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The Contribution of E-Commerce Shipping Insurance Features in Shaping Online Repurchase Intention

BY

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Abstract

This research article examines the contribution of e-commerce shipping insurance features in shaping online repurchase intention in Indonesia. With a high internet penetration rate of 202.6 million users and 167 million mobile users, e-commerce has witnessed significant growth in the country. The increasing number of internet users and the COVID-19 pandemic have contributed to the surge in online shopping activities. The availability of digital infrastructure and innovative products, such as video conferencing, e-learning, video streaming, and e-commerce, has transformed the Indonesian economy into a potential digital economy. E-commerce, in particular, plays a crucial role as one of the key drivers of the national economy.

To regulate the growing e-commerce industry, the Indonesian government has issued various regulations to ensure compliance with digital trade laws. These regulations require e-commerce platforms to adhere to specific standards and protect consumers from fraudulent practices. The number of online transactions has continued to rise, driven by the wider access to the internet and the increasing number of people staying at home during the pandemic. This growth has led to the emergence of several unicorn startups in Indonesia, with marketplaces being a prominent sector.

The COVID-19 pandemic has significantly impacted various aspects of Indonesian society, including the economy, social interactions, and cultural practices. The implementation of large-scale social restrictions and quarantine measures has affected economic activities, including offline transactions in public places. Consequently, online shopping has experienced a substantial boost during the pandemic. E-commerce platforms offer shipping insurance features to protect buyers from potential risks, such as damaged or lost goods during the delivery process. This feature instills confidence and a sense of security among consumers, thus increasing their repurchase intention and strengthening the reputation of e-commerce businesses.

The research examines the relationship between e-commerce shipping insurance features and consumer behavior, considering factors such as brand awareness, perceived value, and customer engagement. The findings highlight the importance of shipping insurance features in enhancing consumer trust, satisfaction, and loyalty. Moreover, it discusses the influence of social media marketing on brand awareness and perceived value, which further contributes to consumer engagement and online repurchase intention. The study also addresses the tendency of Indonesian consumers to deactivate the shipping insurance feature, suggesting a need for further investigation and potential strategies to encourage its utilization.

This research article provides valuable insights into the role of e-commerce shipping insurance features in shaping consumer behavior and online repurchase intention. It contributes to the existing literature by addressing the research gaps in the field and offers practical implications for e-commerce businesses and policymakers.

Keywords: E-commerce, Shipping Insurance, Online Repurchase Intention, Customer Behavior

INTRODUCTION

The Republic of Indonesia has experienced a rapid growth in internet users and mobile phone usage, with approximately 202.6 million internet users and 167 million mobile phone users, accounting for 82% of the total population (Arifatin et

al., 2021). The internet penetration rate in Indonesia has steadily increased over the years, reaching approximately 77% of the population. The surge in internet users, especially during and after the COVID-19 pandemic, has paved the way for digital disruptions and innovative products such as video

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conferencing, e-learning, video streaming, and e-commerce (Tri. S. M. Sutarsih et al., 2021).

The significant number of internet users in Indonesia holds great economic potential, particularly in the digital economy sector, specifically electronic commerce (e-commerce). According to the Organization for Economic Co-Operation and Development (OECD) in 2009, e-commerce refers to the buying and selling of goods or services conducted through computer networks using specific methods to receive or place orders, with online payment and delivery (Maria Elena, 2021). Consequently, the rapid development of e-commerce in Indonesia has prompted the government to issue regulations to ensure compliance with digital trade rules (Iqbal et al., 2022).

The COVID-19 pandemic, which began in December 2019, has profoundly impacted various aspects of Indonesian society, including the economy, social dynamics, culture, and overall well-being (Yuni Astutik, 2021). To mitigate the spread of the virus, the government implemented policies such as the Large-Scale Social Restrictions (PSBB) and the Enforcement of Community Activity Restrictions (PPKM). These measures have affected economic activities, including consumer transactions in public places like markets, supermarkets, and retail stores (PEDOMAN PEMBATAAN SOSIAL BERSKALA BESAR DALAM RANGKA PERCEPATAN PENANGANAN CORONA VIRUS DISEASE 2019 (COVID-19), 2020).

