

Research Article

Trust Dynamics in Smartphone Purchases: Comparing Online and Offline Customer Decision-Making in Banjarmasin, Indonesia

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Abstract: This study aims to understand the factors influencing trust among online and offline shoppers in Banjarmasin in buying smartphones both online and offline and explores their decision-making processes. Using a qualitative research methodology, data were collected through in-depth interviews with both online and offline shoppers. The interviews focused on their decision-making process and experiences related to trust in each shopping mode. Thematic analysis revealed that trust in online shopping is predominantly influenced by reliability and efficiency, with the presence of guarantees and responsive customer service. In contrast, trust in offline shopping is driven by the ability to inspect products physically, face-to-face interaction with sales personnel, and immediate possession of goods. The study also highlights significant concerns among offline shoppers regarding product authenticity, delivery issues, and the lack of a tactile experience in online shopping. While the findings are specific to Banjarmasin and may not be generalizable, they offer valuable insights for retailers aiming to enhance customer trust. For online retailers, providing positive testimonial content is recommended. This study contributes to the literature by providing a comparative analysis of trust factors between online and offline shoppers in a regional context, offering actionable insights for enhancing the shopping experience.

Keywords: Customer Trust, Online Shopping, Offline Shopping, Customer Decision Making, Banjarmasin, Qualitative Study.

I. INTRODUCTION

In recent years, Indonesia has witnessed a significant surge in internet usage, signaling a transformative shift in how its population interacts, communicates and accesses information. This burgeoning digital landscape has reshaped social interactions and consumption patterns, leading to a substantial increase in smartphone demand. According to Statista (2022), smartphone usage in Indonesia has risen to 80.17% from 76.26% the previous year. Despite this positive trend in smartphone adoption, the market has experienced a downturn. The International Data Corporation (IDC) reported an 11.9% year-over-year (YoY) decline and a 7.2% quarter-over-quarter (QoQ) decline in Indonesia's smartphone market in the first quarter of 2023 (IDC, 2024).

Simultaneously, there has been a significant shift in consumer behavior from offline to online shopping. According to Sirclo (2022), 17.5% of Indonesians have moved from offline shopping to online platforms. This shift is reflected in the substantial increase in e-commerce transactions. Bank Indonesia reported that the total value of e-commerce transactions in Indonesia reached IDR 453.75 trillion in 2023, indicating a thriving online shopping landscape (Rachman, 2024). This growth in e-commerce transactions highlights the increasing importance of understanding consumer trust in online shopping environments.

Trust is an important component in creating online consumer decision-making (Hidayat et al., 2021). Understanding the factors that influence consumer trust in online shopping environments is crucial for retailers to adapt and thrive in a changing market landscape. Despite their commitment to providing high-quality products and services, traditional offline retailers have struggled to maintain their market share in the face of growing online competition. This study aims to explore the trust dynamics among online and offline shoppers in Banjarmasin, focusing on how trust influences their decision-making processes. By examining the factors that build or hinder trust in online shopping, this research seeks to provide insights that can help retailers adapt to the evolving market landscape and better meet the needs of their customers.

II. LITERATURE REVIEW

A) Customer Decision Making Journey

The consumer journey is a sequence of points of contact that customers engage with throughout their purchasing process. The Journey includes the prepurchase, purchase, and post-purchase phases (Lemon and Verhoef, 2016). Besides that,



Touchpoints refer to the precise instances of engagement that occur between consumers and these entities throughout their journeys. These touchpoints may encompass various activities, including product selection, participation in retail encounters, and utilization of products and services. On the other hand, Customer decision-making is a model that focuses on the communication that incorporates with a brand a customer, utilizing a sequence of events across various stages categorized as fields. (Nicosia, 1966). As technology develops, the process of decision-making can be done digitally. Online decision-making is a process of decisions made by online or digital platforms. (Helen, Wall, Linda, and Kaye, 2018). Engel, Kollat, and Blackwell (1968) explain that the components of decision-making are input, information processing, decision process, and variables affecting the decision process. On the other hand, Kotler and Keller (2012, p.98) describe there are 5 steps of the decision-making process, which are Problem Recognition (Need Recognition), Information Search, Evaluation of Alternatives, Purchase Decision and Post-purchase Behavior.

