

# Strategy To Winning Millennials' Market Share Of E-Commerce And Marketplace In Indonesia

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*Abstract: The current millennial generation is a merging market that dominates the world of e-commerce or the marketplace in Indonesia. To be able to compete, e-commerce or market businesses need to determine strategies to win this generation of millennials. This research was conducted to find out what factors can influence millennial generation e-loyalty towards e-commerce or the market. By using the SEM method there are several variables including e-loyalty as a latent variable - endogenous; trust as a latent variable - exogenous; search, word of mouth, and willingness to pay more as manifest variable - reflective; and customization, contact interactivity, cultivation, care, community, choice, comfort, and character as manifest - formative variables. The results obtained from 173 millennial generation respondents with multiple regression using Smart PLS which the only character, customization and community variables have a significant positive effect on trust. While the trust variable has a significant positive effect on e-loyalty, and subsequently e-loyalty also has a significant effect on word of mouth and willingness to pay more. While e-loyalty variable does not have a significant positive effect on search, and vice versa shows millennial generation but still searches for e-commerce or other marketplaces.*

*Keywords: e-loyalty, e-commerce, and marketplace, millennial, manifest-reflective variables of trust, formative variables of e-loyalty.*

## I. INTRODUCTION

Indonesia experiences e-commerce and marketplace business developments at 30% - 50% every year (Bima, 2017). This is reinforced by a survey conducted by ShopBack which showed that 70.2% of 1,000 respondents claimed that the existence of e-commerce and marketplaces influenced shopping patterns and customers made transactions more frequently online than offline. More and easier internet facilities have resulted in online transactions becoming a new trend that feels simpler, more efficient and faster (Turban, et al, 2004). Customers prefer easy ways to reach brands and stores where it can be said that the internet has fundamentally changed the customer's understanding of convenience, speed, price, product and service information. As a result, the internet gives marketers a new way to create value for customers and build relationships with them (Kotler and Armstrong, 2008).

E-commerce business markets and marketplaces in Indonesia are dominated by millennials or Y generations: 50% of e-commerce and marketplace transactions are conducted by millennials (Snapcart). This is confirmed by statistical data released by the Indonesian Ministry of Communication and Information (KOMINFO) which provides data that 53.6% of internet users for e-commerce and marketplaces at the end of 2018 are millennials generation. The millennials have the characteristics of using technology in everyday life, have values, life experiences, motivation and general buying behavior where the millennials were born between 1980 and 2000 (Lee and Kotler, 2016). Therefore, millennials are very important to learn because they have different behavior from other generations (Smith, 2011).

Based on data provided by the Indonesian Ministry of Communication and Information (KOMINFO) in 2015 the most frequently used e-commerce or marketplace in conducting transactions online is olx.co.id with 23.03%,

followed by Tokopedia as much as 21.25% and ranked third is occupied by Lazada.com with a score of 18.18%. However, based on the results of a survey conducted by Databoks in early 2018 there was a change in position where the first position was occupied by Lazada.com then followed by Tokopedia and in the third position held by Bukalapak. Within three years olx.co.id which was initially in the first position was not even ranked in the top three in early 2018. This shows that the e-commerce business and marketplace have an intense competition where more than half of the market share is the millennial generation. It also said that 80% of the millennials will change their loyalty to a brand and as much as 78% of the millennials are willing to shop at different stores or e-commerce (Logsdon, 2016). Some marketers' research shows that millennials are not loyal customers, but in other studies, it shows that 64% of millennials are loyal customers only who have different purchasing habits from other generations (Blanchard, 2017).

Thus, the loyalty or e-loyalty of the millennial generation is questioned and this is a challenge for e-commerce businesses and marketplaces in Indonesia. This study aims to see whether trusts from the millennial generation influence e-loyalty to transact online. Also, this study aims to look at what factors affect the trust of millennials in Indonesia in online transactions and how the attitude of the millennials when they are loyal or loyal to one of e-commerce in Indonesia.

## II. LITERATURE REVIEW

Basically, e-loyalty is the willingness of individuals, customers, employees or even friends to invest or sacrifice to strengthen relationships (Reichheld, 2003). Building loyalty or e-loyalty in an online context between consumers and organizations are more likely to help in the formation of long-term customer retention and market share rather than providing mere satisfaction (Reichheld & Sasser, 1990). Traditional definitions of loyalty focus on aspects of open behavior, such as purchases or word-of-mouth while ignoring the underlying psychological meaning of the phenomenon (Oliver, 1999). Therefore, because seeing that loyalty is not only an intention but actual behavior (Oliver, 1999), consumers can choose to remain with existing providers, increase the number, frequency of purchases and become brand supporters in the future and all this indicates their loyalty. (Rowley, 2005). One factor that affects loyalty and commitment is trust, which will also help the reputation of the brand (Veloutsou & McAlonan, 2012). Trust is a trust that is owned by customers in making transactions online (Bilgihan, 2016). Trust, which is an element of a brand's reputation has a positive impact on loyalty and commitment in the online world (Harris & Goode, 2004). Loyal customers are easier to contact and have an enthusiastic attitude, even though the culture may actually determine whether satisfaction is more important than trust (Veloutsou & McAlonan, 2012). Gefen and Straub (2003) state that customers prefer not to buy online because of a belief in the safety of business through the internet. This is also reinforced by Warrington, Abgrab and Caldwell (2000) which states that trust is a significant construct for business relationships and transactions and its

