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Internet Business: How Perception of Benefits, Risks, and Ease in Decision Making

Andi Faisal Bahari, Jafar Basalamah*, Muhammad Ashoer, and Muh. Haerdiansyah Syahnur

Abstract:
Research aims: The reason for this examination is to decide the temporary, semi-dominant, and dominant effects of the three independent factors, in particular the perception of benefits, risks, and ease on the dependent variable, specifically decision making in e-commerce.

Design/Methodology/Approach: The methodology used was a purposeful examination method, in which the testing focuses on particular qualities or characteristics considered to be communicated to the population or have certain qualities according to the issues raised. The total sample was 60 participants from the announcement through Joseph F. Hair’s theory, whereby the number of tests used in non-like evaluations varied from 15 to many times that of the exogenous factors.

Research findings: The study findings have consequences in two principal aspects, both management consequences for online products/service suppliers, which provide an empirical picture of the need to constantly balance the ease and benefit factors of online market and package unit requirements of the same urgency.

Theoretical contribution/Originality: This research was carried out to explore and examine customer decision-making in using the internet about their perception of benefits, risks, and ease of using it.

Research limitation: This research has advantages for the online marketplace to know how customers perceive their product or services.

Keywords: Perception of Benefit; Risks; Ease on E-commerce

Introduction

Innovative advances and globalization issues are the triggers that urge associations to change the manner in which they figure out how to confront rivalry challenges through continuous improvement in business practices centered around purchasers. In this regard, quick and exact data is a type of data required by the general population and organizations to manage changes in customers’ points of view in picking an ideal product. The quality of information is sensitive, given that data are a tool for fundamental management. Speedy data would allow marketers to solve the challenges. Advancements in innovative phone systems, intuitive satellite TV, PCs, online management, and the internet have made data collection faster and easier (Paul, 2006).
Since the web was created for business purposes, organizations embrace it in their business activities. It is because the web can cover all areas, possibilities, and rapid data transmission, which needs a relatively low cost (Adelaar, 2006). The intrigue and grandeur of buyers and web associations are the easy way to meet customers and partners 24 hours a day, the efficiency, the availability of spaces, generally "limitless" decisions, personalization, the possible sources of data without a mediator, and much more (Chandra, 2001). The appeal of utilizing the web is likewise upheld by the assessment of Hasugian (2006), who contends that "the internet is known as a boundary-free data community since it can interface one data place or webpage to another data website in a moderately quick and straightforward way.

Moreover, electronic commerce (e-commerce) means distributing, buying, selling, and marketing goods and services through electronic systems, such as the internet or TV, web pages, or computer networks. In addition, electronic money transfers, electronic data transfers, automated inventory management systems, and automated data collection systems may also be used in e-commerce. Consumers can practice comfortability due to changes in behavior patterns and needs due to technological advances and information flows, which means they need speed and precision to satisfy their requirements.

In order to ensure the speed and consistency of the community's needs, the improvements to the e-commerce model must also be transformed into more modern technologies and information packaging, where e-commerce provides a competitive advantage, namely the space and time elimination principle. Besides, the abundance of internet media in every city enables customers to conveniently, rapidly, and cheaply access and use internet services for e-commerce. This condition illustrates that Indonesia is one of the most promising technology markets in Asia, so researchers and companies in Indonesia need to understand the behavior of internet users in this country. It can be seen from the use of smartphones in the general population in urban Indonesia, which has reached 88%. So far, device ownership is one of the most significant factors influencing consumer shopping behavior; the availability of high-speed connectivity and growing online offerings will increasingly influence e-commerce growth. Specifically, in the South Sulawesi Province (TEMPO.CO 11-15-2017), internet business practitioner Ferry Prastyo said that Makassar City became the second largest city after Jakarta for its internet penetration. For South Sulawesi, the penetration rate was around 44 percent, or around 3.7 million people actively used the internet. "The biggest is in Makassar," he stated. The number of internet users is allegedly due to the economic growth factor of Makassar City, which continues to grow. Although the Indonesian economy is sluggish nationally, the internet is widely used to communicate and carry out buying and selling transactions. "The e-commerce traffic in Makassar is substantial, according to Tan & Lee (2019), because Makassar people are fond of shopping."

