’ post-purchase behavior. The procedures and reasons that keep people from buying have received little scholarly attention (Chen, 2012; Liu & Tang, 2018).

Nevertheless, Sullivan and Kim (2018) found that online consumer loyalty is more demanding and significant than offline customer loyalty. After a customer has visited a certain e-marketplace, the e-retailer wants that customer to make a repeat purchase on the same platform (Trivedi & Yadav, 2018). In the unstable and opportunistic internet marketplaces, trust is the most essential value (Pavlou & Gefen, 2004) and become the primary cause of customer reluctance to engage in online commerce. Customers are frequently exposed to the danger of obtaining goods that do not adhere to the order (Hong & Cho, 2011; Kim et al., 2008). Thus, online purchases might give online buyers a sensation of inadequacy. In times of uncertainty, online trust can help mitigate some dangers online customers may encounter (Ilhamalimy & Ali, 2021). Consumers who are unsure of internet sellers tend to avoid online purchases (Farivar et al., 2017). Therefore, online businesses must adapt their strategy to fulfill customer needs and trust (Lukito & Ikhsan, 2020; Sullivan & Kim, 2018) to build customer loyalty.

Trust plays a significant role in buying decisions (Lăzăroiu et al., 2020) and becomes a tool to assess one’s relationship with another person who will perform specified transactions in an unpredictable environment (Ba & Pavlou, 2002). Trust is an essential factor in the e-commerce business because it helps keep things straightforward by letting buyers personally get rid of online sellers’ actions that they do not want to comprehend (Sullivan & Kim, 2018). Thus, online trust is essential to electronic transactions because online commerce is unpredictable (Kim & Ahn, 2007; Wang et al., 2022; Wei et al., 2019), and it is regarded as a necessary component of electronic transactions (Ke et al., 2016; Sullivan & Kim, 2018; Zhang et al., 2023).
Online merchants can employ various trust-building techniques, which can be thoroughly investigated using Zucker’s (1986) framework for trust building. There are three strategies for building trust, which are based on traits, procedures, and establishments. More precisely, trust-building techniques were selected because they can offer signals to establish a buyer’s first confidence in an online vendor when the buyer does not have a positive relationship or reliable information about the supplier (Chang et al., 2013; Chang & Cheung, 2005).

To minimize uncertainties and foster trust in the e-commerce businesses, e-sellers and e-marketplaces (as the third-party) use online trust-building mechanisms (Chang et al., 2013; Hong & Cho, 2011; Ke et al., 2016; Tikhomirova & Chuanmin, 2019). They include reviews, comments, and feedback from customers regarding the credibility of an e-marketplace or e-seller, product ratings or evaluations, third-party escrow assistance, and payment methods, which attract more customers (Liu & Tang, 2018). Digital techniques affect the trust-affecting factors of website quality, e-seller reputation, and structural assurances. Furthermore, there is rare research on online trust-building mechanisms in the post-purchase phase, specifically repurchase intentions in the e-commerce marketplace sector in Indonesia.

Customers also receive hands-on experience and create opinions on this mechanism by buying from electronic market merchants. Perceptions of electronic sellers and markets can change buyer confidence and repurchase intentions (Liu & Tang, 2018). In the repurchase phase, the customer’s assessment of the online trust-building mechanism’s usefulness affects their desire to rebuy (Li & Wang, 2020). According to Liu and Tang (2018), there are three components of the online trust-building mechanism: perception of the marketplace, perception of online seller benefits, and perception of experience benefits.

Pavlou and Gefen (2004) established an institutional trust-based e-market concept. Their study demonstrated that institutional trust processes built confidence in the e-auction system where product features and seller identity were unknown. This e-institutional trust is a prerequisite for online shopping (Bao et al., 2016; Li & Wang, 2020; Liu & Tang, 2018; Tikhomirova & Chuanmin, 2019).

The perceived usefulness of an institution-based mechanism is related to rules, guarantees, and legal contracts that protect opportunistic activity and customer benefits in online transactions and impact customers’ future views of others. The guarantee reduces online shopping risks. Procedures of institution-based mechanisms, like credit card collateral, protect clients and reduce financial risk in criminal cases (Hong & Cho, 2011). Contracts guarantee that third-party firms (like credit card companies) will retain income, eliminating legal difficulties. To familiarize clients and eliminate online anxiety, institution-based mechanisms reduce transaction risk to increase familiarity and reduce uncertainty (Liu & Tang, 2018).