role in the context of online transactions becomes more critical when compared to brick-and-mortar stores (Reichheld & Schefer, 2000). Thus this study provides a clear understanding of the relationship between trust and e-loyalty which can be formulated as follows:

*H1:* Trust has a significant positive relationship with millennials' e-loyalty.

However, based on research conducted by Srinivasan, Anderson, and Ponnnavolu (2002) identified eight factors that have the potential to affect e-loyalty, namely customization, contact interactivity, care, community, convenience, cultivation, choice, and character, which we later call 8C. In a previous study Srinivasan, Anderson and Ponnnavolu (2002) looked at the relationship between 8C into e-loyalty but based on several other studies showed that trust is a very influential variable on customer e-loyalty in online transactions. Pavlou (2003) states that trusts succeed in reducing uncertainty and risk and creating a sense of security. The results of research by Liu & Arnett (2000) state that successful e-commerce is attractive to customers, which makes the website reliable and reliable. In addition, Ha and Stoel (2009) indicated that trust and enjoyment are critical beliefs about the quality of online shopping. So in this study, we stated that trust is a variable that is very influential on the e-loyalty of the millennials generation. While the 8C variable is a variable that affects trust.

Customization is the ability of e-retailers in tailoring products, services and the transactional environment to customers. A survey conducted by Netsmart showed that 83% of visitors were confused when accessing websites (Lidsky, 1999). By customizing websites, every e-commerce or marketplace can provide a solution to this problem. Customization also creates a perception of improvement to be chosen by accelerating the focus of what the customer wants (Shostak, 1987). Large product choices basically disrupt consumers and encourage them to use simple decision rules to narrow alternatives (Kahn, 1998). Then the hypothesis can be formulated as follows:

*H2:* Customization has a significantly positive relationship with millennials' trust.

Contact interactivity refers to the dynamic nature of engagement that occurs between sellers and buyers in e-commerce websites or marketplaces. Lack of interactivity is a problem for most e-commerce or marketplaces. Operational contact interactivity is defined as the availability and effectiveness of customer support tools on a website and the extent to which two-way communication with customers is facilitated. According to Alba et al. (1997), interactivity enables a fast search process in order to find the product or service you want, thereby providing a replacement choice for customers in accordance with detailed product or service information beforehand. In addition, interactivity dramatically increases the amount of information that can be presented to customers (Deighton, 1996). The navigation process facilitated by interactivity dramatically increases freedom of choice and the level of control experienced by customers (Hoffman & Novak, 1996). Then the hypothesis can be formulated as follows:

*H3:* Contact interactivity has a significantly positive relationship with millennials' trust.

Cultivation is the extent to which e-commerce or marketplaces provide relevant information and provide incentives to customers from time to time. Berger (1998) explains that companies need to use their database effectively to increase consumer value. It is relatively easy and inexpensive for e-commerce or marketplaces to not only recognize customers but also reach those customers and persuade them to buy. Cultivation is operationally defined as the frequency of desired information and cross-selling offers from e-commerce or marketplaces to customers. By actively cross-selling its products, a company can provide customers with useful information. Then the hypothesis can be formulated.

**H4:** Cultivation has a significantly positive relationship with millennials' trust.

Care refers to the concern that the seller provides all interface activities to the customer on pre and post purchase both the current transaction and for a long term relationship. Failure in service affects the future of business because it is the cause of the creation of a lower perception of the quality of the service (Bolton & Drew, 1992). Therefore, it is expected that the level of care that the company has tried to minimize disruption in customer service will cause trust to increase. Then the hypothesis can be formulated:

**H5:** Care has a significant positive relationship with millennials' trust.

A virtual community can be described as an online social entity consisting of existing and potential customers organized and managed by the seller to facilitate the exchange of opinions and information about the products and services offered. Balasubramanian & Mahajan (2001) explain that the virtual community is one of the most interesting developments of the information age. Some customers may believe because they value input from other community members. Then the hypothesis can be formulated:

**H6:** Community has a significant positive relationship with millennials' trust.

Product or service choices when compared to conventional sellers, e-commerce or marketplaces are usually able to offer a wider range of product categories and more product variations in each particular category. Products that are owned by e-commerce or marketplaces are usually limited, but they work with several other vendors so that customers still have broad access and choices for the products they want from the e-commerce or marketplace. Many consumers do not want to deal with multiple vendors when shopping. Bergen, Dutta, & Shugan (1996) note that the time and cost of searching consumers related to shopping at conventional stores is higher when compared to shopping online. E-commerce or marketplaces that offer more choices can be a top-of-mind destination for customers, giving birth to trust. Then the hypothesis can be formulated:

**H7:** Choice has a significantly positive relationship with millennials' trust.

Convenience refers to the extent to which customers feel that the website is simple, intuitive and user-friendly. Website quality is very important because for e-retailers this is the center or even the only interface with customers (Palmer & Griffith, 1998). Sinioukov (1999) suggested that giving consumers to find information easily is the key to creating a

successful business. Schaffer (2000) argues that a convenient website provides fast response times, facilitates transaction completion quickly, and minimizes customer efforts. A website that is comfortable to use will also minimize the possibility that customers make mistakes and will make their shopping experience more satisfying. This result is likely to increase customer trust. Then the hypothesis can be formulated:

**H8:** Convenience has a significant positive relationship with millennials' trust.

A character can be defined as a picture of the whole e-commerce or marketplace to consumers through the use of inputs such as text, style, graphics, colors, logos and slogans or themes on the website. E-commerce websites or marketplaces can use unique characters to increase site recognition. Henderson & Cote (1998) explains that graphic symbols (for example, logos) can make customer attitudes positive towards the company. Besides, certain codes or symbols can positively influence the attitudes of customers (Hershenson & Haber, 1965). Then the hypothesis can be formulated:

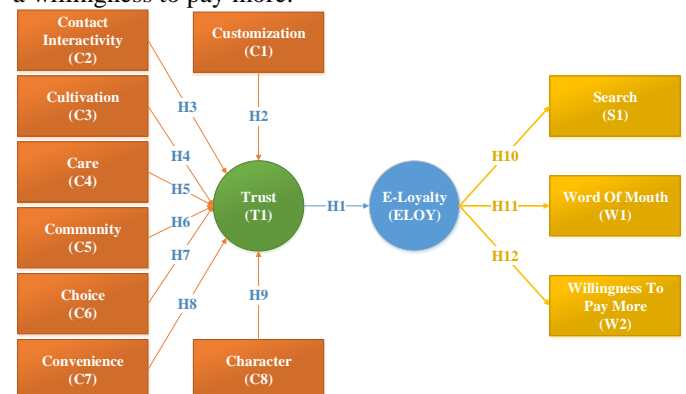
**H9:** Character has a significant positive relationship with millennials' trust.

According to Zeithaml, Berry, & Parasuraman (1996), loyal customers have different behavior from loyal customers. Loyal customers focus on economic aspects and relationships with the company while loyal customers focus only on economic aspects (Jain, Pinson & Malhotra, 1987). Reichheld and Sasser (1990) revealed that loyal customers are willing to pay more to continue doing business with the retailer of their choice rather than incurring additional search costs. In addition, Sambandam and Lord (1995) stated that business loyalty reduces the size of the consideration set and the amount of effort expended in finding alternatives. Besides Dick and Basu (1994) and Hagel and Armstrong (1997) stated that loyal customers are more likely to provide positive information from word-of-mouth. We thus draw a hypothesis:

**H10:** E-loyalty has a significant negative relationship with alternative searches by the millennials.

**H11:** e-loyalty has a significant positive relationship with word-of-mouth.

**H12:** e-loyalty has a significant positive relationship with a willingness to pay more.



(Source: Author, 2019)

Figure 1: Research Conceptual Framework

### III. RESEARCH METHODS

This study uses a quantitative approach. Data was collected using an online questionnaire on Google Form which was then distributed to millennials in Jakarta through social media and groups on instant messengers. Using this method, 173 respondents responded to the questionnaire distributed. Of these 173 respondents, validation was then conducted by screening respondents using screening questions to ensure that respondents were millennials generation by asking questions such as "how old are you?". From the results of this screening, it was validated that all respondents were millennials based on the range of birth years between 1980 and 2000 (Lee and Kotler, 2016).

The item scale measured in this study was developed based on several previous studies. Item customization, contact interactivity, cultivation, care, community, choice, convenience, character, e-loyalty, search, word-of-mouth and willingness to pay are developed based on guidelines suggested by Srinivasan, Anderson, and Ponnnavolu (2002). Item scales to measure construct trust are adapted from items used by Morgan & Hunt (1994). Measurements were made using a 7 point Likert Scale, ranging from strongly disagree to strongly agree on which can be seen in table 1.

