

## Increasing Purchase Intention through Delivery and Brand Reputation in E-commerce

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**Abstract.** One of the propellers of the entire online business activities is e-commerce products' purchase intention among customers. The aim of this research was to figure out the effects of delivery and brand reputation on purchase intention in the e-commerce industry. The research was conducted through a path analysis, and the data were collected by disseminating questionnaires to 100 online shopper respondents. The results indicate that delivery exerted a significant effect on purchase intention in that the condition in which products were received became a considerable concern to customers. A significant positive effect was also exerted by brand reputation on purchase intention in that products of well-known brands captured the most attention of e-commerce customers. Brand reputation was able to mediate the effect of delivery on purchase intention.

**Keywords:** purchase intention, delivery, brand reputation, e-commerce

### 1. Introduction

The use of online technologies in wide-ranging business activities, including e-commerce, now has reached an unprecedented level of pervasiveness. E-commerce refers to online businesses, in which all sales activities are run out of customers' direct observance, that is, customers are unable to judge how the e-commerce activities are conducted until the products land in their hands. From the perspective of consumers in Indonesia, there are six major companies to have emerged into the e-commerce landscape in the country: Bli-bli; Bukalapak; JD.id; Lazada; Shopee; and Tokopedia. Out of the six aforementioned, Tokopedia came out as a leading company with 168 million users visiting its web as of 2018.

Prior to making purchases, customers would take product quality and brands into account. They would seek as much information on the products they would purchase as possible just to assure themselves about the quality and the reputation of the companies. From Table 1 we can look into some perspectives of consumers to increase purchase intention in e-commerce.

**Table 1.** E-Commerce Landscape in Indonesia from Consumer Perspective in 2018 (in%)

|                 | Bli-bli | Bukalapak | JD.id | Lazada | Shopee | Tokopedia |
|-----------------|---------|-----------|-------|--------|--------|-----------|
| Good Reputation | 14.08   | 13.00     | 12.09 | 13.07  | 10.09  | 14.03     |
| Fast Delivery   | 07.04   | 06.00     | 08.06 | 10.00  | 07.06  | 05.08     |
| Free Delivery   | 13.00   | 06.08     | 14.08 | 10.06  | 18.04  | 03.02     |
| Product Quality | 04.03   | 10.03     | 07.07 | 14.07  | 13.04  | 11.03     |
| Return Policy   | 08.05   | 15.01     | 10.08 | 16.07  | 17.06  | 16.03     |

It is critical for companies to pay a close attention to their brand reputation as customers are highly scrupulous when it comes to the products they would buy, and they would weigh all aspects. Companies must unceasingly evaluate their corporate activities to satisfy customers and gain customers' trust in their products. From Table 1 we can see the level of reputation of every e-commerce company in consumers' eyes—Bli-bli 14.8%, Bukalapak 13%, JD.id 12.9%, Lazada 13.7%, Shopee 10.9%, and Tokopedia 14.3%.

A brand's or company's reputation will be regarded as downright poor if the company fails to deliver goods properly and disclaims responsibility for the problems caused. The lead-time and goods handling until the goods are received will also be taken into consideration before customers select or purchase the goods. Not a few problems arise despite using the service of other couriers. Some instances of these problems are long lead-time that extends for days or even weeks and poor or lack of communication between couriers and customers. Eventually, these problems become a source of customers' dissatisfaction. The goods delivery for which companies disclaim responsibility will not perform well. In the e-commerce landscape in Indonesia, the lead-time of each of the six major companies are as follows: Bli-bli 7.4%, Bukalapak 6%, JD.id 8.6%, Lazada 10%, Shopee 7.6%, and Tokopedia 5.8%.

The data above reveal what may influence e-commerce products' purchase intention. The authors thus took an interest in finding out whether delivery has an effect on brand reputation, brand reputation on purchase intention, and delivery on purchase intention. The great number of e-commerce brands existing in the market has triggered a greater level of consumers' involvement in product selection, causing product purchase to increase in complexity when seen in some aspects.

