Effects of Perceived Trust and Perceived Price on Customers’ Intention to Buy in Online Store in Indonesia

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Price and trust are important factors that influence customer purchasing decision in online shopping. However, the synergy of these two factors in customer intention to buy still needs to get higher attention. This paper examines the relative influence of perceived trust and perceived price on customers intention to buy, both for customers who have bought item from the store (repeat customers) and who have not (potential customers), and examines whether a difference exists on the strength of influence of price and trust to purchase intention in those groups. Data are analyzed with the multiple-group analysis structural equation modeling, comparing the repeat customers and potential customers. The results of this paper reveal that there is no significant difference of effect between perceived trust and perceived price on intention to buy between potential and repeat customers and that perceived trust exerts a stronger effect than perceived price on purchase intentions for both potential and repeat customers of an online vendor. This paper also reveals that while perceived trust exerts a positive influence, perceived price exerts a negative influence on both perceived value and intention to buy.

Keywords: Perceived price, perceived trust, perceived value, intention to buy, e-commerce

Introduction

As a form of monetary sacrifice and the signal quality of a product, price has long been regarded as a key factor determining customer purchasing decisions (Zeithaml, 1988). This is especially true in products that are “low touch” or “no touch”. When the product quality is constant across vendors, customers will focus on the minimization of price (Dodds et al., 1991). In the context of online shopping, the effect of prices is even stronger as customers can easily compare prices from one store to another (Kim et al., 2011).

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Beside price, trust is also considered as one of important factors in customers’ purchasing decision-making process. Customer will more likely to buy products from an online vendor if they trust the vendor. Therefore, an online vendor can capture a larger market share if it is able to increase customer trust to them (Hoffman et al., 1999, Pavlou et al., 2007 & Vintone, 2001 in Kim et al, 2011).

Although several studies have examined the importance of price and trust in online stores, the synergy effect of these two factors in customer intention to buy still needs to get higher attention. For online vendors, deciding whether to compete based on price or on trust is a very important strategic issue. Based on the facts that the price is a determining factor on customer decision making and that customers can easily compare prices from one vendor to another, online vendors may choose to develop price-oriented strategy. On the other hand, based on the argument that trust is also a motivating factor in online shopping, trust-oriented strategy is also worth considering (Kim et al., 2011).

In between these two extremes, online vendors could also try creating a balance of price levels and trust by giving different weights on both (Kim et al., 2011). To do this, they need to know the relative importance of price and trust in purchasing decisions. They also need to know whether there are differences in the strength of influence of trust and price on potential customers and repeat customers.

The purposes of this study are twofold. First, it is trying to find the relative influence of perceived trust and perceived price on customers intention to buy, for customers who have bought items from an online store (repeat customers) and who have not (potential customers). Second, this study is trying to examine whether a difference exists on the strength of influence of price and trust to purchasing intention between repeat and potential customers.

**Literature Review**

**Perceived Price**

In the simplest form, prices can be defined as the nominal value charged to the customer to acquire products and to be benefited from the ownership or use of products (Kotler and Armstrong, 1996). Beside accepted as face value, price is also used for comparative reference price, which amount depending on social class and background of the customer (Mustafa, 2004, in Dodds et al., 1991). This form of perceived price is defined as the subjective customers’ perception towards the objective price of the product (Jacoby and Olson, 1977, in Dodds et al., 1991).

In addition, price can also be a signal quality of a product (Zeithaml, 1988). But in the case of online book shopping, its function as quality signal is not important because books usually have relatively same quality across vendors (Reibstein, 2002). As a monetary sacrifice, expensive price will lower the customers acquisition utility.

Price may also create image and differentiation (Nagle and Holden, 1995). Buyers typically have a range of specific price they can take. They will not want to buy a product if the price is above the range and will doubt the quality of the product when the price of the product lies below (Cooper, 1969, in Dodds et al., 1991).

This is also related to the effect of price on perceived value. The relationship between price and perceived value is curvilinear: the perceived value will increase when price is above the lower limit and will reduce when price is above this range (Szybillo and Jacoby, 1974, in Dodds et al., 1991). In determining which strategy is best and may be used, decision makers need to understand the overall situation and at the same time do the calculations as accurately as possible (Nagle and Holden, 1995).