Need recognition is the first step of the process in customer decision making. When a customer identifies a significant difference between their desired state and their actual state, prompting them to take action in the decision-making process. (Solomon, Bamossy and Askegaard, 2002). The actual state is a state when a person perceives the problem when a product fails to perform the satisfaction, and the desired state is a state when a person desires about something that may trigger the decision process (Bruner, 1987).

Information search involves gathering relevant data and knowledge to meet a specific need or objective. In the online case, the use of a recommendation agent, the interactive decision aids made to help customers make buying decisions in online shopping, can reduce customers' search effort for product information (Häubl and Trifts, 2000). It happens when an individual recognizes a requirement that could potentially be fulfilled through the procurement and utilization of a product. (Schiffman and Wisenblit, 2019, p. 378).

Evaluation of alternatives is an individual way to decipher the positive and negative sites of available decisions is affected by the individual's beliefs, a conviction regarding the truth or reality of something, irrespective of its veracity, and attitudes, an individual's persistent favorable or unfavorable assessments. (Kotler and Keller, 2012, p. 98). The evaluation of alternatives of individuals will become knowledge that affects their future decisions (Schiffman and Wisenblit, 2019, p. 375).

Purchase Decision is categorized into 3 types (Schiffman and Wisenblit, 2019, p. 376), which include (1) Extensive Problem Solving, The situation that happens not frequently and the customer does not have criteria priority to evaluate the product; (2) Routinized Response Behavior: The situation that happens automatically without much thoughts because the product is not expensive and purchased frequently; (3) Limited Problem Solving: The situation that occurs when the customers purchase updated version of the products and the customers already have criteria to evaluate the products.

Dissonance is one of the effects of **Post-purchase Behavior**. The dissonance might be experienced by a person who has already consumed the product (consumers). It can be influenced externally by hearing benefits about other brands or internally by post-purchase satisfaction or what we call negative disconfirmation. (Kotler and Keller, 2012 p.98). Suppose the consumers are not satisfied with the product. In that case, it will lead to an intention to write negative reviews, an intention to do brand switching, and an intention not to repurchase intention. (Tata et al., 2021)

B) Customer Trust Toward Online Shopping

Mayer, Davis and Schoorman (1995) formulate trust happens when one party is willing to make themselves vulnerable to the actions of another party, believing that the other party will fulfill a specific action that is significant to the trusting party, even without the ability to monitor or control them closely. Therefore, customer trust is defined as Relying on information provided by someone else about uncertain conditions and potential outcomes in a risky situation. (Hawes, Mast, and Swan, 2013). In the context of online customer trust, the trust is built towards the internet and the trust provider.

Siau et al. (2004) defined mobile commerce and e-commerce with common antecedents of trust generate some factors that affect trust in mobile commerce, and those are (1) Usability and ease of use when the mobile devices enable users to perform ease and effective commercial task; (2) Reliability of mobile infrastructure, when the infrastructure helps convincing user concerns of security; (3) Cultivation of interest, when the users felt their needs and want can be fulfilled with the commerce environment inside it; and (4) Elicitation of satisfaction when the vendor has good reputation, security control, recognition, open communication, and feeling of belonging to the community.

III. METHODOLOGY

This study employs In-depth interviews to gather the data. In-depth interviews were conducted to collect primary data from participants. This method involves face-to-face interviews with individual participants, allowing for a detailed exploration of their motivations, beliefs, attitudes, and emotions (Malhotra & Dash, 2016). For this study, in-depth interviews were essential in understanding the consumer decision-making journey and the specific factors that influence trust in online and

offline shopping environments. The interviews were conducted with two categories of participants: (1) customers who have purchased smartphones online and (2) those who have bought them offline. This approach helped in capturing diverse perspectives on trust and decision-making. The interviews focused on various aspects of the shopping experience, including need recognition, information search, evaluation of alternatives, purchase decisions, and post-purchase behavior (Kotler & Keller, 2012).