Research into the influence of delivery and brand reputation on purchase intention in Indonesia's e-commerce industry is still uncommon. By identifying the relationship between the three variables, this research is hoped to aid e-commerce companies in devising delivery- and brand-reputation-related strategies to meet consumers' expectation.

## **2. Literature Review**

### **2.1 Purchase Intention**

Purchase intention is a purchasing process that takes place prior to the actual purchase. A critical purchasing process, purchase intention arises in the first-time meeting of a seller and a buyer. Experts have determined that purchase intention is a brand-oriented personal act tendency. They also drew a line between intention and attitude. While attitude refers to how a product is evaluated, intention means one's motivation, that is, the intention to display a behavior. Another definition was put forward by [1], that is, purchase intention is decision-making that studies the reason to buy a particular brand by consumer. Purchase intention is also defined as the intention of buyers to engage in the exchange relationship at shopping websites, such as sharing information, maintaining business relationships, and creating business transactions [2]. Meanwhile, according to [3], purchase intention refers to the possibility of purchasing a special brand in a product category during purchase. As pointed out by Kotler, [4], there are six readiness stages a buyer must go through under a normal condition when making a purchase: awareness, knowledge, liking, preference, conviction, and purchase. Purchase intention can be seen in the form of how much the probability of a buyer will buy a product is, where the stronger the purchase intention is, the more likely the purchase will be [5]. Added that purchase intention can also be seen from buyer's behavior and forms through recognition, evaluation of substation, purchase decision, and post-purchase behavior [6].

### **2.2 Delivery**

Online product buyers and sellers today are concerned with delivery and cost issues. It makes sense then that delivery plays a fundamental role in promoting e-commerce. The primary

issue currently faced by delivery operators is related to travel distance to final deliveries [7]. Steps in delivery link performance evaluation are designed for the purpose of evaluating the performance of delivery and distribution cost in the supply chain. Delivery performance evaluation involves lead-time reduction, on-time delivery (on-time to required date, on-time to promise date, and on-time in full), distribution mode, delivery channels, vehicle scheduling, warehouse location, percentage of goods on the way, quality of information exchange over the course of delivery, perfect invoice number, and delivery system flexibility to meet certain customer needs [8]. Found a strong correlation between after-delivery satisfaction, including logistics performance, and customer loyalty [9].

### *2.3 Brand Reputation*

According to [10], brand reputation is about the perception of service quality associated with the brand name, and according to [10], customers' interest in product quality will influence their purchase intention. As pointed out by scientists, good brand reputation will be considered as a signal of something reliable [11]. Customers will see a brand according to the specific value added to product supply to identify the product and distinguish it from other products [10]. As is explained by [10], if one recommends a brand to others, it can be said that the brand is of a good reputation. It is critical for a brand to have a good reputation to be successful and profitable [12], because, as stated by [13], brand recognition embodies the cumulative effect of all market activities in the past and at present in customers' eyes. Brand image and brand reputation are described as closely interrelated resources which are more valuable when they complement and amplify the effect of one another [14].

### *2.4 The effect of delivery on brand reputation*

Consistent brand delivery promotes the brand's reputation among customers. Reputation is a primary intangible asset to a brand. In other words, brand reputation is based on the increasing number of consumers in relation to their assets, which also determines the brand strength. Brand delivery can help with brand intimacy and unique perception of the brand, thus boosting the brand's reputation. Belief is comprised of two different components, namely brand intention and brand reliability. Brand reliability refers to the capability and willingness of a brand to live up to the value promised. Brand reliability is proportionate with consistent brand delivery. Thus, consistent brand delivery is determinant of belief and in turn affects brand reputation and equity [15]. The consistent and coherent delivery of experience, aligned with the values and expectations communicated by the brand, involves a long and complex process, which is only within the reach of companies having innovative and decided management that has understood the role of the brand as a powerful source of strategic control in the company's future development [16]. Based on the prior findings, we were expecting delivery to have a positive relationship with purchase intention in this research. Therefore, we propose the following hypothesis.

