Formative variables of trustworthiness on Instagram online sellers

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Abstract

This research aims to develop an indicator of trust in Online Seller Application Instagram. Instagram is a sharing picture application that used uniquely by Indonesian as a medium for a seller and buyer to meet. Deception was the biggest risk when people used online shopping. This study identifies an indicator of trustworthiness in Instagram Online seller application. Four indicators were proposed and proven could measure trust in online sellers. There are some followers, price rationality, image quality and seller response. Samples from this study were users of Instagram Online users. Total 20 informants for qualitative study and 488 respondents for the quantitative study participated in this research. This research used the mixed method. A qualitative method to identify and classify potential indicator for trustworthiness on Instagram seller, while quantitative method was used to measure the construct validity and reliability of trustworthiness on Instagram online seller. The result show that from 12 indicators that represent trustworthiness in Instagram online seller, it could classify into four variables by using Exploratory Factors Analysis (EFA). This research imply for Instagram seller, they should pay attention to factors that found by this research to gain trust from the customers.

Keywords: Trustworthiness Construct, Instagram Online Sellers, Exploratory Factor Analysis, Mixed Method.

INTRODUCTION

The rapid development of the internet help the customers compare prices, quality and product review from others parties. The rapid development of internet also catalyzes person to be a part of Online Seller. Nowadays, anyone can create Instagram account. It's a good opportunity to all parties to be an online seller through network sharing application Instagram. But it is also an opportunity for someone who has bad intentions to decept through Instagram. There were 600 reports online fraud cases in Jakarta, Indonesia on 2013, and will continue to increase (Tempo, 2013). This does not include those who did not report a loss from fraud selling/buying online.

Instagram is a sharing picture application that allows users to take photos, apply a digital filter, and distributed them to various social networking services. There is a shifting function on Instagram that initially a media for photos sharing with friends and other community, becoming one of the media to meet between buyer and seller by online.

Each website of purchase applications have characteristics that are very unique and different from each other. Instagram used by Indonesian to conduct consumer-to-consumer business that has a high fraud risk in the absence of a third party that facilitates consumer safety. Opportunity to act fraud becomes its own context on Instagram, despite the risk of fraud, but the trend of selling/buying online at Instagram still very popular in Indonesia because of the easiness to enter this business.

The aim of this research is to develop the factors that create consumer trust in online transaction. More specifically on Instagram application, which was originally a photo sharing application, but is currently utilized as a medium for consumer-to-consumer business. Four factors were proposed to be an indicator of trustworthiness in Instagram application based on the result of interview, there are: 1) the number of followers, 2) price rationality, 3) image quality, and 4) seller response. All of them are proposed as an

indicator because Instagram application facilitates number of followers and use pictures as the main tool to promote. Price fill in because consumers consider the rationality factor when looking at a picture with reasonable price. Seller response is one of the indicator of trustworthiness because potential buyer must have a contact by online with the seller before decide to buy the product.

Trust is a construct that can have a wide range of the measuring element. This is because the trust has various kind of context. This study contributes to arrange the elements of the construct of trustworthiness in the field of selling/buying online. The target application is Instagram. Identify the determinant of trustworthiness becomes important on Instagram application because Instagram is a social media application that can be used by consumers as a marketing tool in the online business. The absence of a third party to mediate the transaction between the seller and the buyer makes the opportunity of deception between both of them. Before someone decides to buy, previously they need to build trust towards the seller. If the trust is formed before transaction, the possibilities to make a deal between seller and buyer will be higher. This study successfully identifies the factors that create trustworthiness in online seller application Instagram.

LITERATURE REVIEW
Prior Research
Some researcher already examines the indicator of trust (see Bente, *et al.*, 2014; Dabholkar and Xiaojing, 2012; Soo and Ahn, 2006; Strated and Sridar, 2002). Bente, *et al.* in 2014 found that the avatar's face and the value of the reputation are an indicator of trust in the game online transactions. The study found that people with a collective culture such as Arabic would be more focused to the avatar's face, while society with individualist culture such as Germany prefers the seller's online reputation.

Dabholkar and Xiaojing (2012) found that customer satisfaction and customer participation is a factor that can increase customer's trust in online retailers. Dabholkar and Xiaojing research considering agent recommendations in their study to examine trustworthiness on online seller. There are still few researchers who observe online sellers with the absence of recommendations from agent such as Instagram. Satisfaction and recommendation agents cannot be used in this study because the study focused on the first person's decision to buy on the online shop in Instagram. Satisfaction is not formed on the first experience of buying goods.

