SUMMARY

SHIDIQI HIRZIANTO. Effect of E-WOM, Prior Online Purchase Experience, and Openness Personality to Online Trust and Purchase Intention on Instagram. Supervised by LILIK NOOR YULIATI and KIRBRANDOKO.

The popularity of online shopping in social adoption media has given birth to a new e-commerce phenomenon called social commerce (s-commerce). S-commerce considers as part of e-commerce that uses social media to facilitate social interaction between consumers and sellers. The most used social media in Indonesia are Instagram 82.6%, Facebook 66.5%, and Path 49.6% (APJII 2017). In general, Instagram is used as a platform for sharing photos and videos between users. However, in recent years, more people made virtual stores on Instagram. This was supported by the Jakpat survey data (2017), online sellers in Indonesia who used Instagram platform were at 26.02% in 2015 and increased to 60% in 2017. This thing made competition among sellers on Instagram. However, based on the Jakpat survey data (2017), Instagram users who buy online only 12%, this number is a small number compared to other activities such as give like (63%), post photos (57%), read lines time (55%), watch videos (52%), and give comments (47%).

There are five latent variables in this study, E-WOM, prior online purchase experience, and openness personality as independent variables, online trust as an intervening variable, and purchase intention as the dependent variable. The objectives of this study are (1) to identify E-WOM, prior online purchase experience, openness personality, online trust, and purchase intention in Instagram, (2) analyze the effect of E-WOM, prior online purchase experience, and openness personality to online trust in Instagram, (3) analyze the effect of E-WOM, prior online purchase experience, and personality openness to purchase intention in Instagram, (4) analyze the effect of online trust to purchase intention in Instagram, and (5) formulate managerial implications that can be applied to seller in managing marketing activities through Instagram.

This research was carried out in August to September 2018. The research used quantitative descriptions with online survey methods using Google Form. The research respondents were determined by purposive sampling technique. The criteria of respondents of this study were consumers who had shopped online on Instagram, had criteria for ages 20-35 years (millennials generation) and shop for clothing or cosmetics products at least once in a past month. This study used a sample of 196 people in clothing products and 197 people on cosmetics products. Data processing in this study was carried out by descriptive analysis and Structural Equation Modeling (SEM). Data is processed with Microsoft Excel, SPSS 17, and AMOS 21 software.

Based on the results of the study, the characteristics of respondents were in the age range of 20-25 years. The majority of respondents is women. The domicile of spending the most through Instagram is West Java. Respondents have jobs as private employees dominate shopping activities through Instagram by spending ≥ Rp. 3,000.001 and last degree education.

Based on descriptive analysis, the majority of respondents in clothing and cosmetics products assess the indicator of frequency accessing information from Instagram has the biggest contribution in forming E-WOM. In addition, the
majority of respondents to clothing and cosmetics products judge that easy-to-use Instagram indicators have the biggest contribution in forming prior online purchase experience. The majority of respondents to clothing and cosmetics products have dominant openness personality with indicators sensitive to aesthetic as the biggest contribution in shaping openness personality. The majority of respondents rated sellers on Instagram as trustworthy, with indicators having sufficient knowledge in conducting business as the biggest contribution to clothing products and indicators able to handle transactions well on cosmetic products. The majority of respondents to clothing and cosmetics products have a dominant purchase intention with indicators of the possibility to buy products from sellers as the biggest contribution in shaping purchase intention.

Based on the goodness of fit evaluation, this research model were good fit and marginal fit so that it is feasible to test the hypothesis. The results of this study on clothing products all hypotheses are accepted. E-WOM has a positive and significant effect on online trust and purchase intention. Prior online purchase experience has a positive and significant effect on online trust and purchase intention. Openness personality has a positive and significant effect on online trust and purchase intention. Online trust has a positive and significant effect on purchase intention. In cosmetic products almost all hypotheses are accepted, only the sixth hypothesis that is rejected, prior online purchase experience has a positive and insignificant effect on purchase intention. E-WOM has a positive and significant effect on online trust and purchase intention. Prior online purchase experience has a positive and significant effect on online trust. Openness personality has a positive and significant effect on online trust and purchase intention. Online trust has a significant effect on purchase intention.

The managerial implications on clothing products are to increase online trust by telling the actual product conditions to prospective customers such as the quality and material of the clothing, the clothing product is genuine or imitation, the size of clothing must also be clearly determined. E-WOM on cosmetic products play an important role in purchase intention. Sellers must pay more attention to the many opinions written by consumers on Instagram. Sellers can take advantage of the highlight feature on Instagram, sellers can collect opinions written by consumers to be well organized or sellers can create new accounts specifically for consumer testimonials, so that Instagram users are more confident and stimulated to make purchases.

Keywords: E-WOM, purchase intention, online trust, openness personality, prior online purchase experience