H<sub>1</sub>: Delivery has a positive effect on brand reputation.

### *2.5 The effect of delivery on purchase intention*

Use of the Internet as a mode of purchase brings forth purchase intention and risk to online transactions with sellers as distance transactions involves no face-to-face contact between seller and consumer [16]. For instance, Internet-based shopping activities will involve delivery processes, unless the order is placed for digital products which can be directly delivered online over the Internet; hence, the risk of inconsistency between the product ordered and the product delivered can influence purchase intention [16]. Trust in online sellers, thus, can mediate the relationship between delivery risk and purchase intention. Overall, whether consumers who consider online purchases feel the risks associated with product performance, psychological/social damage, loss of money, online payments, or delivery, the dimensions of risk felt will first reduce their confidence in traders, thus ultimately making them reluctant to

make online purchases from the traders or making them consider their purchase intention [17]. Based on prior findings, we were expecting delivery to have a positive effect on purchase intention in this research. Therefore, we propose the following hypothesis.

H<sub>2</sub>: Delivery has a positive effect on purchase intention

## 2.6 The effect of brand reputation on purchase intention

Based on the research of [18], brand image is a very important aspect in purchase intentions. According to [18] brand image has a positive effect on purchase intentions. It implies that brand image has an important role to make consumer decide to buy. The personal identification function is associated with the fact that consumers can identify themselves with several brands and develop feelings of affinity for them. In the literature on brand influence, a basic theory refers to the compatibility between consumer behavior, self-image, and product image. This basic theory is based on the notion that an individual will be able to enrich their self-image through the image of the brands they buy or use. This theory asserts that the stronger the consistency between brand reputation and the consumers' self-image, the better their evaluation is on the brand and the higher their purchase intention is [19]. Brand reputation is identified as a critical antecedent that directly influences price and online purchase intention [20], whereas belief is an indispensable determinant that directly influences consumers' behavior and purchase intention online [20]. In a research paper on online product purchase by [20], it is stated that brand reputation positively affects purchase intention through reduction of perceived risk. Brand image is an extrinsic signal for evaluation of product/service prices, and better brand image results in higher prices [20]. Based on prior findings, we were expecting brand reputation to have a positive effect on purchase intention in this research. Therefore, we propose the following hypothesis.

H<sub>3</sub>: Brand reputation has a positive effect on purchase intention.

## 2.7 Framework

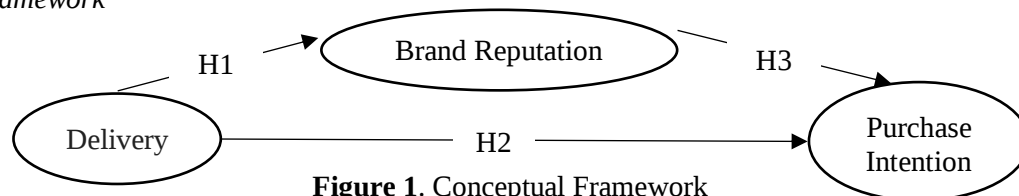


Figure 1. Conceptual Framework

## 3. Research Methods

To see and measure how purchase intention was influenced by delivery and brand reputation, a survey method was considered as the most appropriate method to use. The survey was carried out by drawing responses from e-commerce product user respondents through questionnaires. The survey questionnaires were distributed via a Google Form link. Questionnaires were used in this research as a data collection instrument, thus the validity and reliability of the questionnaires needed testing. The data obtained from the field were then analyzed and interpreted by an SPSS-assisted path analysis. A sample of 100 online business customers was taken by the quota sampling technique. In the questionnaires filled by the respondents, the items measuring the construction dimension were adapted from previous studies: Rahman et al. (2012) for purchase intention [21] (making a purchase, a future purchase, and a repurchase), Esper et al. (2003) for delivery [9] (lead-time, product condition, satisfaction with delivery, and operator reliability), and Aaker (1991) for brand reputation [22] (product quality, level of advertising, sponsoring, and popular product). All of the items were measured based on the responses on a five-point Likert scale with point 1 denoting strong disagreement and point 5 strong agreement.