<i>Construct</i>	<i>Measurement Items</i>
<i>Screening</i>	a) How often do you shop online in 1 month? b) When was the last time you shop online? c) Which e-commerce/marketplace website do you most frequently visit to transact online? d) Your age?
<i>Customization (C1)</i>	a) This e-commerce or marketplace allows me to order products made specifically for me. b) The advertisements and promotions that this e-commerce/marketplace sends to me are tailored to my character. c) This e-commerce/marketplace makes me feel that I am a unique customer. d) I believe that this e-commerce/marketplace is tailored to my needs. Srinivasan, Anderson dan Ponnnavolu (2002)
<i>Contact Interactivity (C2)</i>	a) E-commerce/marketplace allows me to see products from various points of view. b) E-commerce/marketplace has a search tool that allows me to find the product I am looking for. c) E-commerce/marketplace has easy comparison tools between products. d) I feel that this e-commerce/marketplace is very interesting. Srinivasan, Anderson dan Ponnnavolu (2002)
<i>Cultivation (C3)</i>	a) This e-commerce/marketplace provides relevant information for my purchase. b) I feel that this e-commerce/marketplace values my business. c) I feel that this e-commerce/marketplace is trying to increase my business share. d) This e-commerce/marketplace fostered a proactive relationship with me. Srinivasan, Anderson dan Ponnnavolu (2002)
<i>Care (C4)</i>	a) The items that I bought from this e-commerce/marketplace were delivered on time. b) I feel that this e-commerce/marketplace is

	responsive to the problems I encounter. c) The return policy set forth in this e-commerce/marketplace is customer friendly. d) I believe that this e-commerce/marketplace takes good care of its customers. Srinivasan, Anderson dan Ponnnavolu (2002)
<i>Community (C5)</i>	a) Every customer shares their experience regarding e-commerce/marketplace and products with other customers. b) The customer community supported by the e-commerce/marketplace is useful for gathering product information. c) This e-commerce/marketplace customer benefits from the community sponsored by the e-commerce/marketplace. d) Every customer shares the same ties with other members in the community that exist in this e-commerce/marketplace. e) Every e-commerce/marketplace customer has a strong relationship with each other. Srinivasan, Anderson dan Ponnnavolu (2002)
<i>Choice (C6)</i>	a) E-commerce/marketplace provides services as a convenience store for my shopping needs. b) This e-commerce/marketplace can fulfill most of my online shopping needs. c) The choice of products in this e-commerce/marketplace is unlimited. d) This e-commerce/marketplace provides a wide selection of products for me. Srinivasan, Anderson dan Ponnnavolu (2002)
<i>Convenience (C7)</i>	a) Navigation on the e-commerce/marketplace is easy to understand. b) When you first transact on this e-commerce/marketplace, customers can do it without needing much help. c) It doesn't take long to shop at this e-commerce/marketplace. d) This e-commerce/marketplace is user-friendly. e) E-commerce/marketplace is very convenient to use. Srinivasan, Anderson dan Ponnnavolu (2002)
<i>Character (C8)</i>	a) The design of this e-commerce/marketplace is interesting to me. b) For me, shopping at the e-commerce/marketplace is very fun. c) I feel comfortable shopping at this e-commerce/marketplace. d) This e-commerce/marketplace looks interesting to me. Srinivasan, Anderson dan Ponnnavolu (2002)
<i>Trust (T1)</i>	a) I believe this e-commerce/marketplace always interests me. b) E-commerce/marketplace will always be honest with me. c) I believe in the information provided by this e-commerce/marketplace. d) E-commerce/marketplace is very concerned about their customers. Morgan & Hunt (1994)
<i>E-Loyalty (E-LOY)</i>	a) I rarely consider switching to another e-commerce/marketplace. b) As long as this service from the e-commerce/marketplace continues, I hesitate to switch to another e-

	<p>commerce/marketplace.</p> <p>c) I try to use e-commerce/marketplace every time I want to make a purchase.</p> <p>d) When I want to make a purchase, this e-commerce/marketplace is my first choice.</p> <p>e) I like to use the e-commerce/marketplace.</p> <p>f) For me, the e-commerce/marketplace is the best retail web for transactions.</p> <p>g) I believe that this e-commerce/marketplace is my favorite retail website.</p> <p>Srinivasan, Anderson dan Ponnawolu (2002)</p>
<i>Search (S1)</i>	<p>a) I regularly read/watch advertisements to compare competing for e-commerce/marketplaces.</p> <p>b) I often discuss with friends about their shopping experiences in other e-commerce/marketplaces.</p> <p>c) I explored many competing e-commerce/marketplace websites to find other alternatives besides this e-commerce/marketplace.</p> <p>d) I did an extensive search before purchasing this e-commerce/marketplace.</p> <p>Srinivasan, Anderson dan Ponnawolu (2002)</p>
<i>Word-Of-Mouth (W1)</i>	<p>a) I say positive things about this e-commerce/marketplace to others.</p> <p>b) I recommend this e-commerce/marketplace to anyone who asks for my advice.</p> <p>Srinivasan, Anderson dan Ponnawolu (2002)</p>
<i>Willingness To Pay More (W2)</i>	<p>a) Do you still trade on this e-commerce/marketplace even though the price offered is rather inflated?</p> <p>b) Will you pay a higher price in this e-commerce/marketplace compared to competitors to get the same benefits?</p> <p>Srinivasan, Anderson dan Ponnawolu (2002)</p>

