THE MEDIATING ROLE OF TRUST IN THE RELATIONSHIP BETWEEN EXPERIENCE AND INTENTION TO USE ONLINE TAXI SERVICES

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A*bstract:* **This research is conducted with a background of the need for fast, cheap and comfortable transportation which can be provided by taxies with online applications. To increase the usage of this transportation service, trust must be created in order to attract consumers to use the online taxi service again. The aim of this research is to explain the role of trust in mediating the relationship between experience and the intention to use online taxi in Denpasar City.**

This research utilize the quantitative approach, and is a causality study. The respondents of this research are the people of Denpasar City who have used online taxi services at least 2 times over the past six months. The sample size is 110 people which was determined using the purposive sampling technique. The data analysis technique used is SEM with the partial least square approach.

The research result shows that experience has a positive and significant influence on reuse intention of online taxies in Denpasar City. Trust has a role as a partial mediator in the relationship between experience and reuse intention of online taxies in Denpasar City.

The implication of this research for taxi businesses is to consistently provide good services to gain customer's trust and increase the intention to reuse online taxi services.

Keywords: **Experience, trust, and intention to use.**

1. INTRODUCTION

The rapid development of Denpasar City demands high mobility from the people. Safe and comfortable transportation services would greatly support a myriad of activities. Taxies are among the transportation services relied on in the city. The factors of safety and the risk ofrigged taximeter would cause passengers to think twice before riding a taxi. This is what motivates new innovations in the taxi transportation service system. Among these innovations is the mobile application named GrabTaxi, which can help people to attain taxi services that are safer, faster, and filled with certainty.

The experience of using online taxi would influence the intention to reuse in the future. There are many studies regarding the influence of experience on purchase intention such as the study conducted by Tong (2010),Kim and Chung (2011), Huang et al. (2011), Balady (2010), Wiesberg et al. (2011) and Giantari et al. (2013). The result of a research by Tong (2010) shows that experience does not have significant influence on the purchase intention of online products. This is due to the view of consumers in China that assumes online purchase of products is akin to purchasing a cat in the sack. This result is consistent with the study by Giantari et al. (2013) who conducted a research on teenagers who make online purchases in Denpasar City.

However, other researchers such as Kim and Chung (2011) stated that experience significantly influence purchase intention of cosmetic products in America. This research result is consistent with the review conducted by Huang et al. (2011), Balady (2010), and Wiesberg et al. (2011). The inconsistencies among studies show that there is a research gap which could be further assessed by adding in the variable of trust as a mediating variable.

Trust is a fundamental in business activities. A certain business transaction between two parties or more would occur if each party trust one another. Trust has been considered to be a catalyst in many transactions between buyers and sellers in order to attain expected results (Olmos, 2011).

2. THEORETICAL FRAMEWORK AND LITERATURE REVIEW

Theory of Planned Behavior (TPB) illustrates the complex behavior of consumers which requires the perception of behavior control or ability to behave (Ajzen and Fishbein, 1980).Perceived behavioral control is influenced by past experience and people's estimation on the difficulty to behave in a certain manner (Azwar, 2003).

Experience according to Schmitt (1999), are events or occurences that create personal impressions, which occurs as a response or result from the existence of stimulation (such as, stimulations provided by marketing efforts, may it be before or after the purchase). Experience is frequently the result of direct observation and/or participation in the acivities, which could be in reality, in wishes, or even virtually. Experience normally does not occur by itself, but it must be triggered, thus marketers must provide or create the right environment and setting to provide customer experience that meets expectation.

Trust according to Becerra and Korgaonkar (2011) is a person's judgement regarding their relationship with others in conducting a certain transaction, and their faith in an environment filled with uncertainty. According to Mayer et al. (1995), there are three factors that form a person's trust on others, namely ability, benevolene, and integrity. Trust is very important in the online environment because the complexity and diversity in online interaction and the possibility of unexpected dishonest behavior.

Fishbein and Ajzen (1975) stated that intention is the probability or possibility which is subjective in nature, in other words people's estimation regarding the probability to perform a certain action. Intention can be concluded as the estimation to what extent an individual will perform a certain behavior. The purchase intention is a behavior that arise as a response to an object. The intention to purchase is also the intention to repurchase which shows the willingness of customers to make a purchase (Assael, 2004).