**Perceived Trust**

Trust has long been conceptualized by various studies in different ways, both theoretically and operationally, and yet there is no universally accepted definition of trust (Gefen et al., 2003). It is not only different, but some are also conflicting. This happens at least for two reasons. First, it is because each discipline views trust from the viewpoint of their own perspective. For example, expert psychologists view trust as a nature personal, sociologists see it as a social structure, while economists see it as a mechanism economical option (McKnight and
Chervany, 2002).

Second, grammatically, trust has a vague meaning. Three major English dictionaries (Webster’s, Random House, and Oxford) on average give 17 definitions for the word “trust”; it is too much when compared to other words like “cooperation”, “confidence”, and “predictable”, each of which has a number of definitions of an average of 4.7 (McKnigh and Chervany, 2002).

Faced with the amount of its definition, Gefen et al. (2003) summarized and defined trust as: (1) a set of specific beliefs that relate to integrity, virtue, and the ability of other parties, (2) a general belief that the other party can be trusted, often referred to as an intention to trust or “the will of the party to be vulnerable to another party;” (3) affection, which is reflected in the confidence and sense of security to another party, or (4) a combination of the above elements.

Chiles and McMackin (1996) found that perceived trust could reduce the cost of non-monetary transactions, including the time and effort required by customers to choose the right seller. Perceived trust could also reduce the level of risk in online transactions (Jarvenpaa et al., 2000 & Kim et al., 2010).

**Perceived Value**

Perceived value is conceptualized as a form of cognitive evaluation of customer, which is based on two things, namely perceived benefit and perceived cost (Zeithaml, 1988). Perceived benefits are derived from the factors expected by the customer, such as prestige, reputation, and service performance (Holbrook and Corfman, 1985, in Kim et al., 2011). Perceived cost can be divided into two, in the form of monetary cost (price paid by customers) and non-monetary cost such as time spent, mental stress or physical stress experienced before, during, or after the consumption of goods and services.

**Potential Customers and Repeat Customers**

Potential customers are defined as customers who already signed up but have never bought items on a particular website, while repeat customers are defined as customers who already signed up and had bought items on the website. Compared to potential customers, repeat customers typically have a higher degree of certainty to the vendor, which comes from their past experience in transactions with the vendor (Kim et al., 2010). According to prospect theory (Kahneman and Tversky, 1979, in Kim et al., 2010), the high level of certainty in a transaction could create a greater value; or in other words, repeat customers usually get greater value than do potential customers.

On the other hand, potential customers face higher perceived uncertainty and the risk of transactions over the Internet than do repeat customers. Lambert (1972) found that customers prefer to buy from vendors who offer high prices when they face uncertainty in the transaction. Similarly, if they do not have information about the quality of products, they prefer to buy products at high prices as a signal of quality (Lichtenstein et al., 1993, in Kim et al., 2010).

**Hypotheses**

Perceived value has long been known as one of the factors that influence customer purchasing decisions. Zeithaml (1988) found that customers preferred a vendor whose products
were able to maximize the value they received. This is confirmed by Chang and Wildt (1994) and Dodds et al. (1991) and is most likely applicable to the context of online shopping. 

**H1:** Perceived value (VAL) has a positive effect on purchase intentions (INT) for both potential customers and repeat customers

In marketing, trust is defined as a psychological condition, in which one party is willing to accept vulnerability because he has positive expectations of other’s intentions (Singh and Surdeshmukh, 2000, in Kim et al., 2011) and willingness to rely on other parties (Ganesan, 1994, in Kim et al., 2011). Perceived trust could potentially reduce non-monetary cost of a transaction, for example by reducing the effort and time taken by customers to choose an online vendor (Chiles and McMackin, 1996, in Kim et al., 2011). Because it can reduce non-monetary cost of a transaction, perceived trust to an online vendor could potentially increase acquisition utility and non-monetary aspects of transaction utility, which in turn will increase perceived value of customer. 

**H2:** Perceived trust (TRU) in an online vendor has a positive effect on perceived value (VAL) for both potential customers and repeat customers

Based on research conducted by Chiu et al. (2010) as well as several other studies (Gefen et al., 2003; Grazioli and Jarvenpaa, 2000; Jarvenpaa et al., 2000; Lu et al., 2010; Pavlou and Gefen, 2004), perceived trust also has a direct effect on purchase intention. In the context of online shopping, this relationship may also occur in both potential customers and repeat customers. 