According to Fang et al. (2014), digital customers’ opinions of the effectiveness of third-party safeguarding measures in reducing online transaction risks are called the perceived usefulness of institutional-based procedures. Other types include visible transaction security, privacy security, cybercrime deterrent, data theft, and digital specifications or third-party services of an e-marketplace (Zhang et al., 2019). It illustrates the value of understanding consumer safety in e-marketplace transactions (Bao et al., 2016). According to Huang et al. (2017), customers who perceive efficient institutional mechanisms for e-commerce may feel less vulnerable to financial loss. Customers might use their prior e-commerce security ratings as a basis for future purchases.

Companies control most e-marketplace refund procedures. Unmet promises can lower customers’ perceived usefulness and e-marketplace confidence (Tu et al., 2012). Customers may return products purchased from e-marketplace sellers. Customers will doubt the policy’s value if the return process is overly complicated. The diminished perceived benefits of a return policy will lower their e-marketplace confidence (Liu &
Wang et al. (2022) found that a marketplace’s benefits increase users’ confidence in it because they make them think it can meet their needs.

The other online-based mechanism is the perceived usefulness of seller-based mechanisms. Liu and Tang (2018) stated that the perceived usefulness of seller-based mechanisms is related to the customer’s perception of a website’s navigation, aesthetics, and functionality, which sellers employ to promote themselves and their products. Consumers expect online sellers to provide transparent information about themselves and the products sold by the information contained in the online selling site, such as product information and company profiles (Wei et al., 2019). Customer initial evaluations of e-marketplace reliability, functionality, and familiarity are the basis for future repurchase intentions. An e-market that offers ease and usefulness makes the customers feel comfortable with the e-site, increasing their desire to continue using it.

Moreover, the seller-based mechanism is a marketplace-e-seller partnership. A website’s functionality and appearance give customers a sense of the e-seller’s presence, boosting their impression (Lim et al., 2006). E-sellers can use eBay and Amazon templates to create websites. Well-balanced companies and well-dressed employees attract customers, not because the buyer knows anyone in the company but because its appearance promises reliability (Liu & Tang, 2018). An attractive, well-qualified website can boost client confidence in the e-seller and influence their opinion of the website (Lowry et al., 2008). Lu et al. (2016) argued that online vendors performing effectively in the marketplace will win customer confidence since they offer more benefits than other sellers. Customers experience e-seller services or products from their first purchase. Based on that experience, customers will judge the utility of the seller-based mechanism and the e-seller itself (Liu & Tang, 2018). These findings support Lu, Fan, et al. (2016), who found that online merchants’ benefits boost market confidence. Joo (2015) showed that online vendors who offer free shipping and guarantee on-time delivery can be trusted in e-commerce businesses.

The final online trust mechanism is the perceived usefulness of experience-based mechanisms. Liu and Tang (2018) stated that the perceived usefulness of experience-based mechanisms is the customer perception of the utility of previous product reviews and vendor evaluations. Electronic vendors’ information should not be the primary basis for online customers’ decisions (Özpolat et al., 2013).

The perceived benefits of an experience-based mechanism are a perceptible benefit of consumers directly providing feedback on online community information, which is the credibility of knowledge like judgment, voting, ranking, and other forms that do not require cognition (Bao et al., 2016). Potential buyers can use this information to assess the e-seller’s reputation and service quality, which may affect their confidence (Pakarti et al., 2022). They may use other sources to learn about products, e-sellers, and transaction processes to lessen online purchase risk (Kim & Benbasat, 2009). Therefore, the presence of consumer feedback can serve as a practical approach for members of the community to help find the same knowledge for all members of a particular community (Li & Wang, 2020).

After purchasing, buyers may reconsider experience-based information based on their experience. Experience-based information will improve customer’s confidence in the e-seller if it matches their experience. The trust in electronic vendors disappears if customers suspect an electronic seller or a linked interest group of electronic sellers manipulating information (Astawa et al., 2021). Liu and Tang (2018), Pakarti et al. (2022), and Astawa et al. (2021) found that experience-based advantages boost online seller confidence.

Last, since online businesses do not include a direct consumer-trader connection and debit cards are used for payment, this could lead to financial information being misused (Choon Ling et al., 2011). The acquired goods may not be reordered. Online sales cause buyers to experience a lack of confidence in the e-marketplace. Trust issues are one reason consumers avoid e-commerce (Ilhamalimy & Ali, 2021). Consumers who do not trust the seller may avoid online transactions. However, custom-
ers who trust in a marketplace experience fewer consequences and are more likely to shop online (Farivar et al., 2017). Customers are more inclined to buy from an honest, reliable, and trustworthy e-seller (Pavlou & Gefen, 2004). Customers prefer to return to a trustworthy e-marketplace that prioritizes their needs (Hong & Cho, 2011).