Tabel 1: Construct and Measurement Items

Initially, there was an in-depth discussion with the research academics to evaluate whether the items were valid or not. Based on the feedback received, some items have been modified or deleted. Furthermore, a questionnaire test was conducted on 10 respondents to test any ambiguity, format or wording of the questionnaire that could be a mistake. Input from academics and respondents was then used to refine and modify the questionnaire which we then distributed to respondents e-commerce customers or marketplaces for the millennial generation through social media, messenger groups, and acquaintances. In total there were 173 respondents (n = 173), 41.62% were men and 58.38% were women. The majority of respondents ranged in age from 25-30 years. In addition, the respondents having the most education were bachelor (68.3%) then postgraduate (12.8%) and ranked third in high school/equivalent (11%). For most respondents the occupation was Private Employees (65.6%) then Students / Students (12.2%) and Civil Servants (5.6%). The screening question obtained information from 173 respondents stated that in one month they made online transactions 1-3 times. Then for e-commerce or marketplace which is the most widely used in the first sequence held by Shopee (36.1%) then Tokopedia (34.4%) and Zalora (8.3%) and the rests are e-commerce or other marketplaces. Thus it is clear that the problem faced by e-commerce businesses or the marketplace is how to get the trust of the millennial generation.

Based on the item scale used and the existing framework it can be said that this study uses the Partial Least Square - Structural Equation Modeling (PLS-SEM) method. SEM is a statistical technique that seeks to explain covariance among a series of variables (McQuitty & Wolf, 2013). Alcaraz et. al. (2014) explain that in the SEM method there are 2 variables, namely the latent variable or construct and the manifest variable or measure. Latent variables are variables that cannot be measured directly but can be represented or measured by one or more manifest variables. Latent variables can be divided into exogenous variables (independent variables) and endogenous variables (dependent variables). The manifest variable can also be divided into reflective indicators - items that are affected by constructs, and formative indicators - items that can affect constructs. Of all the item scales in this study, the division of variables based on SEM method is as follows: (1) latent variable - endogenous: e-loyalty, (2) latent variable - exogenous: trust, (3) manifest variable - reflective: search, word-of-mouth and willingness to pay more, (4) manifest variable - formative: that is, the variable found in 8C.

#### IV. RESULTS AND DISCUSSION

The validation of the measuring instrument is carried out in two stages, namely by conducting a validity and reliability test. Based on Gerbing and Anderson (1988), a measurement model that includes correlations between the latent factors used. To assess the reliability, convergent validity and discriminant validity of the research model using SmartPLS. The reliability of all constructs is above 0.8 which can be seen in the Composite Reliability column. Besides, Average Variance Extracted (AVE) is used to assess convergent validity. The value of AVE is > 0.5 which shows an indication that convergent validity has no problems. Discriminant validity is assessed by comparing AVE with squared correlation between constructs (Fornell & Larcker, 1981). From the calculation results show that each squared correlation is less than AVE which shows that there is no problem of discriminant validity. For reliability and convergent validity tests can be seen in table 2 while for discriminant validity tests can be seen in table 3.

	Cronbach's Alpha	rho_A	Composite Reliability	AVE
<i>Care</i>	0.893	0.902	<b>0.926</b>	<b>0.759</b>
<i>Character</i>	0.927	0.928	<b>0.949</b>	<b>0.822</b>
<i>Choice</i>	0.913	0.916	<b>0.939</b>	<b>0.795</b>
<i>Community</i>	0.904	0.906	<b>0.929</b>	<b>0.724</b>
<i>Contact Interactivity</i>	0.810	0.836	<b>0.875</b>	<b>0.636</b>
<i>Convenience</i>	0.938	0.943	<b>0.953</b>	<b>0.802</b>
<i>Cultivation</i>	0.879	0.880	<b>0.917</b>	<b>0.735</b>
<i>Customization</i>	0.839	0.853	<b>0.892</b>	<b>0.675</b>
<i>E-Loyalty</i>	0.941	0.944	<b>0.953</b>	<b>0.742</b>
<i>Search</i>	0.859	0.871	<b>0.898</b>	<b>0.637</b>
<i>Trust</i>	0.894	0.895	<b>0.926</b>	<b>0.759</b>
<i>Word-Of-Mouth</i>	0.852	0.854	<b>0.931</b>	<b>0.871</b>
<i>Willingness To Pay More</i>	0.852	0.888	<b>0.930</b>	<b>0.870</b>