This study successfully gathered 8 informants with equal portions of both offline customers and online customers. In table one, the participants in this study comprise a diverse group in terms of gender, occupation, and social media usage, all residing in Banjarmasin. The occupations range from office workers, merchants, and bakers to housewives and social media administrators. Even though offline customers do not buy online, they are still using social media for their daily lives. The name provided is only the first name for confidential purposes.

Table 1: Characteristics of Informants

Name	Gender	Occupation	Residence	Social media	Type
Nana	Female	Office Worker	Banjarmasin	Instagram	Offline Customer
Hadi	Male	Merchant	Banjarmasin	Instagram, TikTok, Facebook	Offline Customer
Mei	Female	Baker	Banjarmasin	Instagram, TikTok	Offline Customer
Giok	Female	Housewife	Banjarmasin	Instagram	Offline Customer
Kiki	Male	Employee	Banjarmasin	Facebook, Instagram, TikTok, WhatsApp	Online Customer
Agustin	Female	Office Worker	Banjarmasin	Instagram, TikTok, Facebook	Online Customer
Nur	Female	Social Media Admin	Banjarmasin	Instagram, TikTok	Online Customer
Yenny	Male	Merchant	Banjarmasin	Instagram, TikTok	Online Customer

IV. ANALYSIS OF RESULTS

A) Trust in Online Shopping

From both perspectives between online and offline, there are some differences in trust between those types of customers regarding online purchases. As illustrated by the insights offered, offline consumers typically exhibit mistrust and misgivings regarding internet transactions. Their main worries center on two important factors: the product's authenticity and quality, as well as the delivery system's dependability. Consumers who shop offline voice concerns about the legitimacy and caliber of the goods they receive, believing that they might not be what they appear to be or possibly be fake (Hadi). Additionally, they regard it to be a time-consuming and difficult process to exchange or return defective goods (Mei).

Furthermore, there are concerns about the delivery process' dependability, particularly when it comes to things that are supplied from far-off places, which could result in delays or non-delivery. On the other hand, online consumers exhibit a higher level of trust in the online purchasing process, as illustrated by their positive testimonials. They highlight several factors contributing to their trust: guarantees provided by the e-commerce platform, straightforward return policies, prompt refunds, the accuracy of product specifications, fast delivery, and secure packaging. Online consumers perceive online purchases as reliable and efficient, with the presence of guarantees and responsive customer service providing reassurance (Kiki, Agustin, Nur). Moreover, positive experiences of successful transactions, such as the example shared by Yenny about her brother's purchase, play a significant role in building trust and confidence in online shopping.

"It started out as just a whim. I thought, why not give it a try? So, I went to some stores and checked out the prices. Then, I decided to see what the prices were like on eCommerce platforms. That is how it went. But why did I dare to buy from eCommerce? Well, my older brother once bought something for my mom, and he used eCommerce too. He had it shipped from Jakarta to Banjarmasin. It was a bit of a gamble, but with eCommerce, there's a guarantee. If the product doesn't meet expectations, we won't lose our money." (Yenny)

B) Need Recognition

From the offline perspective, the reason why those customers bought a new phone was primarily due to functionality rather than a desire for new features or upgrades. Nana's approach reflects an actual state type of need recognition, where gadget replacement occurs only when necessary, such as when the device is broken or when a crucial feature is lacking. Similarly, Hadi's decision to purchase a new phone was prompted by the declining performance of his previous device. Additionally, Mei's situation highlights the need for an upgrade due to the outdated performance of their old iPhone 4, emphasizing the importance of device functionality matching current needs. Giok Lien's need arose from the necessity of replacing a broken phone.