E-marketplaces regulate e-seller activity and identify problem sellers. Providing standards and procedures to eliminate uncertainty in online shopping (Pavlou & Gefen, 2004) makes customers less dependent on e-sellers when making re-buy decisions (Fang et al., 2014). A credible e-marketplace can help customers fix mistakes. In less trustworthy e-marketplaces, customers may need to rely more on e-sellers for guarantees to reduce online scam risks. The trustworthiness of the e-commerce system lessens the reliance of e-commerce customers on e-seller assistance during the transaction process. Thus, the level of trust in the e-marketplace could decrease the effect of e-seller trust on the intention of purchasing future purchases.

E-marketplaces identify and control the sellers’ activities (Pavlou & Gefen, 2004). Customers are willing to purchase repeatedly when standards and procedures are regulated (Fang et al., 2014). A reliable online marketplace can assist in handling customer’s complaints. Customers may need to depend more on e-sellers in less reliable e-marketplaces to lower their chance of falling victim to online fraud. A reliable online marketplace can assist in handling customer’s complaints. E-marketplace trust will mitigate the effect of e-seller trust on repurchase intention. Liu and Tang (2018) found that market trust negatively moderates the effect of online seller trust on repurchase interest.

Referring to the literature review on online trust-building mechanisms, this study aims to analyze the effect of the perceived usefulness of institution-based mechanisms, the perceived usefulness of service-based mechanisms, and the perceived usefulness of experience-based mechanisms on e-marketplace trust development and its effect on e-marketplace repurchase intention. Figure 1 shows the research model. The hypotheses are as follows:

H1: Perceived usefulness of institution-based mechanism positively affects trust in e-marketplaces.
H2: Perceived usefulness of seller-based mechanism positively affects trust in e-marketplaces.

H3: Perceived usefulness of seller-based mechanisms positively affects trust in online sellers.

H4: Perceived usefulness of experience-based mechanisms positively affects trust in online sellers.

H5: Trust in e-marketplaces negatively moderates the influence of trust in e-sellers on e-marketplace repurchase intention.

2. METHOD

As a descriptive quantitative research design, this study explains the effect of e-trust, both trust in the e-seller and trust in the e-marketplace, on consumers repurchase intentions using three online trust-based mechanisms (perceived usefulness of institutional-based mechanisms, perceived usefulness of seller-based mechanisms, and perceived usefulness of experience-based mechanisms). The object was Lazada Indonesia, which has been experiencing declines in visits and sales since its launch. The data were collected using e-questionnaires with descriptions of definitions of each construct and indicator to help respondents capture and understand each question. The sample of respondents was chosen using the non-probability judgmental sampling technique on 231 respondents who had never shopped on Lazada in the past three months. The seven-point Likert scale is used to evaluate the measurements of variables.

In order to create robust, reliable, and valid measurements, this study used questions from previous studies to measure the latent variables. The measurement for the perceived usefulness of institutional-based mechanisms is taken from Liu and Tang (2018). The measurements for the perceived usefulness of experience-based mechanisms are taken from Park et al. (2007). The measurements for the perceived usefulness of seller-based mechanisms and trust in the e-seller are taken from Fang et al. (2014). Furthermore, measuring trust in the e-marketplace and e-marketplace repurchase intention refers to Pavlou and Gefen (2004).

This study used a self-reported e-survey with a common method and variance (Podsakoff et al., 2003). Harman’s single-factor test detects this problem by incorporating all significant constructs into a principal component factor analysis (Podsakoff & Organ, 1986). In SPSS, factor analysis without rotation yielded a six-factor answer that explained 66.395% of the variation. The first component accounted for 33.605% of the variance, which is substantially lower than the majority. It means the method bias was not a significant concern in this study.

The result of the full collinearity test (Kock & Lynn, 2012), obtaining the result values for VIF as follows: perceived usefulness of experience-based mechanisms (1.521), perceived usefulness of institutional-based mechanisms (1.657), perceived usefulness of seller-based mechanisms (1.787), trust in the e-marketplace (1.862), trust in the e-seller (1.846), and e-marketplace repurchase intention (2.161). All the values are less than 3.3, implying that Common Method Variance (CMV) is not a significant consideration in this research. This study analyzed the research model using variance-based PLS SEM since it produces reliable findings (Farooq, 2018).