The phenomenon described implies a very significant public interest in using internet media for business transactions. However, the obstacles are the delivery time of ordered goods, lack of quality, and the designs that do not follow the ordered goods' specifications, thereby harming customers since the goods are delivered incoherently. As a result, Indonesians still do not trust online shops. Different forms of corporate ethics
breach issues are frequently faced by businessmen from online shops. In addition, related advertisements in online shops make it hard for people to shop online. The group’s inexperience in not seeing and checking the offered goods complements these concerns. It would lead to increasingly intense online competition, for example, forcing online stores to pay attention to the factors that make online fashion stores thrive, expand, and evolve. In this case, online fashion stores are more required to move faster and faster. Online fashion stores must also pay careful attention to customer actions and the factors affecting consumer buying decisions.

**Literature Review and Hypothesis Development**

The technology acceptance model (TAM) is one of the models built to analyze and understand the factors that influence the acceptance of the use of computer technology, which Fred Davis first introduced in 1986. This model shows that when usage is presented with new technology, several factors will influence consumer decisions. Factors that this model has recognized are perceived usefulness and perceived ease of use. Jogiyanto (2007) mentioned that the perceived usefulness of decision-making (perceived use) is an expectation. Therefore, if anyone feels the system is useful, he will use the information system. The perceived use is also often called utility interpretation. Wibowo and Viverita (2007) explained that health perception is described as a measure to provide value to people using information technology. Measurements of the IT use include the use or ease of work and use and productivity or increase in efficiency and effectiveness of time. Values here are viewed as beliefs in the decision-making process. It means that someone feels that the system is useful, then he will use it.

Furthermore, Kotler and Keller (2012) revealed that consumers' decisions to modify, delay, or avoid purchasing decisions are strongly influenced by perceived risk. The amount of risk varies according to the amount of money at stake, the magnitude of the attribute uncertainty, and the level of consumer confidence. On the one hand, consumers develop certain routines to reduce risks, such as avoiding decisions, gathering information from friends, and preferences on brand names and guarantees. On the other hand, marketers must understand the factors that give rise to consumers' feelings about their existence and provide information and support to reduce their perceived risk.

The negative benefits of customers are often referred to as risks, which consumers can obtain when consuming or not consuming a commodity. Consumers also perceive a competitive advantage, called perceived risk, because they consider these benefits. Meanwhile, risk perception is characterized by Sciffman and Kanuk (2000) as uncertainty for consumers when the effect of buying decisions cannot be predicted. The presence of ambiguity and consequences is two crucial aspects that explain this perceived risk.

For customers, benefits or results are felt after a product is purchased or consumed. Referring to Solomon's opinion as quoted in Sumarwan (2009), risk perception is characterized as a belief in the negative consequences of potential products. This risk perception is posed to consumers if the decision to buy requires a broad knowledge...
search (Cho, 2015). The types of risk perception can be divided into four types: (1) Economic risks that occur because of the possibility of consumers experiencing monetary losses. (2) The personal risk that occurs because of the possibility that some products and services are not convincing. (3) Seller performance is the risk that occurs because consumers cannot monitor the seller perfectly. (4) Privacy risk occurs due to the possibility of theft of personal data and illegal distribution of personal data.

In addition, risk perception will arise in consumers’ minds if the purchase decision involves extensive information search. The types of risk perception can also be separated into two types: (1) Financial risk (economic risk) occurs because of the possibility of consumers experiencing monetary losses. (2) Product risk occurs due to the possibility of unconvincing products and services.

Meanwhile, perceived ease of use (Chin & Todd, 1995) was described as how computer technology can be understood and implemented relative to individual expectations. In other words, perceived ease of use is the extent to which people expect access to websites to be completely accurate.

Attitude to using something is an attitude towards a product, either liking or criticizing the actions of someone who wishes to use or not use a product, which can be predicted by using an attitude that is similar or not similar to a product. This perceived ease construct is also a confidence in the decision-making process. Wibowo and Viverita (2007) noted that the perceived ease of use is described as a way to make it easy to understand and use information technology. A few measures of the effectiveness of using a website include easy-to-read content, ease of payment, easy-to-use online shop sites, and ease of searching or finding information about products and services (Renny, Ruhama, & Sarjono, 2013; Pavlou, 2003).