**H3:** Perceived trust (TRU) in an online vendor has a positive effect on purchase intention (INT) for both potential customers and repeat customers

Price is defined as a monetary sacrifice to obtain a product. Price is also a signal of the quality of a product (Lichtenstein et al., 1993, Zeithaml, 1988, in Kim et al., 2011). However, in the context of books, in which products from different vendors have a relatively equal quality, price function as a signal of product quality can be ignored (Reibstein, 2002). As a monetary sacrifice, increase in product prices in a vendor will lower acquisition utility if the same products in another vendor have not changed. Perceived price also has a direct effect on the monetary aspects of the transaction utility. Due to its influence on acquisition and transaction utility, price perception has the possibility of a negative effect on the perceived value. 

**H4:** Perceived price (PRI) has a negative effect on perceived value (VAL) for both potential customers and repeat customers

Perceived price is also likely to have a direct effect on purchase intentions. High prices will lead to greater costs for the customer, which then reduces the willingness of customers to purchase the product (Dodds et al., 1991, Von Neumann and Morgenstern, 1953, in Kim et al., 2011). In the context of online shopping, this relationship may also occur for both potential customers and repeat customers.

**H5:** Perceived price (PRI) has a negative effect on purchase intention (INT) for both potential customers and repeat customers

The effect of perceived trust in an online vendor (H3) is likely to have different levels on the purchase intention of potential customers and repeat customers. In this study, potential customers are defined as people who already have accounts but have never bought a product on the site KutuKutuBuku.com. Potential customers typically have less information than do repeat customers because they have never had experience in dealing with the vendor. Therefore, they have a higher risk perception. Under these conditions, the ability to have control becomes more important in determining behavior (Koller, 1988, in Kim et al., 2011). Referring to the theory of planned behavior (Ajzen, 2002, in Kim et al., 2011), a person’s behavioral intentions are influenced by their perceptions of behavioral control. Perception of behavioral control is the belief in the existence of internal control and external factors (Ajzen, 2002, in Kim et al., 2011). One of its forms is the belief of trust or trust belief, which is also a part of perceived trust (Kim et al. 2011). Because trust belief affects customer perceptions about their ability to control the transaction, perceived trust may also have a positive influence on purchase intention for potential customers. On the other hand, repeat customers usually have enough information because they have had done one transaction or more with the
online vendor, which resulted in lower level of risk.

$H_6$: Perceived trust (TRU) in online vendors has a stronger positive effect on purchase intentions (INT) of potential customers than that of repeat customers.

The effect of perceived price of an online vendor (H5) is likely to have different levels of influence on purchase intention among potential customers and repeat customers. Because of their experience, repeat customers tend to perceive a lower risk and a higher degree of certainty when dealing with online vendors (Kim et al., 2011). According to the prospect theory, the certainty of such transactions makes the customers more sensitive to monetary gain from the transaction. Given that the perception of price is a reflection of monetary benefit acquired in a transaction (Dodds et al., 1991), the perception of price is likely to have a strong influence on the behavior of repeat customers.

On the other hand, due to lack of transaction experience, potential customers are likely to have higher uncertainty. This uncertainty will reduce customer sensitivity to the monetary benefits of the transaction. Because of this, perceived price is likely to have a weaker influence on the behavior of potential customers than to repeat customers.

$H_7$: Perceptions of price (PRI) in online vendors has a stronger positive effect on purchase intentions (INT) of potential customers than that of repeat customers.

The effect of perceived trust on purchase intentions (H3) may be different from the effect of perceived price on purchase intention (H5). Customers will only buy things when the benefit is greater than the cost. Therefore, prospect theory states that the customer would prefer to avoid risk (risk averse) and choose a small but definite advantage compared to big gains that cannot certainly obtained. In the context of online shopping, customers are more focused on maximizing the level of certainty rather than maximizing monetary profits.

$H_8$: Perceived trust (TRU) in an online vendor has a stronger effect on purchase intention (INT) than on perceived price (PRI), for both potential customers and repeat customers.

**Methods**

This study was conducted in Indonesia, where electronic trading is growing rapidly. Indonesia is one of the largest countries in the number of Internet users in Asia with a growth rate over 1,150% from 2000 to 2009 (Asia Internet Usage and Population, 2011). However, there are several obstacles to this growth, one of which is a matter of trust. Trust becomes increasingly important as Indonesia has a poor record in online fraud; the level of cyber crime in Indonesia is the highest in the world (Susanto, 2009).