Anderson and Gerbing (1988) recommended using two-stage analytical techniques. The first stage is examining the measurement model (validity and reliability of the measurements). The next stage is evaluating the structural model to test the hypotheses (Hair et al., 2011, 2017, 2019). The bootstrapping approach (resample size of 5,000) was conducted to examine the relevance of the path coefficients and factor loadings (Hair et al., 2019).

3. RESULTS

Table 1 depicts an explanation of the demographic characteristics and buying behavior of respondents. It shows that 57.58% are female with 42.42% having earned bachelor’s degree. The majority of the respondents have an average monthly expenditure beyond basic needs and supplements in the range of IDR 1,500,000 to IDR 3,000,000 (65.36%), shopping one to three times a month (43.72%) and more than three times per month (42.42%).
Table 1. Demographic profile of respondents

<table>
<thead>
<tr>
<th>Demography</th>
<th>Category</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>98</td>
<td>42.42</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>133</td>
<td>57.58</td>
</tr>
<tr>
<td>Education level</td>
<td>High school graduates</td>
<td>68</td>
<td>29.44</td>
</tr>
<tr>
<td></td>
<td>Diploma graduates</td>
<td>53</td>
<td>22.94</td>
</tr>
<tr>
<td></td>
<td>Bachelor graduates</td>
<td>98</td>
<td>42.42</td>
</tr>
<tr>
<td></td>
<td>Postgraduates</td>
<td>12</td>
<td>5.19</td>
</tr>
<tr>
<td>Monthly expenditure</td>
<td>IDR &lt; 700,000</td>
<td>2</td>
<td>0.87</td>
</tr>
<tr>
<td></td>
<td>IDR 700,000 – IDR 1,000,000</td>
<td>16</td>
<td>6.93</td>
</tr>
<tr>
<td></td>
<td>IDR 1,000,000 – IDR 1,500,000</td>
<td>34</td>
<td>14.72</td>
</tr>
<tr>
<td></td>
<td>IDR 1,500,000 – IDR 2,000,000</td>
<td>81</td>
<td>35.06</td>
</tr>
<tr>
<td></td>
<td>IDR 2,000,000 – IDR 3,000,000</td>
<td>70</td>
<td>30.30</td>
</tr>
<tr>
<td></td>
<td>IDR &gt; 3,000,000</td>
<td>27</td>
<td>11.69</td>
</tr>
<tr>
<td>Marital status</td>
<td>Single</td>
<td>157</td>
<td>67.97</td>
</tr>
<tr>
<td></td>
<td>Married</td>
<td>74</td>
<td>32.03</td>
</tr>
<tr>
<td>Frequency of shopping at e-commerce in a month</td>
<td>&lt; 1 time</td>
<td>32</td>
<td>13.85</td>
</tr>
<tr>
<td></td>
<td>1-3 times</td>
<td>101</td>
<td>43.72</td>
</tr>
<tr>
<td></td>
<td>&gt; 3 times</td>
<td>98</td>
<td>42.42</td>
</tr>
</tbody>
</table>

The first step in PLS-SEM analysis is the measurement model to examine the model's reliability and validity. According to Hair et al. (2017) and Henseler et al. (2009), the examination of reflective measurement models included composite reliability and Cronbach’s alpha for evaluating the internal consistency of constructs. According to measurement model results (Table 2), all composite reliability and Cronbach’s alpha values are greater than 0.70.

The next step is evaluating the convergent and discriminant validity. Hair et al. (2019) recommend assessing outer loadings, average variance extracted (AVE), and composite reliability to verify convergent validity. Chin et al. (1997) and Hair et al. (2010) recommended 0.6 as an outer loading threshold, which the study employed. Based on the result of the measurement model in Table 2, the outer loading values for all the measurements are above the 0.6 threshold. According to Hair et al. (2019), composite reliabilities (CR) and average variances extracted (AVE) should exceed 0.7. PUEBM1 is eliminated to improve AVE. The measurement model shows that all variables’ CR and AVE values exceed 0.7.