#### 4. Results

Based on the validity testing results, it can be said that the three variables—delivery, brand reputation, and purchase intention—used in the instrument were valid as the  $r_{\text{count}}$  values were greater than the  $r_{\text{table}}$  value ( $r_{\text{count}} > r_{\text{table}}$ ). As for the reliability testing, the value for delivery was 0.752, brand reputation 0.777, and purchase intention 0.663. Based on these values, it can be said that the instrument used in this research was reliable as the value was greater than 0.6 (**Cronbach's alpha > 0.6**).

##### 4.1 Sub-structure I

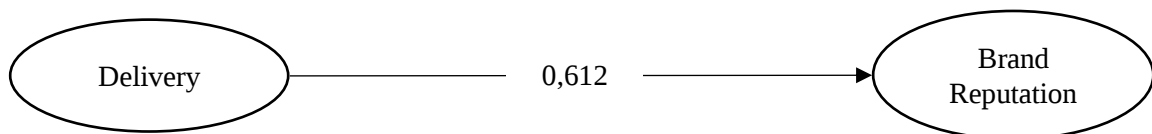
Based on the calculation of the effect of delivery on brand reputation, the results as presented in Table 3 were obtained.

**Table 3.** The Effect Of Delivery On Brand Reputation

|       |            | Unstandardized Coefficients |            | Unstandardized Coefficients |       |
|-------|------------|-----------------------------|------------|-----------------------------|-------|
| Model |            | B                           | Std. Error | Beta                        | T     |
| 1     | (Constant) | 5,358                       | 1,179      |                             | 4,544 |
|       | Delivery   | 0,62                        | 0,081      | 0,612                       | 7,661 |

a. Dependent Variable: Brand Reputation

The data in the table above indicates a t-value of 7.661. The effect of the variable delivery on the variable brand reputation was said to be significant as the value exceeded 1.97 ( $t_{\text{table}} < t_{\text{count}}$ ). This means that delivery had an effect on brand reputation, where the delivery conducted would influence customers' judgment on the company. The **sub-structure I** diagram thus can be illustrated as follows.



**Figure 2.** The Effect Of Delivery On Brand Reputation

##### 4.2 Sub-structure II

Based on the calculation of the effect of delivery and brand reputation on purchase intention, the results as presented in Table 4 were obtained.

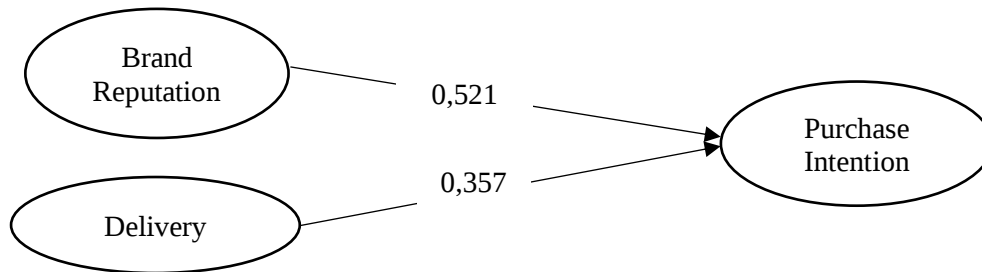
**Table 4.** The Effect Of Delivery And Brand Reputation On Purchase Intention

|       |                  | Unstandardized Coefficients |            | Unstandardized Coefficients |       |
|-------|------------------|-----------------------------|------------|-----------------------------|-------|
| Model |                  | B                           | Std. Error | Beta                        | T     |
| 1     | (Constant)       | 3,525                       | 0,631      |                             | 5,585 |
|       | Delivery         | 0,226                       | 0,05       | 0,357                       | 4,551 |
|       | Brand Reputation | 0,326                       | 0,049      | 0,521                       | 6,638 |

a. Dependent Variable : Purchase Intention

The data in the table above indicates that the t-value of the effect of delivery on purchase intention was 4.551. It can be said that the effect was significant as the value exceeded 1.97