Table 2: Construct Reliability dan Validity

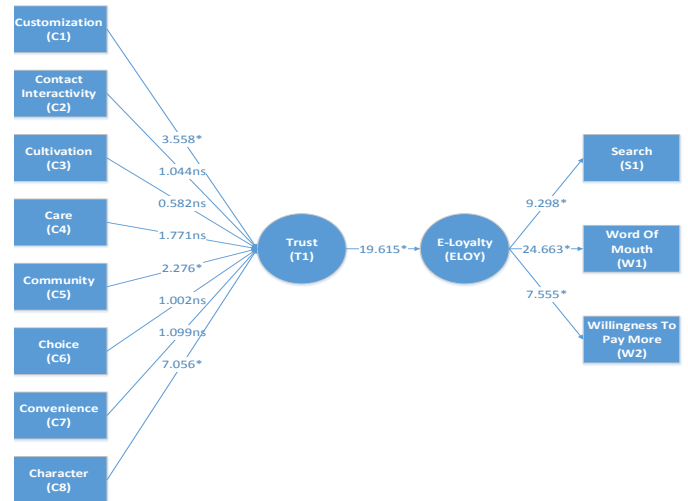
	C1	C2	C3	C4	C5	C6	C7	C8	E-Loy	S1	T1	W1	W2
Care	0.871												
Character	0.668	0.906											
Choice	0.601	0.625	0.891										
Community	0.696	0.610	0.668	0.851									
Contact Interactivity	0.611	0.660	0.566	0.608	0.798								
Convenience	0.687	0.844	0.676	0.595	0.697	0.895							
Cultivation	0.723	0.580	0.543	0.724	0.655	0.556	0.858						
Customization	0.447	0.439	0.279	0.552	0.534	0.383	0.544	0.822					
E-Loyalty	0.686	0.792	0.624	0.594	0.640	0.692	0.596	0.503	0.862				
Search	0.502	0.546	0.499	0.557	0.531	0.503	0.554	0.495	0.561	0.798			
Trust	0.717	0.841	0.631	0.723	0.628	0.711	0.667	0.584	0.781	0.610	0.871		
Word of Mouth	0.644	0.709	0.650	0.625	0.682	0.696	0.595	0.480	0.798	0.593	0.719	0.933	
Willingness To Pay More	0.408	0.360	0.303	0.361	0.287	0.268	0.221	0.463	0.486	0.424	0.524	0.405	0.933

Table 3: Discriminant Validity

Based on the Cronbach Alpha value for each item scale to ensure that item scales are acceptable. Item scale is improved by removing items that are not correlated with other items to measure the same construct. Then a hypothetical test or structural model is then performed to see whether the proposed hypothesis is accepted or rejected based on the calculation seen from the T-Statistics value and the P-value of each hypothesis that has been submitted. Estimated internal consistency of all data sets for AVE with a value of at least 0.5, then composite reliability and Cronbach's alpha with a value of at least 0.7 and a Cronbach alpha value for regression where the top value of the discriminant validity table is greater than the Cronbach alpha value of the variables below it which is seen diagonally (Nunnally & Bernstein, 1994; Challagalla & Shervani, 1996; Loehlin, 1987). For this reason, this measuring instrument has passed the validity and reliability test, which means that this data set can be used to test the hypothesis. Based on the results of calculations using SmartPLS can be seen in Figure 1, besides, in table 4 to see the Path Coefficient which shows whether the hypothesis is rejected or accepted.

Hipotesis	Original Sample	Sample Mean	Standard Deviation (STD EV)	T Statistics	P Values	Hypothesis Supported?
Customization → Trust	0.190	0.189	0.054	3.558	0.000	Yes
Contact Interactivity → Trust	-0.066	-0.072	0.063	1.044	0.296	No
Cultivation → Trust	0.047	0.042	0.081	0.582	0.561	No
Care → Trust	0.136	0.142	0.077	1.771	0.077	No
Community → Trust	0.155	0.167	0.068	2.276	0.023	Yes
Choice → Trust	0.091	0.085	0.091	1.002	0.316	No
Convenience → Trust	-0.132	-0.120	0.120	1.099	0.272	No
Character → Trust	0.642	0.634	0.091	7.056	0.000	Yes
Trust → E-Loyalty	0.781	0.781	0.040	19.615	0.000	Yes
E-Loyalty → Search	0.561	0.571	0.060	9.298	0.000	No
E-Loyalty → Word-of-Mouth	0.798	0.799	0.032	24.663	0.000	Yes
E-Loyalty → Willingness To Pay More	0.486	0.487	0.064	7.555	0.000	Yes

Table 4: Path Analysis



(Source: Primary data processed, 2019)

Figure 2: Hypothesis Test-Path Results Diagram

Where n.s = not significant where p-value > 0.05 and t-statistics < 1.96, \* = significant where p-value ≤ 0.05 and t-statistics ≥ 1.96.