"No, actually, at that time, it was like this. I am the type of person who only replaces the gadget when it's broken unless there's a feature they really need." (Nana)

Online shoppers also recognize the practical necessity, especially when it comes to the urgent replacement of damaged or malfunctioning devices. After her phone shattered, Kiki had to find a replacement quickly and on a tight budget. Agustin's prior equipment was freezing and almost breaking, so she started looking for a replacement that worked well and was dependable. On the other hand, Nur's story emphasizes the aggravating experience of having to cope with a phone that breaks down and needs to be serviced, underscoring the need for a more long-lasting fix. Finally, Yenny made a simple selection because she had to replace her broken phone. From both perspectives, all customers are categorized as actual state types of need recognition.

"Because the previous phone was already broken... Last time it was checked, they said it was the LCD, so it was serviced. It took quite a while, and after the service, it lasted only 3 months." (Nur)

C) Information Search

When it comes to finding information about what smartphone to buy, offline customers such as Nana, Mei, and Giok Lien rely more on personal connections like friends and family than on outside resources. The adoption of iPhones by her friends impacted Nana's decision to look into Apple products. Mei also indicated a preference for dependable recommendations from close friends and family when she asked them for assistance before making a purchase. Giok Lien's months-long, in-depth family consultation highlights the significance of financial planning and familial guidance in her decision-making. On the other hand, Hadi prefers to look for knowledge from outside sources, such as YouTubers.

"Of course, before that, I'll review it with a few YouTubers." (Hadi)

On the other hand, online customers rely on external sources, especially digital platforms and social media channels, while searching for information. Kiki looks for information on YouTube, where tech reviewers give in-depth assessments of phones. The next searches Shopee for product listings that match her criteria. Agustin uses Instagram as her main information source and makes use of the platform's integration with Shopee to research and buy products. Similarly, Nur found Xiaomi through Instagram, where she was drawn to a mobile phone shop's Instastory because of its affordable price and impressive features.

"Usually, I first check YouTube. There are YouTubers who review phones. Then I look around on Shopee. I type in the type of phones." (Kiki)

D) Evaluation Search

The evaluation search insights from offline customers highlight several key factors influencing their preference for the store. Hadi's observation of first-rate customer service and Nana's satisfaction with simple warranty claims showcase the store's commitment to providing exceptional customer service. These experiences suggest that the store excels in creating a supportive and reliable customer environment, enhancing customer trust and satisfaction. Mei's comments emphasize the importance of product availability and effective marketing strategies, indicating that customers appreciate a well-stocked store with active promotional efforts. Additionally, Giok Lien's experience underscores the significance of the overall store appeal, suggesting that a pleasant and inviting store environment plays a crucial role in attracting and retaining customers.

"But before, there were other stores. I've browsed there before. I've looked at phones there before. But I wasn't sure. It didn't seem very appealing." (Giok Lien)

For online consumers, several important variables influenced their choice of the store. Kiki chose the store due to the availability of rapid delivery within two to three hours and competitive pricing, highlighting the appeal of convenience and cost savings. Agustin's decision was impacted by effective communication with the seller and the discovery of cashback offers, underscoring the importance of promotional incentives and responsive customer service. Nur's confidence in the store stems from its reputation for providing affordable, high-quality products and friendly customer service, emphasizing the significance

of perceived value and brand reputation. Lastly, Yenny's comparison of prices with other stores confirmed the store's attractiveness due to its lower costs, further appealing to budget-conscious customers.

"...Before that, I asked around. The prices are significantly higher than this store that I bought in eCommerce; it's cheaper there." (Yenny)

E) Purchase Decision

The purchase decisions of both offline and online customers of the store align with Extensive Problem-Solving behavior, characterized by a thorough and deliberate evaluation process. Offline customers, such as Nana, Hadi, Mei, and Giok Lien, invest significant time and effort in their decision-making. Nana's pragmatic approach to replacing gadgets only when necessary, Hadi's reliance on detailed YouTube reviews, Mei's trust in recommendations from family and friends, and Giok Lien's long-term consultation and financial planning all reflect a need for assurance of quality and reliability.