Table 2. Measurement model

<table>
<thead>
<tr>
<th>Variable</th>
<th>Indicators</th>
<th>Outer Loading</th>
<th>AVE</th>
<th>CR</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>PUEBM</td>
<td>PUEBM2</td>
<td>0.646</td>
<td>0.545</td>
<td>0.725</td>
<td>0.719</td>
</tr>
<tr>
<td></td>
<td>PUEBM3</td>
<td>0.745</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PUEBM4</td>
<td>0.789</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PUEBM5</td>
<td>0.765</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PUEBM</td>
<td>PUEBM1</td>
<td>0.837</td>
<td>0.781</td>
<td>0.783</td>
<td>0.695</td>
</tr>
<tr>
<td></td>
<td>PUEBM2</td>
<td>0.856</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>PUEBM3</td>
<td>0.808</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>PUSBM</td>
<td>PUSBM1</td>
<td>0.772</td>
<td>0.829</td>
<td>0.875</td>
<td>0.539</td>
</tr>
<tr>
<td></td>
<td>PUSBM2</td>
<td>0.773</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>PUSBM3</td>
<td>0.753</td>
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<tr>
<td></td>
<td>PUSBM4</td>
<td>0.688</td>
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<tr>
<td></td>
<td>PUSBM5</td>
<td>0.725</td>
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<tr>
<td></td>
<td>PUSBM6</td>
<td>0.688</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TRtoMP</td>
<td>TRtoMP1</td>
<td>0.759</td>
<td>0.783</td>
<td>0.789</td>
<td>0.607</td>
</tr>
<tr>
<td></td>
<td>TRtoMP2</td>
<td>0.818</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>TRtoMP3</td>
<td>0.836</td>
<td></td>
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<tr>
<td></td>
<td>TRtoMP4</td>
<td>0.697</td>
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</tr>
<tr>
<td>TRtoSELL</td>
<td>TRtoSELL1</td>
<td>0.673</td>
<td>0.828</td>
<td>0.874</td>
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<td>TRtoSELL2</td>
<td>0.700</td>
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<td>TRtoSELL3</td>
<td>0.716</td>
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<td>TRtoSELL4</td>
<td>0.768</td>
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<td>TRtoSELL5</td>
<td>0.773</td>
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<td>TRtoSELL6</td>
<td>0.764</td>
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<tr>
<td>RI</td>
<td>RI1</td>
<td>0.873</td>
<td>0.852</td>
<td>0.910</td>
<td>0.772</td>
</tr>
<tr>
<td></td>
<td>RI2</td>
<td>0.899</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RI3</td>
<td>0.864</td>
<td></td>
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</tbody>
</table>

Note: PUIBM = perceived usefulness of institution-based mechanisms, PUSBM = perceived usefulness of service-based mechanisms, PUEBM = perceived usefulness of experience-based mechanisms, TRtoMP = trust in the e-marketplace, TRtoSELL = trust in the e-seller, RI = repurchase intention.

Hair et al. (2017) recommended studies assessing discriminant validity using cross-loading, Fornell-Lacker criterion, and heterotrait-monotrait ratio of correlations (HTMT) to measure the degree to which items distinguish between constructs or measure ideas. The model’s construct indicators have good cross-loadings when they have the most significant loading on their latent construct compared to other variables (Hair et al., 2017; Sarstedt et al., 2019). Table 3 describes the entire list of outer-loadings and cross-loadings for all indicators of each latent variable.

Fornell-Lacker criterion is used to assess the discriminant validity of the measurement models by comparing the square roots of AVE values to the correlation values of other latent variables. The square root of AVE should be greater than the val-
ue of the highest correlation to the other construct (Chin, 2010; Hair et al., 2017, 2019). The result of Fornell-Larcker criterion is shown in Table 4.

Since Fornell and Larcker (1981) criterion does not accurately identify the lack of discriminant validity in frequent study settings, an additional methodology, namely heterotrait-monotrait (HTMT) correlation ratio, has to be conducted for assessing discriminant validity based on the multi-trait and multi-method matrix (Henseler et al., 2015).

The study conducted the discriminant validity of this new proposed method, and the HTMT matrix results are displayed in Table 5. Gold et al. (2001) suggested that a model is considered to have good discriminant validity if the value of HTMT is less than 0.90. Based on the HTMT matrix results in Table 5, the maximum value of the HTMT of the model is 0.879.