For millennials in Indonesia, of the eight variables (8C) that have the potential to influence trust, only customization, community and character have a significant positive relationship with trust. This can be seen from the value of T-Statistics > 1.96 and P-values < 0.05 which means that it is very significant and thus the hypothesis we propose is acceptable. This is also consistent with previous research which states that customization offers great potential for e-commerce or marketplaces where the value proposition depends on its ability to allow customization such as the variety of content it offers (Schrage, 1999). Besides, customization can signify high quality and lead to better comparison of customer and product expectations (Ostrom & Iacobucci, 1995). For the community supported by Punj and Staelin (1983) which states that many consumers regularly ask for advice and information from other consumers about the products and services they will buy. Community also allows individual customers to identify in a larger group. According to Battacharya, Rao and Glynn (1995), identification is the perception of belonging to the community with the results identified by someone with that group. Customers who identify with retailers or brands in a community context can develop strong bonds (Mael & Ashforth, 1992). We can see how Harley's customers form their community and create trust between one another. The character of the millennials generation who are already familiar with information technology provides its benefits for e-commerce and marketplace businesses. In this context, the website is a media that has the potential to be far more comprehensive and effective than television or print media (Budman, 1998).

But of the eight variables (8C) that have the potential to influence trust, 5 variables have insignificant relationships, namely contact interactivity, cultivation, care, choice, and convenience. This can be seen from the value of T-Statistics < 1.96 and P-values > 0.05 which means that it is not significant and thus the hypothesis that has been proposed is rejected. Trust is defined as a sense of security towards the reliability and integrity of a work partner or brand (Morgan and Hunt, 1994). So this for the millennials generation in

Indonesia, it can be concluded that they have trusted to transact online and therefore contact interactivity is not a scourge for e-commerce businesses or marketplaces in conducting their business. This is also reinforced that information can be obtained through advertisements, word-of-mouth, expert opinions, publications and communications made by the company and the price of products or services (Zeithaml, Berry and Parasuraman, 1996). In other words, the millennials trust the community around them more to increase trust in e-commerce or the marketplace. Besides, the current market share of millennials in Indonesia already trusts to transact online, although cultivation has a positive relationship with trust, but this is not significant. This is supported by Srinivasan, Anderson and Ponnnavolu (2002) who state that the high level of consumer confidence before making a transaction process will make consumers less concerned about the company's negative actions, in other words the impact is small. Besides, the millennials generation in Indonesia is not too concerned about the care of e-commerce and marketplace businesses. This is reinforced by Boulding, et al (1993) which states that customers are more tolerant of company shortages or online stores. Besides, customers will feel fair if higher prices are accompanied by good quality services continuously (Campbell, 1999). In other words, it states that the millennials are more likely to see prices in conducting transactions online. The large choice of products does not affect the generation of millennials in trusting e-commerce or the marketplace. This is in line with the statement of Peterson, Balasubramanian & Bronnenberg (1997) which states that the characteristics of the products and services marketed affect trust more. Besides Simões (2008) explains that millennials see the true benefits of purchasing products before spending their money. This means that the millennials are more concerned with prices and promos than the large selection of products offered in one e-commerce or marketplace. On the quality of information assessment based on ease of access to information by consumers, while the quality of the system is emphasized on the ability of the website system to assist the transaction process (Chang et al., 2010). If we look at the results of this study convenience has a positive relationship with trust but it is not significant which means that the millennials are already very well versed in conducting transactions online. This indicates that the average navigation owned by e-commerce or marketplace is already user-friendly for millennials generation where they can explore independently. This was confirmed by Hoffman and Novak (1996) who stated that interactive navigation would increase the independence of consumers because he could shop quietly without assistance.

Then the relationship between trust variables and millennials e-loyalty in Indonesia can be concluded that trust has a significant positive relationship to e-loyalty, this can be seen from the value of T-statistics (19,615) > 1.96 and P-values (0.000) < 0.05 which means it's very significant. This is reinforced by the statement of Cyr, Hassanein, Head, and Ivanov (2007) where customers who do not trust e-commerce websites or marketplaces will not be loyal, even though they may be satisfied with the product or service provided. Trust is a vital element for building long-term relationships in the context of online business such as e-commerce or the marketplace. The greater the customer's trust in the service

provider, the more likely the customer is to continue the relationship (de Ruyter, et al., 2001).