The combination of the booming e-commerce industry in Indonesia and the implementation of PSBB policies has led to a significant increase in online shopping during the COVID-19 pandemic. The convenience and accessibility of the Internet, along with the limited mobility of individuals during the pandemic, have contributed to the surge in online transactions (Tri. S. M. Sutarsih et al., 2021). Online shopping allows consumers to purchase goods and services directly from sellers through interactive online platforms, eliminating geographical limitations and reducing transaction barriers (Mujiyana, 2013). The widespread adoption of online shopping has been further accelerated by the use of mobile phones, with approximately 95% of Indonesian consumers engaging in online shopping through their mobile devices (Sirclo & Ravenry, 2020).

In the realm of e-commerce, insurance features have emerged as a vital element, providing assurance and protection to consumers during the delivery process. These features are designed to safeguard transactions against potential risks, such as loss or damage to goods during transit. By activating the insurance option, buyers can mitigate the risks associated with online shopping, ensuring the safe delivery of their purchases (Tokopedia, 2022).

The presence of insurance features in e-commerce enhances consumer confidence and fosters a sense of security during online purchases. This, in turn, can increase customer loyalty and strengthen the reputation of the e-commerce business (Adekunle, 2020). Additionally, insurance features protect businesses from substantial losses incurred due to damaged or lost products during the delivery process (Gossman, 2019).

Furthermore, insurance options offered by e-commerce platforms collaborate with insurance partners to protect transactions during the delivery, return, and exchange processes. Consumers can choose to activate or deactivate insurance coverage for their purchased products (Tokopedia, 2022a). The utilization of these online shopping insurance services allows consumers to file claims and seek compensation for unforeseen events, providing peace of mind during the entire online shopping experience.

Social media marketing has become an integral part of e-commerce strategies, enabling businesses to reach a wider audience and expand their customer base. Through social media marketing, businesses can promote their products and services digitally, attracting potential customers and increasing sales (Noviah, 2022). Social media marketing facilitates direct, interactive, and engaging communication between businesses and customers, resulting in improved customer engagement, brand loyalty, and trust in online shops (Rachmadhaniyati, 2021).

Customer engagement plays a significant role in the success of online businesses. Engaged customers tend to spend more on each purchase, buy more frequently, and influence their family and friends to become customers as well (Husnain, 2017b). Brand awareness, another essential factor, influences consumer purchasing decisions and plays a crucial role in the adoption of insurance features in e-commerce. A strong brand presence creates a sense of familiarity and trust, influencing consumer choices and potentially generating positive word-of-mouth advertising (Shahid Z, 2017).

Perceived value, as defined by Zeithaml (2017a), represents the overall assessment of a product or service's usefulness based on consumer perceptions of what they receive and what they give in return. In the context of online shopping, perceived value is influenced by factors such as financial benefits, effectiveness, efficiency, and convenience (Y.-S. Wang et al., 2013b). E-commerce businesses offering insurance features aim to enhance the perceived value of their products and services by providing security and protection throughout the delivery process.

The rapid growth of e-commerce has transformed the way consumers shop, providing them with convenience, accessibility, and a wide range of choices. With the increasing popularity of online shopping, it is crucial to understand the factors that influence consumers' intentions to engage in online purchases. This study focuses on investigating the impact of insurance features in e-commerce on online shopping intentions, specifically analyzing the role of social media marketing, customer engagement, brand awareness, and perceived value.

By examining the relationships between social media marketing, customer engagement, brand awareness, perceived value, and online repurchase intention, this study aims to contribute to the understanding of consumer behavior in the e-commerce context and provide valuable insights for industry practitioners and researchers alike.

RESEARCH PROCESS

The research approach and design used in the study, focusing on the quantitative research method and the conclusive research design consisting of descriptive research and explanatory research. The chosen research approach for this study is quantitative. Quantitative research is commonly employed by researchers who adopt a positivist epistemology and focus on observable behaviors (Sekaran, 2020). In this study, the researcher aims to examine the relationship between selected variables, and to achieve this, the research design comprises both descriptive and explanatory research.

Descriptive research is employed to provide a comprehensive description of the variables under investigation. In this case, the variables include the independent variable, which is the insurance feature in e-commerce, and the dependent variable, which is online repurchase intention. Descriptive research enables the researcher to systematically gather data and analyze the characteristics, trends, and patterns of these variables (Malhotra, 2009).