After performing measurement model analysis, the next stage is conducting the measurement

### Table 4. Fornell-Lacker criterion

<table>
<thead>
<tr>
<th>Variables</th>
<th>PUEBM</th>
<th>PUIBM</th>
<th>PUSBM</th>
<th>RI</th>
<th>TRtoSELL</th>
<th>TRtoMP</th>
</tr>
</thead>
<tbody>
<tr>
<td>PUEBM</td>
<td>0.738</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PUIBM</td>
<td>0.382</td>
<td>0.834</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PUSBM</td>
<td>0.462</td>
<td>0.479</td>
<td>0.734</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RI</td>
<td>0.374</td>
<td>0.598</td>
<td>0.592</td>
<td>0.879</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TRtoSELL</td>
<td>0.421</td>
<td>0.565</td>
<td>0.640</td>
<td>0.558</td>
<td>0.733</td>
<td></td>
</tr>
<tr>
<td>TRtoMP</td>
<td>0.357</td>
<td>0.516</td>
<td>0.639</td>
<td>0.564</td>
<td>0.704</td>
<td>0.779</td>
</tr>
</tbody>
</table>

Note: PUIBM = perceived usefulness of institution-based mechanisms, PUSBM = perceived usefulness of service-based mechanisms, PUEBM = perceived usefulness of experience-based mechanisms, TRtoMP = trust in the e-marketplace, TRtoSELL = trust in the e-seller, RI = repurchase intention.
Hair et al. (2019) proposed to use the $R^2$ value, the beta ($\beta$) value, the $p$-value, and the $t$-value resulting from the bootstrapping with a resample size of 5,000 to test the structural model. The predictive relevance ($Q^2$) and effect sizes ($f^2$) must be measured to complete the measurement model. Chin (1998) mentioned that an $R^2$ value of 0.67 is considered substantial, 0.33 is considered moderate, and 0.19 is considered weak. Based on the path coefficient analysis in Table 6, the $R^2$ values of this study range from 0.383 to 0.461. It means that the $R^2$ values of the proposed conceptual model have a moderate explanatory significance. However, according to Hair et al. (2017), evaluating the proposed model solely based on $R^2$ value is not adequate. Therefore, the $Q^2$ test was conducted to assess the predictive relevance of the structural model (Geisser, 1974; Stone, 1974). If the $Q^2$ value is more than zero, the latent exogenous variables used in the structural model predict the latent endogenous variables (Chin, 2010; Hair et al., 2017; Sarstedt et al., 2019). This study found that repurchase intention has the highest predictive significance in the structural model, with a $Q^2$ value of 0.576, followed by the trust in the e-marketplace, with a $Q^2$ value of 0.567, and finally, trust in the e-seller, with a $Q^2$ value of 0.378. Since all $Q^2$ values are greater than zero, this finding validates the assumption that all latent underlying endogenous constructs are highly predictive.

Moreover, this study adheres to the criterion of $t$-value 1.65 (one-tailed) and $p$-value 0.05 to determine the significance level of path coefficients. First, the predictors of trust in e-marketplace are evaluated, which are perceived usefulness of institution-based mechanisms ($\beta = 0.272$, $t$-value = 4.706, and $p$-value < 0.01) and perceived usefulness of service-based mechanisms ($\beta = 0.509$, $t$-value = 7.820, and $p$-value < 0.01). It can be concluded that H1 and H2 are acceptable. Secondly, the predictors of trust to e-seller are evaluated, which are perceived usefulness of service-based mechanisms ($\beta = 0.567$, $t$-value = 4.676, and $p$-value < 0.01), and perceived usefulness of experience-based mechanisms ($\beta = 0.159$, $t$-value = 1.298, and $p$-value > 0.05). It can be concluded that H3 is accepted, while H4 is rejected.

This study uses the SmartPLS two-stage approach to test the moderation effect and generate interaction terms of trust in the e-marketplace on the relationship of trust in the e-seller with e-commerce repurchase intention (Chin et al., 2003; Hair et al., 2021). As shown in Table 7, trust in the e-seller and trust in the e-marketplace positively affect e-commerce repurchase intention. However, when trust in the e-marketplace is used as a moderator variable, it interacts negatively and significantly with trust in the e-seller ($\beta = -0.055$, $t$-value = 1.683, and $p$-value < 0.05). Therefore, H5 is supported.
4. DISCUSSION

The findings of this study show that the perceived usefulness of institution-based mechanisms has a positive effect on trust in e-marketplaces. This aligns with Tu et al. (2012), Liu and Tang (2018), Wei et al. (2019), and Wang et al. (2022). They mentioned that e-marketplaces have many institutional safeguards or mechanisms (e.g., online certification, defect product return policy, escrow payment service, and review mechanism) to protect buyers from dangerous transactions on the site. Eventually, these types of institutional policies boost customer trust in making purchases in the e-marketplace. In addition to using the escrow payment service to protect customers from fraud in the e-marketplace, Lazada has two special labels that can be used as a reference for shopping security: 100% Buyer Protection and Satisfaction Guarantee. On the 100% Buyer Protection policy, consumers can return goods seven days after purchase. In contrast, on the Satisfaction Guarantee policy, there is a 14-day deadline for the customer to return the goods that do not conform to the order from e-sellers. Furthermore, to enhance customer confidence as well as privacy and security, Lazada Indonesia has also restricted purchaser personal data.