This study takes an online bookstore as an object of study because books are the most widely purchased products online in Indonesia, followed by clothing, airline tickets, and electronic equipment (The Nielsen Company, 2010). Books are also the most frequently purchased goods over the Internet worldwide. The quality of books (paper, printing quality, etc.) is usually constant across vendors, so this study can be more focused on several important variables, namely perceived trust and perceived price. KutuKutuBuku.com was chosen as the object of study primarily because KutuKutuBuku.com does not have brick and mortar store, so that customers’ perceived trust and price purely come from its online store.

Measurements were adapted from Kim et al. (2011) and translated to Indonesian, and data were collected using questionnaires. There are three main requirements to become respondents in this study. First, so that perceived trust can be measured, respondents should have visited Kutukutubuku.com for at least once. Second, respondents should have tried the kutukutubuku.com system. Third, so that perceived price can be measured, respondents should have seen the prices offered on KutuKutuBuku.com.

To obtain respondents who fit the criteria, potential respondents were asked to complete a five-step procedure so that all three conditions mentioned above were met. On the first step, respondents were instructed to visit the site http://www.rickysetiawan.com/skripsi. On the home page, an explanation of the research was displayed and a Rp.150,000 incentive was offered to three lucky respondents by lottery. On the same page, respondents were also asked wheth-
er they had signed up at KutuKutuBuku.com. If they hadn’t, they would proceed to the second step, in which respondents were redirected to the KutuKutuBuku.com’s registration page to sign up. This second step was intended to group respondents into two distinct groups: potential customers and repeat customers. After signing up, they would proceed to step three, in which they were asked to choose three titles with total value of not more than Rp.150,000. Later, three lucky respondents would receive books of their choice through a lottery. This would push the respondents to try the KutuKutuBuku.com system such as regis-

**Table 1. Validation Analysis of Latent Variables for Measurement Model**

| Constructs | Items | t-values (>1.96) | Factor Loading (>0.3) |
|------------|-------|-----------------|---------------------|
| INT        | INT1  | 12.94           | 0.79                |
|            | INT2  | 13.85           | 0.83                |
|            | INT3  | 14.23           | 0.84                |
|            | INT4  | 14.39           | 0.85                |
| VAL        | VAL1  | 15.35           | 0.88                |
|            | VAL2  | 15.91           | 0.89                |
|            | VAL3  | 13.7            | 0.81                |
|            | VAL4  | 15.39           | 0.87                |
| TRU        | TRU1  | 15.36           | 0.88                |
|            | TRU2  | 15.48           | 0.88                |
|            | TRU3  | 14.97           | 0.85                |
|            | TRU4  | 15.32           | 0.87                |
|            | TRU5  | 14.19           | 0.83                |
| PRI        | PRI1  | 11.82           | 0.76                |
|            | PRI2  | 14.48           | 0.88                |
|            | PRI3  | 12.52           | 0.79                |
|            | PRI4  | 8.39            | 0.58                |

**Table 2. Good of Fit Indices for Measurement Model**

| Indices | X2  | RMSEA | ECVI | NFI  | NNFI | CFI  | IFI  | RFI  | CN   | SRMR | GFI  | AGFI |
|---------|-----|-------|------|------|------|------|------|------|------|------|------|------|
| INT     | 15.93 | 0.2   | 0.81 | 0.97 | 0.91 | 0.97 | 0.97 | 0.9  | 114.88 | 0.03 | 0.96 | 0.79 |
| VAL     | 10.63 | 0.15  | 0.81 | 0.86 | 0.86 | 0.86 | 0.86 | 0.86 | 180.86 | 0.02 | 0.97 | 0.86 |
| TRU     | 16.53 | 0.11  | 0.81 | 0.87 | 0.87 | 0.87 | 0.87 | 0.87 | 180.86 | 0.02 | 0.97 | 0.89 |
| PRI     | 14.17 | 0.18  | 0.81 | 0.87 | 0.87 | 0.87 | 0.87 | 0.87 | 129.05 | 0.042| 0.97 | 0.83 |