With many hypotheses and previous studies, this article looks at this phenomenon. Assuming that comes up, the following seems to be:

\[ H_1: \text{Perception of benefits has a significant positive effect on online purchasing decisions} \]

\[ H_2: \text{Perception of risk has a significant positive effect on online purchasing decisions} \]

\[ H_3: \text{Perception of ease has a significant positive effect on online purchasing decisions} \]

**Research Methods**

The population in this study was all online customers in Makassar who had made purchase transactions through internet media. So far, no accurate data can mention the number of e-commerce users in Indonesia and precisely in Makassar. Therefore, the size of the population in this study was unknown, so the sampling technique used was in the category of non-probability sampling (Sekaran & Bougie, 1992; Black & Champion, 2001; Cooper & Schindler, 2003).
The technique used in determining the sample was a purposive sampling technique with specific considerations (Sugiyono, 2009). The sample criteria in this study were online customers in Makassar who had made online purchases at least three times. Consideration of making purchases online at least three times was taken because by making purchases at least three times, respondents already had more experience than respondents who only made one or two purchases online, making it easier for researchers to get more accurate research results. The minimum number of samples used in non-probability sampling ranges from 15 to 20 times that of the independent variable (Hair Jr et al., 2016) In this study, there were three independent variables: (X1) perception of benefits, (X2) perception of risk, (X3) perception of ease. Thus, the minimum number of samples in this study was 60 respondents (20 x 3 = 60).

The data analysis method employed in this study was multiple linear regression equation analysis, t-test, F-test, coefficient of determination (R2), and classic assumptions (multicollinearity, heteroscedasticity, and normality). Regression shows the relationship between one variable with another variable, where one variable influences the other variables. The multiple regression formula is:

\[ Y = a + b_1x_1 + b_2x_2 + b_3x_3 + e \]

Where: (Y): Online purchasing decision. (X1): Perception of benefit factor. (X2): Perception of risk factor. (X3): Perception of ease factor. (b1, b2, b3): Regression coefficient/Parameter. (a): Constant. e: Error Factor.

**Results and Discussion**

Based on the data collection results, the characteristics of respondents collected were 101 respondents. Then, based on the dominant age of vulnerable respondents, 18-25 years = 82.2%, 26-33 years = 14.9%, 34 years = 1%, and 21 years = 1%. Based on gender characteristics, male respondents were 20%, and women were 80%. Based on this study’s results, the dominant respondents of 101 stated that online shopping was done once/week (7.1%), once a month (54.8%), and more than once a month (7.1%).

![Figure 1 Online Shopping Site Platform Visited by Respondents](image.png)
Based on Figure 1, it can be seen that the platform used by respondents in choosing online shopping media for the social media category was dominant in Instagram (61.9%), followed by Facebook (16.7%). For social media platforms based on chat, the dominant application the respondents chose to shop was WhatsApp chat application (9.5%), while the Blackberry application was only 1.2%. As for the e-commerce platform, the dominant respondents chose to shop on the Shopee website (63.1%), Lazada (45.2%), Tokopedia and Bukalapak (16.7%), Zalora (8.3%), and JD.id, Catch of the day, Berrybenka, Althea, Hijup and Alibaba (1.2%). Respondents also chose to shop at the product’s official website (14.3%).

Further, the value of convergent validity is the value of factor loading on latent variables, with the expected value indicator of > 0.7 (Morimoto, 2018) (Santoso et al., 2014). However, at the research stage of scale development, loading 0.4-0.6 is still acceptable (Ramlawati et al., 2019). Convergent validity itself was done by looking at the discriminant validity value, comparing the square root value of average variance extracted (AVE) of each construct and the correlation between construct with other constructs in the model. If the AVE square value of each construct is greater than the correlation value between the construct and other constructs in the model, it is said to have a good discriminant validity value. Meanwhile, the discriminant validity of the measurement model with reflexive indicators was assessed based on the cross-loading measurements with the construct. If the construct’s correlation with the measurement items is greater than the size of other constructs, it indicates that latent constructs predict their block size better than other block sizes (Santoso et al., 2014). Discriminant validity can be tested by comparing the CR value of the square root of AVE with the correlation value between constructs (Rambocas, Kirpalani, & Simms, 2018). In addition, composite reliability with the requirement that data with composite reliability > 0.6 has high reliability (Chin, 1998). Cronbach Alpha or reliability test states the extent to which the variables can be expressed reliably in measuring the dependent variable. Based on the Table 1, it can be concluded that overall, the model construct testing was acceptable and complied with the PLS analysis requirements.