( $t_{table} < t_{count}$ ). Meanwhile, the t-value of the effect of brand reputation on purchase intention was 6.638. The value was also greater than 1.97, thus the effect was said to be significant as well. Delivery in conjunction with brand reputation had an effect on purchase intention, in that delivery which was conducted in a consistent manner in tandem with good brand reputation would trigger purchase intention in customers. The **sub-structure II** diagram was then illustrated as follows.



**Figure 3.** The Effect Of Delivery And Brand Reputation On Purchase Intention

#### 4.3 Direct Effect

From the calculation of sub-structures I and II, the direct relationships between variables were obtained as follows.

**Table 5.** Result Of Path Analysis For The Direct Effect

| Item                                  | Direct Effect | Explanation |
|---------------------------------------|---------------|-------------|
| Delivery → Brand Reputation           | 0,612         | Significant |
| Delivery → Purchase Intention         | 0,357         | Significant |
| Brand Reputation → Purchase Intention | 0,521         | Significant |

Based on the analysis results, it can be said that the direct effect of delivery on brand reputation was 0.612, delivery on purchase intention 0.357, and brand reputation on purchase intention 0.521.

#### 4.4 Indirect Effect

The indirect effect of delivery on purchase intention through brand reputation was as presented below.

**Table 6.** Results Of Path Analysis For The Indirect Effect

| Item                                             | Indirect Effect              | Explanation |
|--------------------------------------------------|------------------------------|-------------|
| Delivery → Brand Reputation → Purchase Intention | $0,612 \times 0,521 = 0,319$ | Significant |

From the path analysis results, it can be concluded that the value of the indirect effect was 0.319. To find out about the significance of the mediating effect, a Sobel test was conducted. The  $t_{count}$  value obtained from the Sobel test was 6.159, which was higher than the  $t_{table}$  value (1.97). It can be concluded that the mediator coefficient of 0.319 suggested a significant mediating effect as the  $t_{count}$  of 6.159 exceeded the  $t_{table}$  of 1.97.

#### 4.5 Total Effect

The total effect of the variables can be seen in Table 7.

**Table 7. Total Effect**

| Item                                  | Direct Effect | Indirect Effect | Total |
|---------------------------------------|---------------|-----------------|-------|
| Delivery → Brand Reputation           | 0,612         |                 | 0,612 |
| Delivery → Purchase Intention         | 0,357         | 0,319           | 0,676 |
| Brand Reputation → Purchase Intention | 0,521         |                 | 0,521 |

## 5. Conclusion

This research focused on the influence on purchase intention by delivery and brand reputation in e-commerce. Based on the results and discussion above, the following conclusions were drawn.

- Delivery had a significant effect on brand reputation. The reputation of the brands sold in e-commerce could be promoted by conducting consistent delivery. Customers were primarily concerned with the condition of the products at the time of the product receipt. Good evaluation by customers will make the brands' more popular and promote the brands' reputation.
- Delivery had a significant effect on purchase intention. Consistent delivery with product condition taken into account would receive positive judgment from customers and improve the brands' popularity and reputation. Thus, highly positive reputation will stimulate customers' purchase intention in the future. In this case, brand reputation acts as a mediator in the relationship between delivery and purchase intention.
- Brand reputation had a significant effect on purchase intention. Well-known products were of the strongest preference to customers when they were considering which e-commerce products to buy in the future.

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