**Table 3. Construct Reliability and Variance Extracted for Measurement Model**

| Constructs | Items | SLF | Error Variance | CR  | VE  |
|------------|-------|-----|----------------|-----|-----|
| INT        | INT1  | 0.79| 0.38           | 0.9 | 0.86|
|            | INT2  | 0.83| 0.32           | 0.9 | 0.86|
|            | INT3  | 0.84| 0.29           | 0.9 | 0.86|
|            | INT4  | 0.85| 0.28           | 0.9 | 0.86|
|            | VAL1  | 0.88| 0.23           | 0.9 | 0.86|
|            | VAL2  | 0.89| 0.23           | 0.9 | 0.86|
|            | VAL3  | 0.81| 0.34           | 0.9 | 0.86|
|            | VAL4  | 0.87| 0.23           | 0.9 | 0.86|
|            | TRU1  | 0.88| 0.23           | 0.9 | 0.86|
|            | TRU2  | 0.88| 0.23           | 0.9 | 0.86|
|            | TRU3  | 0.85| 0.25           | 0.9 | 0.86|
|            | TRU4  | 0.87| 0.24           | 0.9 | 0.86|
|            | TRU5  | 0.85| 0.31           | 0.9 | 0.86|
|            | PRI1  | 0.76| 0.43           | 0.9 | 0.86|
|            | PRI2  | 0.88| 0.23           | 0.9 | 0.86|
|            | PRI3  | 0.79| 0.37           | 0.9 | 0.86|
|            | PRI4  | 0.58| 0.55           | 0.9 | 0.86|

**Table 4. Test of Overall Model Fit for Structural Model**

| Model | X2   | RMSEA | ECVI | NFI  | NNFI | CFI  | IFI  | RFI  | CN   | SRMR | GFI  | AGFI |
|-------|------|-------|------|------|------|------|------|------|------|------|------|------|
| Minimum Requirement | >0.0 | <0.8 | -    | >0.9 | >0.9 | >0.9 | >0.9 | >0.9 | >200 | <0.05| >0.9 | >0.9 |
| Estimation Results  | 187.8| 0.059 | 1.37 | 0.93 | 0.96 | 0.97 | 0.97 | 0.91 | 150.67| 0.047| 0.9  | 0.86 |
In step four, they were asked to enter a book that had been chosen along with the price to a form. The limitation of books’ value (Rp.150,000) were made to ensure that respondents saw the price of the products offered, so their perceived price can be measured. After meeting the three criteria above, respondents were asked to fill out online questionnaires in Google Docs (http://docs.google.com). In the questionnaire, respondents were given questions to measure four latent variables: perceived trust, perceived price, perceived value and purchase intentions, using the Likert scale. The total number of questions was 17 questions. Questionnaires were randomly distributed using iMacros program via social media, including but not limited to Facebook, Twitter, and Kaskus.co.id.

Result and Discussion

Respondents’ Profile

Of the questionnaires distributed, 198 respondents obtained. In terms of gender, 60% (119 respondents) of respondents were male, while the remaining 40% (79 respondents) were female. In terms of age, the majority of respondents (59%) aged between 18-25 years, followed by a second group of 26-34 years (30%). Other groups are <18 years (8%), 35-55 years (3%), and above 55 years (0%). Most (47%) had status as students, 65% live in Greater Jakarta, 26% had expenditures between Rp.900,000 - Rp.1,750,000, and 57% had diploma or were undergraduates.

Measurement Model

Validity analysis is focused on the calculation of the offending estimates, t-value, and the standardized loading factors. The test results is shown in table 1.

Twelve statistics are used to measure the goodness of fit of the model, as shown in table 2. From table 2, it can be concluded that the latent variables INT, VAL, TRU, and the PRI have good fit.

Reliability analysis of the measurement model was done by calculating the value of Construct Reliability (CR) and Variance Extracted (VE). The results of reliability testing is shown in table 3.

In the table 2, it can be seen that all variables have CR value of ≥ 0.70 and VE ≥ 05 (Wijanto, 2008). Hence, re-specification to the model is not needed, and it can be concluded that the model is reliable.

Structural Model

After the confirmatory factor analysis (CFA) for measurement model had been done, latent scores were measured for each latent variable. Analysis for the structural model included several criteria:

1. Test of overall model fit
2. Analysis of causal relationship, which include
   a. T-value and coefficient of structural equation
   b. Coefficient of determination (R2)

After testing the fitness of each variable, the fitness of entire model was tested. The is shown in table 4.

From the twelve statistics above, nine fulfill the requirement of good fit. Hence, it can be concluded that the model has good fit.