Soo and Ahn (2006) propose a model, which forms trust in online sales. The study proposed that four factors can affect confidence in online sales is a long relationship between the seller to the buyer, the seller characteristics, characteristics and tendency to trust the website. This study focuses on the reputation of the seller at the online store at Instagram. This study identifies factors that become consideration of the buyers before making a transaction with the seller on the online store Instagram.

Strated and Sridhar (2002) found that the price and trust the seller is ranked as first and second on the consumer to make transactions on the online store. Price becomes a major consideration 39% of participants, following trust as the second position with 38.9%. The third and fourth are familiarity with the seller (16.5%) and the size of the company selling (5.6%). This study emphasizes on the trust as a factor on the Instagram seller. While the price as the first consideration based on Strated and Sridhar (2002), this research differentiate by examine the price as a determinant of the trustworthiness on Instagram.

Trust
Trust has been shown to have an important role in human relations, organizational behavior, conflict management and business transaction (Dirks and Ferrin, 2001). Although trust is something important, but it is not easy to give a real conceptualization of it.

Definition of trusts from seniors to staff in organization is different from trust, between the buyer and seller. This research defines trustworthiness in the field of buying and selling online. Buyers will decide whether he trust to the sellers or not before deciding to make an online transaction.

Research on non-online purchasing shows that the interaction between consumers and seller can boost trust (Sallee and Flaherty, 2003). This research was conducted on online purchasing application Instagram that has no agency recommendation on the application. Someone who has Instagram account will easily conduct transactions without the presence of a third party. Four factors that proposed in this study as

determinant of trust in the online purchased application Instagram, are: 1) number of followers, 2) price rationality, 3) image quality, and 4) sellers response.

Number of Followers
The owners can use the number of followers on Instagram to determine the number of accounts that follow the various photos that uploaded. The more followers on Instagram account, the more people see the photos. This is a good indication for a person who uses their Instagram account as a medium to conduct buy/sell online. The more people see your photos on Instagram, it will increase the probability of the followers interested to the product. Such interest could end up in a person's decision to buy a product from the Instagram account. Number of followers could increase potential buyers' perception that the seller has a lot of customers in the past. It's mean that a lot of people already had dealing with the seller in the past. That's why number of follower's on Instagram could increase the perception of trustworthiness on seller.

Price Rationality
Price is the nominal attached to a product. Price became one of the proposed indicators of seller trustworthiness. Rationality of the price is the main issued that address in this research. Expensive price is not always an indicator that the product sold by irrational price. This is because sometimes-cheap product could make consumers sanctions about the quality of the products. Prices here are determined how fit the price tag when compare with other sellers and with the quality of the products that offered by the sellers. High prices with high quality will make it acceptable for customers, and vice versa.

Image Quality
The Indicators of picture quality as determine of trust is a contextual indicator that only appears on online seller. Sellers set up pictures of the product then be viewed by prospective customers. The ability of sellers taking the picture as products can affect the customers' trust to the seller. The image quality of the product could improve customer trust perception. If the seller post low pixel image product, it could signal to the customer that the seller don't seriously sell the product. The customer's perception because of the low image quality could decrease trustworthiness to the online seller. So, if the online seller want to be trusted by the customer, it's important to post good image quality about the product.

Seller Response
The speed and quality of the seller's response could be a determinant of trustworthiness on online purchasing. Buyer sometimes indicates quick and kind response as a serious seller. Sellers that labeled as serious sellers by the buyers will have higher trust perception score by the buyer and vice versa.

HYPOTHESIS DEVELOPMENT
Four factors are used as a trust indicator, there are the number of followers, price rationality, image quality and seller response. The number of followers is used as one of the factors that can be used as a trust indicator in the online sellers in Instagram. This is because of the large number of followers can be indicated that the seller has had many previous customers. More and more customers previously measured by number of customers can make the prospective buyer has a secure feeling when making a transaction. Feeling safe to have a transaction with online sellers is a form of trust to the sellers.