On the other hand, explanatory research is conducted to explain the relationship between two or more selected variables. It aims to determine the cause-and-effect relationships and explore the underlying mechanisms that connect the variables of interest (Malhotra, 2009). In this study, explanatory research will be used to investigate the relationship between the insurance feature in e-commerce and online repurchase intention.

By employing the conclusive research design, which combines descriptive and explanatory research, the researcher aims to provide a comprehensive understanding of the variables and their interplay. The quantitative approach allows for the collection of numerical data, which can be analyzed statistically to draw meaningful conclusions and insights regarding the impact of the insurance feature on online repurchase intention.

The chosen research design and approach will enable the researcher to systematically examine the variables, analyze their relationships, and draw evidence-based conclusions. This will contribute to the existing body of knowledge on the topic and provide valuable insights for e-commerce businesses in understanding the role of insurance features in influencing online shopping intentions.

The research methods employed in this study consist of three key components: data analysis techniques, hypothesis testing, and model fit assessment. Data Analysis Techniques include validity test, reliability test, and hypothesis testing. Validity Test to assess the validity of the research instrument, a validation test based on Ghazali's (2016) method was conducted. This test determines whether the questionnaire effectively measures the intended constructs. The validity of the questionnaire is established when the questions accurately measure the intended variables. The researcher employed SPSS for analyzing the research data.

The reliability test aims to measure the consistency and stability of the questionnaire in capturing the intended

constructs or variables. A reliable questionnaire ensures that respondents' answers are consistent over time and that each question measures the same underlying construct. Ghazali (2016) suggests that a variable is considered reliable if the resulting alpha (α) is greater than 0.70. The researcher used SPSS for conducting the reliability test. Reliability indicates that an instrument is trustworthy for data collection purposes. After conducting descriptive statistics and testing the assumptions of classical regression models, the hypothesis testing phase follows, employing two statistical tests: coefficient of determination (adjusted R²) and t-test.

RESULTS AND DISCUSSIONS

The research analyzed 210 respondents who have made online purchases using the insurance feature on e-commerce applications. The data collected aimed to study the characteristics of respondents in using online insurance in e-commerce in Indonesia, focusing on age and gender as the unit of analysis. The gender variable was used to analyze the differences or tendencies in online insurance usage between males and females. The analysis involved calculating the frequency and percentage of males and females in the sample. The age variable recorded the respondents' age and was used to analyze the patterns of online insurance usage based on age groups. The analysis included statistical calculations such as average age, age range, and age group distribution to examine the relationship between age and online insurance usage. By using this unit of analysis, the research could identify patterns, differences, and correlations in online insurance usage based on gender, age, domicile, and respondents' income levels.

a. Results Based on Age:

The respondents' profile was analyzed based on age to evaluate the contribution of the insurance delivery feature in shaping the online repurchase intention. The table below (Table 1) shows the frequency distribution and percentage of respondents based on age groups. The research involved a total of 210 respondents. The identified age ranges were <15 years, 15-22 years, 23-32 years, 33-45 years, and >45 years. The <15 years age group consisted of 38 respondents, accounting for approximately 18.1% of the total respondents. The 15-22 years age group had the highest number of respondents, with 47 respondents, or about 22.4%. The 23-32 years age group had 43 respondents or about 20.5% of the total respondents. The 33-45 years age group had 34 respondents or about 16.2%. Lastly, the >45 years age group had the second-highest number of respondents, with 48 respondents, or about 22.9% of the total respondents.

Table 1. Respondents' Profile Based on Age

Age	Frequency	Percentage
< 15 years	38	18,1%
15 – 22 years	47	22,4%
23 – 32 years	43	20,5%

33 – 45 years	34	16,2%
> 45 years	48	22,9%
Total	210	100%

The results in Table 1. indicate that the insurance delivery feature in e-commerce has a significant contribution to shaping online repurchase intention among various age groups, including the age groups of 15-22 years, 23-32 years, 33-45 years, and above 45 years.

b. Results Based on Gender

Based on Table 2, the profile of respondents based on gender in this research is presented. The study involved 210 individuals. In terms of gender, there were two analyzed categories: males and females. The data showed that the number of male respondents was 67, accounting for approximately 31.9% of the total respondents. On the other hand, there were 143 female respondents, accounting for approximately 68.1% of the total respondents. This indicates that female respondents have a higher participation rate in e-commerce transactions involving the insurance delivery feature.