On the next step, coefficients or parameters that show the causal relationship between latent variables were evaluated, and the hypotheses were tested. The hypotheses are:

H1: Perceived value (VAL) has a positive effect on purchase intentions (INT) for both potential customers and repeat customers
H2: Perceived trust (TRU) in an online vendor has a positive effect on perceived value (VAL) for both potential customers and repeat customers
H3: Perceived trust (TRU) in an online vendor has a positive effect on purchase intention (INT) for both potential customers and repeat customers
H4: Perceived price (PRI) has a negative effect on perceived value (VAL) for both potential customers and repeat customers
H5: Perceived price (PRI) has a negative effect on purchase intention (INT) for both potential customers and repeat customers

The results of the hypothesis testing is shown in table 5.
The coefficients of determination are as follows:

\[ INT = 0.33*VAL + 0.47*TRU - 0.12 *PRI \]

\[ (0.11) \quad (0.11) \quad (0.062) \]

\[ 3.03 \quad 4.40 \quad -1.97 \]

\[ 5.12 \]

\[ Errorvar. = 0.32 \quad R^2 = 0.68 \]

\[ (0.063) \]

The results show that coefficient of determination of perceived trust (TRU) and perceived price (PRI) to perceived value (VAL) is 0.70, which means that 70% of the variance on perceived value is explained by the variance on perceived trust (TRU) and perceived price (PRI).

On the other hand, coefficient of determination of perceived trust (TRU), perceived price (PRI), and perceived value (VAL) to intention to purchase (INT) is 0.68%, which means that 68% of the variance on intention to purchase is explained by the variance on PRI, VAL, and TRU.

**SEM with Multi-sample Analysis**

Hypotheses 6 and 7 tried to find differences between potential customers and repeat customers. As stated previously, these hypotheses are:

*H6:* Perceived trust (TRU) in online vendors has a stronger positive effect on purchase intentions (INT) of potential customers than that of repeat customers.

*H7:* Perceptions of price (PRI) in online vendors has a stronger positive effect on purchase intentions (INT) of potential customers than that of repeat customer.

This multi sample hypotheses used the same research model with the model used to test the all previous hypotheses (H1—H5). The data were divided into two groups (Wijanto, 2008), namely the REPEAT and the POTENTIAL, which consisted of 85 repeat customers and 113 potential customers. The next step was to develop baseline models. Baseline model is a model-specific study for each group that has had a good fit. (Wijanto, 2008).

**Goodness of Fit Tests for Baseline Models**

Data for baseline model REPEAT was tested using 12 goodness of fit statistics. This test results is shown in table 6.

From the 12 statistics, the REPEAT model has eight statistics that fulfill the requirement of good fit and two statistics of marginal fit while the POTENTIAL model has six good fit statistics and four marginal fit. Hence, it can be concluded that both model have good fit.

After both the REPEAT and POTENTIAL groups proved to have a good fit, both models were estimated simultaneously. On this multi sample model, the value of parameters on both the measurement model and structural model were set to be equal. This estimation on the two baseline models with equal parameters is referred as the model A, and the error variance of the intention to buy (INT) and perceived value (VAL) were set to 0.77. The results is shown in table 7.

From the data above, we concluded that the model A has good fit. The number of Chi Square and degree of freedom of model A are 397.08 and 266.
Estimation of Multisample Model with Different Parameter

The next step was to measure the estimation of multi sample model with the values of parameters are set to be different on each group. The parameters to be examined were estimated independently of each corresponding group. This estimation on two groups with different parameters is referred as the model B. The error variance of intention to buy (INT) and perceived value (VAL) were set to 0.77. The results is shown in table 8.

From the data above, it can be concluded that the model has good fit. The number of Chi Square and degree of freedom of model B are 395,80 and 261.

Next, The difference between REPEAT and POTENTIAL groups were estimated by calculating the difference of the Chi Square and degree of freedom between Model A and Model B:

1. Model A: Chi-square (X2) = 397.08, degree of freedom (df) = 266
2. Model B: X2 = 395.8, degree of freedom (df) = 261
3. ΔX2 = X2 Model A - X2 Model B = 397.08 – 395.8 = 1.28
4. Δdf = df Model A – df Model B = 266 – 261 = 5

From the table of distribution of X2, with X2 = 1.28 and df = 5, the p-value we obtained was 0.9369. Because the p-value was greater than 0.05, it can be concluded that there is no structural difference between the REPEAT and POTENTIAL groups. Hence, Model C, which is aimed at measuring the difference in the structural coefficient value of one latent variable to another latent variable, does not need to be done, and hypotheses 6 and 7 are rejected.