Furthermore, the findings show that the perceived usefulness of service-based mechanisms has a significant positive influence on e-trust in the marketplace. This finding supports Lu, Zhang, et al. (2016), and Puspitarini et al. (2021), who describe that benefits perceived by online sellers arise when consumers view the page views of e-shop e-sellers. Unlike offline shopping, where the buyer directly sees, holds, or even tries the goods, buyers on the e-marketplace rely heavily on photos, videos, and detailed information about the product through the seller’s webpage. The more organized the e-seller webpage, where the product e-catalog is well-organized with good image, high video quality, and informative and clear product descriptions, the higher the buyer confidence in the e-marketplace.

This study supports Joo (2015), Bao et al. (2016), Lu, Zeng, et al. (2016), Liu and Tang (2018), and Pakarti et al. (2022), who showed that the perceived usefulness of online sellers had a positive influence on the level of buyer trust in e-sellers. Positive customer perceptions of an excellent website will encourage positive customer behavior toward the e-seller and increase their perspectives on the quality of the products (Lowry et al., 2008). In the case of repurchase intention, the perceived usefulness of the service-based mechanism is formed when the consumer evaluates by comparing the information provided by the e-seller with the purchase of the products. If buyers perceive product information to be discordant with their buying experience, they may regard the information as of inadequate quality and ineffective, diminishing the trust they have in the e-seller.

The results showed that the perceived usefulness of experience-based mechanisms had no significant influence on the buyer’s confidence in the e-seller. This finding supported Liang et al. (2018),

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**Table 6. Path coefficients (direct effects)**

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Beta</th>
<th>T-Value</th>
<th>P-Value</th>
<th>Decision</th>
<th>R² Adjusted</th>
<th>f²</th>
<th>Q²</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 PUIBM → TRtoMP</td>
<td>0.272</td>
<td>4.706</td>
<td>0.000</td>
<td>Supported</td>
<td>0.461</td>
<td>0.107</td>
<td>0.567</td>
</tr>
<tr>
<td>H2 PUSBM → TRtoMP</td>
<td>0.509</td>
<td>7.820</td>
<td>0.000</td>
<td>Supported</td>
<td>0.373</td>
<td>0.373</td>
<td>0.373</td>
</tr>
<tr>
<td>H3 PUSBM → TRtoSELL</td>
<td>0.567</td>
<td>4.676</td>
<td>0.000</td>
<td>Supported</td>
<td>0.425</td>
<td>0.443</td>
<td>0.378</td>
</tr>
<tr>
<td>H4 PUEBM → TRtoSELL</td>
<td>0.159</td>
<td>1.298</td>
<td>0.097</td>
<td>Rejected</td>
<td>0.035</td>
<td>0.035</td>
<td>0.035</td>
</tr>
</tbody>
</table>

**Note:** PUIBM = perceived usefulness of institution-based mechanisms, PUSBM = perceived usefulness of service-based mechanisms, PUEBM = perceived usefulness of experience-based mechanisms, TRtoMP = trust in the e-marketplace, TRtoSELL = trust in the e-seller.

**Table 7. Analysis of the moderation effect**

<table>
<thead>
<tr>
<th>Moderation Hypothesis</th>
<th>Beta</th>
<th>T-Value</th>
<th>P-Value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H5 Trust in the e-seller → Repurchase intention</td>
<td>0.244</td>
<td>2.710</td>
<td>0.003</td>
<td>Supported</td>
</tr>
<tr>
<td>H6 Trust in the e-marketplace → Repurchase intention</td>
<td>0.253</td>
<td>2.982</td>
<td>0.001</td>
<td>Support</td>
</tr>
<tr>
<td>H7 Trust in the e-marketplace vs Trust in the e-seller → Repurchase intention</td>
<td>-0.055</td>
<td>1.683</td>
<td>0.046</td>
<td>Support</td>
</tr>
</tbody>
</table>

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http://dx.doi.org/10.21511/im.20(1).2024.18
who researched repurchase intentions of Airbnb customers. Even though most consumers would read the reviews on the website before purchasing a product in the e-marketplace, Wahpiyudin et al. (2022) revealed that the majority of e-respondents rarely give comments and reviews on big three e-commerce sites in Indonesia. Moreover, search engines dominate online shopping activity on an e-marketplace in Indonesia. Most website visitors use search engines before proceeding to e-marketplace webpages to search for and purchase a product (Mudjahidin et al., 2022). Furthermore, from Indonesia’s consumer e-purchase behavior point of view, many consumers are price-sensitive instead of recalling previous shopping experiences in certain e-marketplaces. They will compare the price between one seller and another among the available e-marketplaces in the search engines.