Table 2. Respondents' Profile Based on Gender

Gender	Frequency	Percentage
Male	67	31,9%
Female	143	68,1%

The results in Table 2. indicate that female respondents have a higher proportion compared to male respondents in the sample. This suggests that women have a larger role in using the insurance delivery feature in e-commerce and shaping online repurchase intention. However, it should be noted that 31.9% of male respondents also contribute to the context. This analysis provides initial insights into the differences in perceptions, preferences, and consumer behaviors between males and females regarding the insurance delivery feature in shaping the intention to repurchase online.

c. Validity and Reliability Testing Results:

The analysis conducted in this research included validity testing, reliability testing, hypothesis testing, and model fit testing. These analyses aimed to validate the measurement instruments, ensure measurement consistency and reliability, test the relationships between the variables, and evaluate the proposed model's fit with the available data. By conducting comprehensive analysis testing, this research can provide a better understanding of the relationships between these variables and contribute valuable scientific insights in the field of marketing in the digital era.

Reliability testing aimed to evaluate the extent to which the measurement instruments used in this research are consistent and reliable. In this case, reliability testing helps measure the level of consistency among the items used to measure each variable, such as social media

marketing, customer engagement, brand awareness, perceived value, and online repurchase intention in e-commerce. Good reliability testing results indicate that the measurement instruments provide consistent and reliable results.

Hypothesis testing aimed to test and verify the research hypotheses proposed in the thesis. These hypotheses may be related to the relationships between the involved variables. Through hypothesis testing, it can be determined whether the proposed relationships in the hypotheses were statistically significant or not.

Model fit testing was used to evaluate the extent to which the proposed model fits the data. Model fit testing helped ensure that the proposed model had an adequate fit with the analyzed data.

Validity testing in this research aimed to evaluate the measurement instruments used to accurately and validly measure the variables. Validity testing ensured that the measurement instruments used to measure social media marketing, customer engagement, brand awareness, perceived value, and online repurchase intention in e-commerce accurately and reliably measure these constructs. Validity testing is considered valid when all variables in the research have values above 0.30.

Reliability testing in this research was used to measure the questionnaire, which is an indicator of the social media marketing, customer engagement, brand awareness, perceived value, and online repurchase intention variables. Reliability was measured using the Cronbach's alpha (α) statistic, where a variable is considered reliable if the Cronbach's alpha value is > 0.60.

Table 3 shows that the social media marketing variable does not have dimensions. The social media marketing variable has four indicators and factor loadings consisting of SMM1 (0.912), SMM2 (0.912), SMM3 (0.912), SMM4 (0.912), and SMM5 (0.895), indicating that all indicators are valid. The Cronbach's Alpha value of $\alpha = 0.925$ indicates that the social media marketing variable is reliable.

Table 3. EFA and Cronbach's Alpha Table for the Social Media Marketing Variable

<i>Social Media Marketing</i>	
Indicator	$\alpha = 0,925$
SMM1	0,912
SMM2	0,912
SMM3	0,912
SMM4	0,912
SMM5	0,895

Table 4. shows that the customer engagement variable does not have dimensions. The customer engagement variable has four indicators and factor loadings consisting of CE1 (0.887), CE2 (0.892), CE3 (0.893), CE4 (0.893), and CE5 (0.876), indicating that all indicators are valid. The Cronbach's Alpha value of $\alpha = 0.908$ indicates that the customer engagement variable is reliable.

Table 4. EFA and Cronbach's Alpha Table for the Social Media Marketing Variable Customer Engagement
Customer Engagement

Indicator	$\alpha = 0,908$
CE1	0,887
CE2	0,892
CE3	0,893
CE4	0,893
CE5	0,876

Table 5. show that the brand awareness variable does not have dimensions. The brand awareness variable has four indicators and factor loadings consisting of BA1 (0.872), BA2 (0.878), BA3 (0.878), BA4 (0.879), and BA5 (0.852), indicating that all indicators are valid. The Cronbach's Alpha value of $\alpha = 0.895$ indicates that the brand awareness variable is reliable.