On the other hand, online customers exhibit similar extensive problem-solving behavior, focusing on multiple factors before making their purchase decisions. Kiki values rapid delivery and competitive pricing, showing that convenience and cost savings are crucial in her decision-making process. Agustin's emphasis on effective communication with the seller and cashback offers indicates the importance of promotional incentives and seller responsiveness. Nur's confidence in the store stems from its reputation for affordable, high-quality products and friendly customer service, demonstrating the significance of perceived value and brand reputation. Yenny's detailed comparison of prices with other stores highlights her budget-conscious approach and the importance of obtaining the best deal without compromising on quality.

F) Post-purchase Behavior

Based on the analysis of post-purchase behavior, both offline and online customers exhibit positive reactions that reinforce their purchase decisions and foster loyalty. Offline customers, such as Nana, Hadi, Mei, and Giok Lien, highlight several key aspects of their post-purchase experiences. Nana appreciates the ease of warranty claims and the availability of accessories, which make the store a one-stop shopping destination. Hadi values the comprehensive service, including assistance with data transfer and setup and the special 24-hour store warranty for immediate replacements if needed. Mei emphasizes the straightforward warranty claim process and support in setting up her new phone, ensuring a smooth transition. Giok Lien praises the convenience of having applications installed at the store, enhancing the overall service experience. These positive post-purchase experiences reduce cognitive dissonance and increase customer satisfaction, leading to higher loyalty and the likelihood of repeat purchases.

"I'm glad with this store because they provide such great service. For instance, after buying a phone, you can ask them to install applications right there on the spot." (Giok Lien)

Online customers, such as Kiki, Agustin, Nur, and Yenny, also expressed satisfaction with their post-purchase experiences, which significantly impacted their trust and loyalty towards the store. Kiki is pleased with the rapid processing and delivery of orders, as well as the store's comprehensive product range and reliable stock availability. Agustin appreciates the trustworthiness of the products, proactive customer service offering setup assistance, and secure packaging. Despite some customers' reluctance to have their phones set up by others, Agustin Highly trusted the customer service team to set up her phone, apply a screen protector, and ensure it was ready for use upon arrival. Nur values the quick delivery, secure packaging, and the option to have the phone set up before shipping, also indicating a high-level trust.

"I mean, it's good because the item that arrived is the real A52, trustworthy. Then it's set up first, because I can't go to store at that moment. So, the customer service and the employees informed me, asking, 'Do you want me to set up your phone first?' Yes, I want it. So it was set up, paired, with the screen protector applied. So, at home, we just use it, all set... What's it called, the packing is also safe... Thick bubble wrap." (Agustin)

V. CONCLUSION

The study highlights key differences between online and offline customers in Banjarmasin, Indonesia, particularly in their decision-making journeys and trust dynamics. Offline customers tend to value the ability to physically inspect products, engage in face-to-face interactions with sales personnel, and enjoy immediate possession of goods. They often rely on personal recommendations from friends and family during their information search, emphasizing the importance of tangible experiences and trusted social circles. In contrast, online customers prioritize website security, ease of use, customer reviews, and return policies, demonstrating a higher trust in the efficiency and reliability of e-commerce platforms. These customers often seek information from digital platforms and social media channels, appreciating features like rapid delivery and competitive pricing.

A unique customer behavior identified in the study is the preference for having their phone set up before delivery. This indicates a high level of trust in the online retailer's customer service. For instance, one customer expressed satisfaction with

the proactive customer service team who set up her phone, applied a screen protector, and ensured it was ready for use upon arrival, showcasing the trust built through personalized service and attention to detail.

To gain the trust of offline customers and encourage them to buy online, retailers should focus on addressing their concerns about product authenticity and delivery reliability. Providing comprehensive guarantees, straightforward return policies, and prompt refunds can mitigate fears of receiving subpar or counterfeit products. Additionally, showcasing successful transactions and positive testimonials from other customers can build confidence in online shopping.

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