3. RESEARCH METHOD

Based on the existing problem, this research is a causality research with the aim to examine and explain the relationship between experience and intention to use online taxi services, which is mediated by trust. This research is conducted in Denpasar City with the considerations that the income per capita of the people in Denpasar City is considered high enough (second highest after Badung) and the lifestyle of the people has increased the usage of application based transportation services, which in this research is the online taxi service. The research object is the intention of consumers in using online taxi service in Denpasar City.

The population in this research are all people in Denpasar City who have at least graduated from high school and have used the online taxi application or online taxi service at least 2 times over the last six months. The total population is not known with certainty (infinite). The sample taken is based on 5 – 10 times the total indicator of variablesm, (Ferdinand, 2014). The research indicators amounts up to 11, thus the sample size is 110 people who are determined using the purposive sampling method.

In processing the data, the Likert scale is an interval scale (Supranto, 2005). The Likert scale in this research is determined to have a scale of 1 to 5. The measurement of data in this research use the Likert scale which is used to measure attitude, opinion, and perception of respondents towards the object (Nazir, 2009).

In this research, the causal relationship formulated is not a simple model. The variables in this model have a recursive relationship. A causal relationship in this form needs an analysis tool which is capable of explaining this relationship, therefore the inferential statistic method used to analyze the data of this research is the SEM analysis based on the variance partial least square (PLS).

3.1 Research Variable

a. Exogenous Construct:

Experience (X) : perception of consumers on the experience of people in Denpasar City in using online taxi application. This variable is measured by 2 indicators that are adopted from the research conducted by Giantari et al. (2013). Consumer experience in using online taxi application (X1.1).Consumer experience in using online taxi service (X1.2).

b. Endogen Construct:

1. Trust (Y2) is the perception of respondents regarding the speed of service, quality of service, timeliness, information details, safety assurance, honesty in service, and the reputation of the online taxi. To measure the variable of trust, seven indicators/ items are developed from the research by Ruparelia et al. (2010) and Wiesberg et al. (2011) based on the research by Chaudhuri & Holbrook (2001) and Gefen & Straub (2003).First is the speed of service, which is the speed of service given by online taxies starting from the order until the online taxi arrives and picks up the passenger (Y2.1), quality of service is the quality of service offered by the online taxi (Y2.2), information detail is the completeness of information provided by the online taxi (Y2.3), safety assurance means that consumers are assured in using the online taxi service (Y2.4), honesty of online taxi in conveying information, meaning that the information provided regarding the quality of service they offer is true (Y2.5), online taxi reputation is the reputation of the online taxi which is characterized by the number of testimonies given by consumers (Y2.6).

2. The intention to use online taxi servicesis the intention of consumers in Denpasar City to use the online taxi transportation service again. This variable is measured by using six indicators which are adopted from the research conducted by Lee (2009) and Giantari et al. (2013) namely, intend to use online taxi again (Y.1.1), want to use online taxi again (Y1.2),and to recommend others to use online taxi services (Y1.3).

3.2 Research Hypothesis

The influence of experience on purchase intention (intention to use) has been conducted by previous researchers. Result of the research conducted by Kim and Chung (2011), Balady (2010), and Wiesberg et al. (2011) shows that experience positively and significantly influence the intention to make online purchases. On the other hand Tong (2010) found that experience does not significantly influence the purchase intention of consumers in China. Similar results were shown in the research conducted by Kuhlmeier & Knight (2005) which concluded that internet experience does not have significant influence on the purchase intention of consumers in Macao. To increase the purchase intention, the variables of trust and behavior control perception should be added with the assumption that the confidence in making online purchase decision is in accordance to the resources (finance) available, and there is sufficient control of technology and information.

Based on the above empirical review, the formulated hypothesis is shown as follows:

H1: Experience has positive and significant influence on intention to use.

Research on the influence of experience on trust has been conducted by Wiesberg et al. (2011), Ruparelia et al. (2010) which concluded that previous online shopping experience has significant influence on trust.

Based on prior empirical reviews, the formulated hypothesis is shown as follows:

H2: Experience has positive and significant influence on trust.

Trust is the most important element in online marketing. Trust is an important foundation for consumers in making purchases from online shops. Some research related to the relationship between trust and purchase intention through online mediums, which was conducted by Becerra & Korgaonkar (2011);Hsiao et al. (2010); Lee et al. (2011a,b); Harris & Goode (2010); Eastlick & Lotz (2011);concluded that trust has a positive and significant influence on the intention to make online purchases.

Based on previous empirical reviews, the formulated hypothesis is shown as follows:

H3: Trust has positive and significant influence on purchase intention.