Lastly, this study reinforces Liu and Tang (2018), who stated that the level of trust in the e-marketplaces negatively moderates the influence of trust in online sellers over interest in re-buying in the e-marketplace. Lazada operates similarly to a free e-market (not an e-department store) in that it brings together buyers and sellers but is not actively involved in the transaction activities processes. Since there is no direct relationship between Lazada and its consumers, trust in the e-marketplace may not directly convert into e-seller trust, nor may it affect buyer repurchase intentions (Liu & Tang, 2018).

Despite the scientific and practical contributions derived from this analysis, there are some limitations to what future researchers can do to raise the topic of online trust-building mechanisms in the future. First, this study is carried out only within the scope of the B2C e-marketplace and is limited to Lazada Indonesia as the research object. Further research could work out other forms of e-commerce outside the e-marketplace, such as B2B e-marketplace (Akrout & Diallo, 2017; Ratnasingam, 2005), C2C e-marketplace (Wei et al., 2019), and the rise of social media commerce like metaverse shopping (Zhang et al., 2023) and TikTok Shop for Indonesia context. Second, the results of this study only look at the buyer’s perspective in the context of an online trust-building mechanism. In contrast, in an e-marketplace sale transaction, e-sellers also frequently connect with shoppers with whom they have not yet had any or limited previous interaction. As a result, they are also subject to e-commerce fraudulent activity, such as payment delays for products and excessive customer claims about the products and services (Wei et al., 2019). Therefore, future research could also take the viewpoints of the e-seller better to explain the online trust-building mechanism in the e-commerce context. Third, this study used quantitative studies but did not include qualitative studies, which may have influenced the research outcomes, discussion, and analysis. As a result, future studies should supplement the quantitative findings with qualitative, in-depth interview-based research.

**CONCLUSION**

This study examined how customer trust (in the e-seller and e-marketplace) and online trust-building processes affect Indonesian e-commerce customers’ repurchase intentions. The perceived usefulness of institution-based, seller-based, and experience-based online trust-building mechanisms was investigated. This study supported four of the five hypotheses. This study found that customers’ trust in the e-market environment increases with their perception of e-commerce service reliability (perceived usefulness of institution-based mechanisms). Moreover, the findings indicate that the perception of convenience in online buying through a specific e-seller account (perceived usefulness of service-based mechanisms) will enhance the level of trust placed in e-marketplaces and e-sellers during e-commerce transactions. Nevertheless, the findings of this study indicate that the rating and review system offered by e-commerce, or perceived usefulness of experience-based mechanisms, does not influence the degree of customer trust in e-sellers. Finally, the study demonstrates that implementing a trustworthy, safe, and dependable e-commerce system can enhance faith in e-marketplaces and lessen reliance on e-sellers in e-commerce transactions.

This study evaluated online trust-building mechanisms using three factors (perceived usefulness of institution-based mechanisms, perceived usefulness of service-based mechanisms, and perceived useful-
ness of experience-based mechanisms). The results of this study show that the perceived usefulness of institution-based mechanisms and the perceived usefulness of online sellers (perceived usefulness of service-based mechanisms) have a positive effect on trust in the e-marketplaces. The study also showed that the perceived usefulness of online sellers positively influenced the level of buyer trust in e-sellers. Meanwhile, the perceived usefulness of the experience-based mechanism did not significantly influence the buyer’s confidence in the e-seller. The study found that the level of trust in the e-marketplaces negatively moderates the influence of trust in online sellers over interest in re-buying in the e-marketplace.

AUTHOR CONTRIBUTIONS

Conceptualization: Elissa Dwi Lestari, Brandon Wen.
Data curation: Elissa Dwi Lestari, Brandon Wen.
Formal analysis: Florentina Kurniasari.
Methodology: Elissa Dwi Lestari.
Project administration: Florentina Kurniasari.
Resources: Brandon Wen.
Software: Brandon Wen.
Supervision: Florentina Kurniasari, Elissa Dwi Lestari.
Validation: Florentina Kurniasari.
Visualization: Brandon Wen.
Writing – original draft: Elissa Dwi Lestari.
Writing – review & editing: Florentina Kurniasari.

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