| Table 1 Goodness of Fit | Saturated Model | Estimated Model |
|-------------------------|----------------|----------------|
| SMRM                    | 0.104          | 0.104          |
| d_ULS                   | 0.715          | 0.715          |
| d_G                     | 0.07           | 0.07           |
| Chi-Square              | Infinite       | Infinite       |
| NFI                     | 0.8            | 0.8            |

| Table 2 Multicollinearity Test | VIF |
|--------------------------------|-----|
| Perception of Ease             | 1.218 |
| Purchase Decision              | 1.276 |
| Perception of Benefit          | 1.410 |
| Perception of Risk             | 1.424 |
Based on Table 3, it can be seen that the perception of ease variable had reliability of 0.363 = 36.2% on purchasing decisions, the perception of benefit variable of 0.043 = 4.3% on the purchase decision, and the perception of risk variable of 0.772 = 77.2% on the purchase decision.

Based on the Table 4, it can be stated that the ease_1 dimension was the most dominant dimension forming the perception of ease. Decision dimension_1 was the dominant dimension that set the purchase decision variable. The benefit dimension_1 was the most dominant dimension in arranging the perception of benefits variable, and the risk dimension_2 was the dominant dimension forming the perception of risk variable.

Based on the Table 5, it can be seen that perception of ease had a significant effect on purchasing decisions (0.016 <0.05) with the value of influence (t = 2.428). Perception of ease also had a significant effect on the perception of risk (0.000 <0.01) with the effect value (t = 47.151). In addition, the perception of benefits had a significant effect on purchasing decisions (0.000 <0.01) with the value of influence (t = 7.428). However, the perception of benefit did not significantly influence the perception of ease (0.066> 0.05), nor does the perception of benefit affected the perception of risk (0.203> 0.05). The perception of risk also did not affect purchasing decisions (0.188). The path analysis can be seen as in the Figure 2.
The Figure 2 presents the answers to the questions contained in the hypothesis raised earlier. Perception of benefits had a positive and significant effect on purchasing decisions ($t = 0.505$, sig level $0.000 < 0.01$), and perception of ease had a positive and significant effect on purchasing decisions ($t = 0.394$, sig level $0.009 < 0.05$). Meanwhile, the perception of risk had no effect on purchasing decisions ($t = -0.202$, sig level $0.188 > 0.05$).

In the perception of benefits variable on online purchases, the primary consideration for making someone decide to make an online purchase was the feeling of ease of purchasing via the internet (benefits_1). This dimension was also the most dominant dimension that contributed to forming the variable of perceived usefulness. In today’s era, consumption patterns, which were initially based on conventional consumption, have gradually shifted to distribution channels that use the internet. Of course, this purchasing behavior is also based on the development of information technology, and the conditions are increasingly crowded and noisy if individuals want to shop directly at the store. It is undeniable that a transparent form of access to the online market can be felt, making a person more active or impulsive in shopping than shopping offline (conventional). The limitations of product types, sizes, and shapes of access to offline purchases are the reasons for the rise of online purchasing decisions. Online purchasing behavior certainly feels to provide added value and more benefits because it is considered to save time and tends to be faster and practical, especially in this era. This empirical testing states that online purchasing decisions are based because most consumers felt the benefits obtained.