Of the 3 variables that describe the attitude of the millennials generation in Indonesia on e-loyalty or loyalty shows that e-loyalty does not have a significant negative relationship to search, this can be seen from the value of T-statistics (9.298) > 1.96 and P-values (0,000) < 0.05, which means the opposite, even though loyal millennials in Indonesia continue to look for products or services in e-commerce or competitor marketplaces. This is supported by Katherine (2011) who stated that the generation of millennials will repeatedly visit websites that have competitive prices and low shipping costs. This means that millennials continue to search for more competitive prices and costs. So even though the millennials like one e-commerce or marketplace that suits their character, they are still looking for competitors who offer more competitive prices.

But of the 3 variables that describe the attitude of the millennials generation in Indonesia on e-loyalty, the other 2 variables have a significant positive relationship to e-loyalty, namely word-of-mouth and willingness to pay more. This can be seen from the value of T-statistics > 1.96 and P-values < 0.05 which means very significant. Hagel & Armstrong (1997), states that loyal customers will tend to provide positive information by word of mouth. So, therefore, businesses must provide services by the expectations of the millennial generation so that the information conveyed to the community-owned by the millennial generation is positive information. This is reinforced by the results of research that on offline sales if a customer is made unhappy then the customer will notify his five friends while online sales will notify about 5,000 people (Poleretzky, 1999). Reichheld & Sasser (1990) in their research found that loyal customers are willing to pay a premium to continue to deal with the retailer of their choice rather than incur additional search costs. Thus it can be said that the millennials are willing to pay more if they are loyal to one e-commerce or marketplace but do not rule out they are still looking for competitors who offer more competitive prices and promos.

## V. CONCLUSION

Thus we can conclude that the current generation of millennials in Indonesia already strongly believes in conducting online transactions both in e-commerce or in the marketplace. This is indicated by how the influence of care, choice, contact interactivity, convenience and cultivation does not affect the level of trust or trust of millennials generation of e-commerce or marketplace even though these five variables have a positive relationship with trust, it's just not significant. But what's interesting here is how the variable character, customization, and community still influence the trust or trust of the millennials generation of e-commerce or the marketplace. If we look at these three variables better reflect how the e-commerce or marketplace is adjusting the products or services they offer to those millennials. Therefore to win the e-commerce market share and marketplace in Indonesia, business people should focus more on these three variables, which are characters that show how the design of e-commerce

or marketplace is adjusted to the intended millennial generation. Besides customization shows how business people can adjust the products they offer by the wishes of the millennial generation and this relates to the community of the millennial generation itself which has a significant positive relationship to trust or trust in e-commerce or marketplace which in this power of word-of-mouth needs to be considered in this community.

What's interesting about the three variables that illustrate the attitude of millennials e-loyalty in Indonesia is that although they are loyal to one e-commerce or marketplace, the fact that the millennials keep searching on competitors' websites, this indicates that the millennials actually keep looking for prices that are cheaper, promos, events and so on even though they are loyal to one e-commerce or marketplace. From this, we can conclude that actually, the main factor in determining the selection of e-commerce or marketplaces of the millennial generation to conduct transactions is the issue of prices and promos offered by e-commerce and marketplace businesses. And this is proven by Shopee which offers lower prices and is now in the top 3 e-commerce players and marketplaces in Indonesia. For this reason, business people should be able to make attractive promos that can attract these millennials so that they win the competition in e-commerce businesses and marketplaces in Indonesia.

This research may experience limitations that have influenced the findings. The number of samples taken in this study is still too small and does not yet represent the majority of the millennial generation population in Indonesia. Besides, latent variables - exogenous are limited to trust variables, where there should still be many exogenous variables that can be further investigated such as brand variables, quality and other variables that can affect e-loyalty. Given these limitations can provide opportunities for further research to be able to consider the number of samples and other variables that can affect millennials' e-loyalty. Future studies can also add the e-satisfaction variable as a mediating variable of trust towards e-loyalty. The authors hope in the next research will be discussed further how care, choice, contact interactivity, convenience, and cultivation does not affect the level of trust or trust of millennials generation of e-commerce or the marketplace. What causes these five indicators to have an insignificant relationship to trust. Further research can also further examine the indicators why millennials continue to

search on competitor websites even though they are loyal to the e-commerce or marketplace has chosen. So with these opportunities, the results of further research can help e-commerce companies or marketplaces determine strategies in detail to win the millennial generation in Indonesia.

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