Table 6. EFA and Cronbach's Alpha Table for the Social Media Marketing Variable Brand Awareness

Indicator	$\alpha = 0,895$
BA1	0,872
BA2	0,878
BA3	0,878
BA4	0,879
BA5	0,876

Table 7. shows that the perceived value variable does not have dimensions. The perceived value variable has four indicators and factor loadings consisting of PV1 (0.890), PV2 (0.891), PV3 (0.892), PV4 (0.892), and PV5 (0.868), indicating that all indicators are valid. The Cronbach's Alpha value of $\alpha = 0.907$ indicates that the perceived value variable is reliable.

Table 7. EFA and Cronbach's Alpha Table for the Social Media Marketing Variable Perceived Value
Perceived Value

Indicator	$\alpha = 0,907$
PV1	0,890
PV2	0,891
PV3	0,892

PV4	0,892
PV5	0,868

Table 8. shows that the online repurchase intention variable does not have dimensions. The online repurchase intention variable has four indicators and factor loadings consisting of ORI1 (0.845), ORI2 (0.853), ORI3 (0.852), ORI4 (0.853), and ORI5 (0.822), indicating that all indicators are valid. The Cronbach's Alpha value of $\alpha = 0.872$ indicates that the online repurchase intention variable is reliable.

Table 8. EFA and Cronbach's Alpha Table for the Social Media Marketing Variable Online Repurchase Intention
Online Repurchase Intention

Indicator	$\alpha = 0,872$
ORI1	0,845
ORI 2	0,853
ORI 3	0,852
ORI 4	0,853
ORI 5	0,822

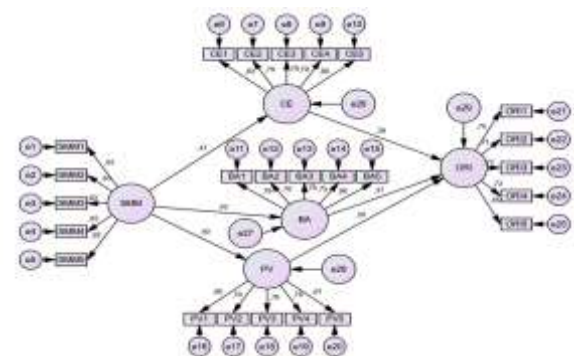


Figure 1. Structural Equation Model

Hypothesis testing results, as shown in Table 9, indicate that all research hypotheses were accepted based on the significant values of the standardized loading estimation parameters. The relationships between variables were found to be statistically significant.

Goodness of Fit Index	Cut of Point	Analysis Result	Summary
Probability	$\geq 0,05$	0,000	Good
RMSEA	$\leq 0,08$	0,020	Good
GFI	$\geq 0,90$	0,930	Good
AGFI	$\geq 0,90$	0,907	Good
CMIN/DF	$\leq 2,00$	1,585	Good
TLI	$\geq 0,95$	0,951	Good
CFI	$\geq 0,95$	0,956	Good

The results supported previous studies and provided evidence that social media marketing significantly influences customer

engagement, brand awareness, and perceived value. Additionally, customer engagement, brand awareness, and perceived value were found to significantly influence online repurchase intention in e-commerce.

CONCLUSIONS

Based on the conducted research, it can be concluded that social media marketing has a positive and significant influence on customer engagement in the context of e-commerce shipping insurance. This is evidenced by the CR value being greater than the critical t-value ($6.325 > 1.657$), indicating that higher levels of social media marketing lead to increased customer engagement. Additionally, social media marketing has a positive and significant influence on brand awareness of e-commerce shipping insurance. The CR value ($5.285 > 1.657$) indicates that higher levels of social media marketing correspond to increased brand awareness. Furthermore, social media marketing positively and significantly affects the perceived value of e-commerce shipping insurance. The CR value ($5.402 > 1.657$) suggests that higher levels of social media marketing contribute to increased perceived value. Additionally, customer engagement positively and significantly influences online repurchase intention for e-commerce shipping insurance. The CR value ($5.817 > 1.657$) demonstrates that higher levels of customer engagement are associated with increased online repurchase intention. Moreover, brand awareness has a positive and significant impact on online repurchase intention for e-commerce shipping insurance. The CR value ($5.243 > 1.657$) implies that higher levels of brand awareness lead to increased online repurchase intention. Lastly, perceived value positively and significantly influences online repurchase intention for e-commerce shipping insurance. The CR value ($5.289 > 1.657$) indicates that higher levels of perceived value are linked to increased online repurchase intention.

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