Concerning the perception of ease, it turns out that the benefits offered in the online purchasing process were not significant to the perception of ease in shopping online itself. The content in presenting the concept of online shopping must be easily learned by potential customers. Content can be in the form of design rather than the online shop.
website itself. Alternatively, it can also be interpreted that the presentation of online shop content platforms must also be available in the form of applications on mobile phones. This availability on the mobile phone is essential for online shop entrepreneurs as a form of strategy in providing services to prospective customers. Moreover, the ease in the process of shopping online can have more benefits if the ease of doing transactions can be adequately organized. Today, few consumers complain that the transaction process seems complicated, starting from the bargaining process, product consultation with the seller in the pre-purchase process, to the form of post-purchase service, which still feels less than the maximum. On the other hand, all potential customers desire a quick response and the online purchasing process that is not much different from offline buying (conventional). Even in the online purchasing process, services are demanded to be more excellent than offline purchases, considering that the buying process is not face-to-face. Of course, providing potential customers with product information requires a little extra struggle to convince them that the product they buy will live up to their expectations. Apart from the service process, the ease of online transactions is also included in the various payment methods provided to potential customers. Today, the vastness of payment methods responds to the e-commerce marketplace challenges, which no longer makes a payment via bank transfers but is a payment method that works with third parties (minimarket franchises) or fund deposit systems on the online shop website with the theme of Fintech (financial technology), such as OVO-pay, grab-pay, and go-pay services, as a form of various payment methods to achieve excellent service to consumers. Thus, if the ease of the online purchasing process can be maximized, the principle of benefits in transacting online is a complete package in shaping consumer purchasing decisions in the online shopping market.

As observed from Figure 1, the path analysis on the perception of benefit variable was insignificant to the perception of risk, both product risk and financial risk. In the online marketplace category, fraud often occurs that affects consumer’s financial risk, or the products presented on online website pages do not match consumer expectations when they receive the product. Cases like this are rife. Based on this study’s results, most respondents stated that the goods they bought online did not always match their expectations. The non-conformity of expectations could be in the form of discrepancies in product color, shape, and size, or even the product’s originality displayed with the products they receive after making a purchase. It should be a concern for providers of goods/services that use online marketing channels to respond to this and be a concern for the government or anyone who has the authority to protect consumer rights. In addition, based on this study’s results, the majority of respondents made their dominant online purchases through social media "Instagram," and very few used online shopping services of third parties (trusted online shop companies), such as Lazada, Bukalapak, JD Id, Tokopedia, Shopee, etc. In this case, the risks of mis-expectation and even fraud cases are very difficult to avoid if consumers make port-to-port or direct purchases without third parties (such as shopping directly on a social media account). Therefore, consumers must also be intelligent and careful in conducting transactions online. It is recommended to using third-party services or shopping on trusted online shop sites (Lazada, Bukalapak, Tokopedia, Shopee, etc.) because online shop applications that work as third parties are moderators that bring together potential buyers and sellers only as a market. Of course,
the presence of third parties can reduce the risk of product miss-expectation and financial risk.

Moreover, this study’s results do not fully support some results of the previous studies. Broadly speaking, some previous studies interpret their research results based on the straight-line method and stand-alone between the perception of benefits, use, and risks, which are regressed separately to the purchase decision variable. In this study, the final conclusions as to why there are differences in research results, especially on the perception of risk factors that do not significantly influence purchasing decisions, are assumed to be a large risk such as product risk and financial risk, which is considered dangerous to make consumers not make choices about the online shopping model. Apart from that, in this study, the model built was also falsified (interrelated with each other) and did not make the risk variable an independent variable but an intervening variable and a moderating variable (Figure 1). This study's results also revealed the empirical fact that risk perception was not directly proportional to online purchasing decisions. However, the principle of the benefit of online transactions and the principle of ease of transaction is the primary keys that play an essential role in determining consumer purchasing decisions.

Conclusion

The study findings have consequences in two principal aspects, both management consequences for online product/service suppliers, which provide an empirical picture of the need to constantly balance the ease and benefit factors of online market and package unit requirements of the same urgency. In addition, it is considered suitable to build user-friendly content for customers by making a personal online shop website, which lists all identities in full or can even extend its marketing channels by opening branches in third-party e-commerce to increase their reputation and goodwill. It is to guarantee that trust between buyer and seller is wholly realized in any transaction considered appropriate. It is deemed appropriate for consumer-friendly content. On the other hand, customers are required to be clever and cautious in online shopping, such as carefully researching all product information they wish to purchase or opting to shop on the trustworthy website offered by third-party e-company businesses to prevent the risk of product failure and financial risk.

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