Effects of Perceived Trust and Perceived Price to Purchase Intention

To test the hypothesis 8, standardized solutions were compared. As mentioned above, the hypothesis 8 is:

H8: Perceived trust (TRU) in an online vendor has a stronger effect on purchase intention (INT) than on perceived price (PRI), for both potential customers and repeat customers.

From the results of data processing, the results is shown in table 10.

Table 9. Test of Hypotheses 6 and 7

| Hypotheses | Significance | Conclusions |
|------------|--------------|-------------|
| 6          | Significant  | Rejected    |
| 7          | Significant  | Rejected    |

Conclusion

There are some findings that can be drawn from this study. First, the acceptance of hypothesis 1 shows that perceived value has a positive effect on purchase intentions for both potential customers and repeat customers. The more customers feel that they get higher benefits and fewer costs when shopping online, the more their willingness to shop in the store. This is consistent with previous studies conducted by Chang & Wildt (1994) and Dodds et al. (1991).
The reception of hypothesis 2 shows that the perceived trust to an online vendor has a positive effect on the perceived value on both potential customers and repeat customers. The greater the trust of customers to shop online, the greater the value they get from an online vendor. This happens as perceived trust reduces the price of non-monetary transactions, for example by reducing the effort and time customers take to choose an online vendor and reducing risks associated with online shopping (Chiles and McMackin, 1996, in Kim et al., 2011). This ‘trust’ is characterized by the willingness of customers to open themselves, making themselves vulnerable to fraud and unpleasant acts from online vendors. Acceptance of the hypothesis is consistent with previous studies conducted by Jarvenpaa et al. (2000) and Kim et al. (2010).

The reception of hypothesis 3 shows that perceived trust in an online vendor has a positive effect on purchase intentions for both potential customers and repeat customers. The higher the level of customer trust towards an online vendor, the more purchase intention on that online store. This is consistent with previous studies conducted by Chiu et al. (2010).

The reception of hypothesis 4 indicates that the perceived price has a negative effect on the perceived value for both potential customers and repeat customers. The increase in product prices in an online vendor will reduce the utility acquisition if the price of the same products in another vendor has not changed because customers are reluctant to shop at the vendor. This results are similar to the results of the study of Kim et al. (2011).

The reception of hypothesis 5 indicates that perceived price has a negative effect on purchase intention for both potential customers and repeat customers. For the same product, high prices will lead to greater costs for the customer, which then reduces the willingness of customers to try to purchase or repurchase the product. The results of this study are similar to the results of research conducted by Dodds et al. (1991) and Von Neumann and Morgenstern (1953).

The rejection of hypotheses 6 and 7 means that there is no significant structural difference between the effect of perceived trust and perceived price to perceived value, and the effect of perceived trust, perceived price, and perceived value to intention to purchase among potential customers and repeat customers.

The reception of hypothesis 8 means that the effect of perceived trust is greater than the effect of perceived price on the perceived value and willingness to try or repurchase the product. This may be caused by high rates of fraud and the status of Indonesia as the world’s highest cyber-crime rate (Sutanto, 2009), so that customers prefer to buy from an online store that they trust rather than just providing low prices. This is consistent with Kim et al. (2011).

Managerial Implications

For the reason that both potential customers and repeat customers have equally positive view of the high level of trust and negative view to high prices, both price-oriented strategy and trust-oriented strategy are equally necessary. In other words, online vendors can reach larger market share if they are able to sell at lower prices than do the competitors, and at the same time get a higher level of trust from the customers.

However, the result of hypothesis 8 suggests that the effect of trust is stronger than the effect of prices on the perceived value and willingness to try or repurchase the product. Thus, when resource is limited, online vendors should more focus on increasing customer trust rather than lowering the prices.

On the results of hypotheses 6 and 7, it was concluded that there is no difference between the attitudes of potential customers and repeat customers.
customers. On both group the effect of perceived trust is stronger to intention to buy than is to the effect of perceived price. This suggests that the customer-based price discrimination strategy should not be imposed; both groups of customers should be given same features and equal prices.

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