The second factor is the rationality of the price. The rationality of the price rise by prospective buyers to compare the price of a product by product at other stores, but it also compared between price and specification offered. The rationality of the price when the price of a product is not too low and not too expensive when compared with other stores and conformance to the quality. Too low price when offered a high specification can lead customers into suspicious and insecure. The picture quality put forward as one of the indicators of the construct of trust that is because the key information provided from the seller to the buyer is put on image and text written on photos uploaded on Instagram. The quality of the image could improve customer trust into the online seller. The last factor is seller's response, quality and speed of the sellers response create a positive signal to the buyer. The buyer will indicate the seller as serious sellers if they have quick and kind response. Based on the description the hypotheses of this research is:

H$_1$: The number of followers, price rationality, image quality and sellers response are an indicator that can form trustworthiness in Instagram online purchase application.

RESEARCH METHOD
Data Collection
Two kinds of data were collected in this research. There are qualitative data that generate from focus group discussion and quantitative data from questionnaire. Focus group discussion conducted to identify determinant factors of trustworthiness on online sellers, while questionnaire was examining the validity and reliability of the instrument that already identify by the focus group discussion.

One-on-one Interview
One-on-one interview with open-ended question was conducted to identify the determinant of trustworthiness on Instagram online purchase. There are 20 informants who has selected as a repetitive buyer on Instagram. Researcher using open-ended question to collect all the data that arise from the informant, neutralized and not direct the informant into researcher opinion. Each participant takes around 60 minutes each. To maintenance the quality of the interview, two-research assistant was trained to help the researcher execute the interview. Total 4 interviewers who have the same perception start the interview the informant for 2 days. The result of this stage, researcher was successfully identifying 4 variable that have high potential to be determinant of trustworthiness on Instagram online purchase application. There are: 1) number of followers, 2) price rationality, 3) image quality, and 4) sellers response.

Focus Group Discussion
Before the instrument was distributed to the participants both online and offline, it takes FGD to further finalize the proposed instrument. The aim of this FGD is to create the questionnaire that will examine the validity and reliability of the trustworthiness model on Instagram online purchase applications. It's start from the four variables that has been found in the interview. This group carefully creates and discusses the question that could measure the proposed variable. FGDs were held at the Faculty of Economics and Business by inviting lectures and observer of online purchase application. There are, five observer of Instagram purchase and three online marketing lecturers participate in this study. It takes 2 hours on FGD to create the instruments.

Here is the instrument of trustworthiness as a result of FGD of this research: 1) Number of Followers consist of: a) Before decided to buy the product on Instagram do you consider the number of followers of the account?; b) Do you consider that the higher number of followers of online Instagram seller, the more they can be trusted?; c) If you found low number of followers from online Instagram seller, there is an insecure feeling into the seller?; 2) Price Rationality is consist of: a) Do you consider the price tag of the product before making a transaction on Instagram sellers?; b) Are you worried about the fraud if there are goods with high quality but have a cheap price tag?; c) Do you worried about the fraud if there are goods with quality standard but have a high prices tag?; 3) Image Quality consist of: a) Do you consider the picture quality that posted on the online seller account?; b) If the seller post low image quality on Instagram, does it reduce your trust perception of the seller?; c) If the seller post high image quality on Instagram, does it improve your trust perception of the seller?; 4) Seller Response consist of: a) Does the speed of the seller to respond customer's questions become your consideration in deciding to trust the online sellers on Instagram?; b) Do friendliness seller responds to answer your questions become your consideration in deciding to trust the online sellers on Instagram?; c) Do the personal service that the seller give to you when you ask about the product, become your consideration to trust the online sellers on Instagram?

Pilot Test
Pilot tests in this study carried out to examine the research instruments that have been discussed in FGD. The participants are students of Faculty of Economics and Business who have an experience to buy product on Instagram. Total 56 participants registered in the pilot test. Total participants who attended the pilot test are 40 participants. Participants who followed the pilot test were asked to fill out a questionnaire as the result

from Focus Group Discussion and asked to comment on the questionnaire given. The results of the pilot test showed that all participants can easily understand the question on the instrument.

RESULTS AND DISCUSSION

Data for examine the validity of the instrument was generate by questionnaire. Total 488 respondent was participating on this survey both online and offline. Everyone who ever has an experience-buying product online from Instagram application was welcome to join as participant in this research.

Data analysis was done by Exploratory Factor Analysis (EFA). EFA was used to classify some factors that make up a latent variable. Trustworthiness on online purchasing here defined as latent variables because it requires factors to identify the presence of these variables. This study measures the suitability of the factors proposed as a measure of the construct trustworthiness in online purchasing application Instagram.

Four variables proposed that the number of followers, price rationality, image quality and seller's response. Further below is a graph of variables and construct that proposed:
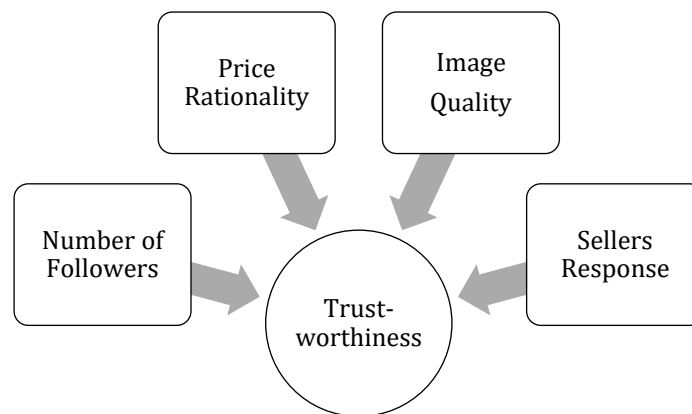

Figure1. Research Model

Results

This research used exploratory research analysis to classify 12 question into some formative variable of trustworthiness. Exploratory factor analysis was performed using SPSS software to identify trends that follow the answers of the participants of this research. Grouping variables by comparing participants' answers proximity to one another. Here is a table of the results of the factor analysis were performed:

Tabel 1. Result of Exploratory Factors Analysis Rotated Component Matrix

	Component			
	1	**2**	**3**	**4**
VAR00001	-.027	-.037	.901	.160
VAR00002	-.067	.025	.889	.040
VAR00003	-.099	.035	.879	-.092
VAR00004	.184	-.149	.056	.800
VAR00005	-.013	.137	.093	.834
VAR00006	-.007	.091	-.049	.880
VAR00007	.555	.708	-.058	.095
VAR00008	.033	.950	.037	.048
VAR00009	-.144	.913	.022	-.009
VAR00010	.927	-.131	-.043	.017
VAR00011	.917	-.086	-.080	.048
VAR00012	.788	.335	-.088	.093

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 5 iterations.

The results of exploratory factors analyze showed that twelve (12) questions that form the construct of trustworthiness, can be reduced into four variables. According to the table 1, it shows that 12 of these

questions could be classify into four variables which each variables have three indicators. Questions 1 to 3 to form one variable, questions 4 to 6 form the second variable, questions 7 to 9 forms third variable and questions 10 to 12 to form fourth variable. Decision to classify 12 questions into 4 variables based on the guideline for significant factor loading with the sample size minimun that provide by Heir, et al, 2010 as follows:

Table 2. Guideline for significant Factor Loading

Factor Loading	Sample Size Minimum
0.30	350
0.35	250
0.40	200
0.45	150
0.50	120
0.55	100
0.60	85
0.65	70
0.70	60
0.75	50

The results of this study using 488 samples and the smallest factor loading from table 1 is 0.708 and the highest is 0.950. The results of this research show that the method of reduction is done already meet the guideline that accepted in the research exploratory factor analysis.

CONCLUSION

This research uses qualitative methods to investigate and identify the indicators of trustworthiness in online purchasing especially Instagram application. Quantitative methods were performed to test the strength of the variables that found in the results of the qualitative method. FGD conducted to identify the factors that be the indicators of trust in the online purchasing Instagram application, while Exploratory Factor Analysis performed to explore the power of these variables.

The result was found there were four variables that become a key point of trustworthiness. The variable become the antecedent of trustworthiness in online purchasing Instagram. Before the buyer decides to purchase the online sellers, buyers consider four things as a basis to trust or distrust the seller. There are Number of Followers, Price Rationality, Image Quality and Seller Response.

This research imply that Instagram seller should maintenance four key factor of trustworthiness. This four factors become mandatory if the seller want to get trust from the customers. Maintenance the number of followers by doing promote and endorse activity could help seller getting more followers. Using rational price tag on the product could help customers differentiate between fake seller and true seller. Taking the photo product by their selves could maintenance quality of the picture. The last factors is seller response. If the seller response every question of the buyer patiently and fast, then the customer could be easily trust the seller.

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