The research on the influence of experience on online purchase intention through trust has been conducted by Wiesberg et al. (2011) which concluded that trust has a significant influence on online purchase intention.

Based on prior empirical reviews, the formulated hypothesis is shown as follows:

H4: Trust is able to significantly mediate the influence of experience on purchase intention (intention to use)

4. RESULTS

4.1 Analysis on the Research Model using Partial Least Square (PLS)

This research utilize a variance based or component based model approach which is the partial least square (PLS) method. In PLS, the structural model of the relationship between latent variables is called the inner model, while the measurement model is called the outer model. The stability of the estimation is evaluated using the t-statistic test, before the analysis, a test is conducted on the empirical model of the research. The test results are displayed as follows.
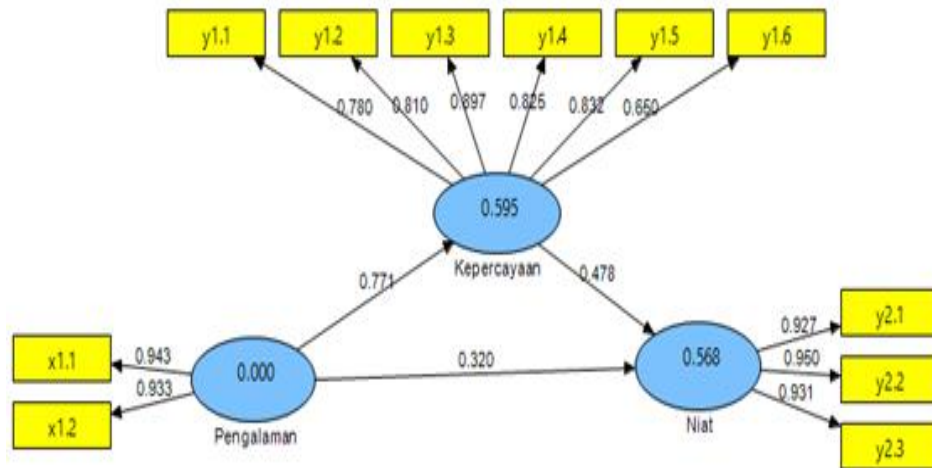
Picture1: Partial Least Square (PLS) Analysis Results

4.2 Evaluation of the Outer Model

There are three values that must be considered in this step, namely the convergent validity, discriminant validity, and composite reliability.

a. Convergent Validity

Convergent validity is used to determine the instrument items that can be used as indicators from the overall latent variable. This test result is measured based on the magnitude of the loading factor (outer loading) from the construct indicator. Displayed in Table1 is the test result of the convergent validity test.

Table 1: Convergent Validity Test Result

Construct/ variable	Indicator	Outer Loading	Description
Experience	X11	0,943	Valid
	X12	0,933	Valid
Trust	Y11	0,780	Valid
	Y12	0,810	Valid
	Y13	0,897	Valid
	Y14	0,825	Valid
	Y15	0,832	Valid
	Y16	0,650	Valid
Intention to Reuse	Y21	0,927	Valid
	Y22	0,950	Valid
	Y23	0,931	Valid

Source: processed data

The test result in Table 1 shows that all outer loading have values greater than 0,5. Hence, this measurement has fulfilled the convergent validity requirement.

b. Discriminant Validity

Validity test is conducted by comparing the root square value of average variance extracted (AVE) for each construct with the correlation among the constructs in the model. The discriminant validity test result is displayed in Table 2.

Table 2: Discriminant Validity Test Result

Construct/ variable	Indicator	AVE	Description
Experience	X1	0,880	Valid
Trust	Y1	0,645	Valid
Intention to Reuse	Y2	0,875	Valid

Source: processed data

The test result in Table 2 explains that the AVE value of the research variables have a value greater than 0,5. Thus, it can be concluded that the measurement has fulfilled the requirement of discriminant validity..

c. Composite Reliability

The composite reliability test has a purpose to test the reliability of the instrument in a research model. The composite reliability test result is shown in Table 3.

Table 3: Composite Reliability Test Result

Construct/ variable	Indicator	Composite Reliability	Description
Experience	X1	0,936	Reliable
Trust	Y1	0,915	Reliable
Intention to Reuse	Y2	0,955	Reliable

Source: processed data

Based on Table 3, it can be explained that the result of the composite reliability test shows a good result, in which the latent variables are all reliable because the composite reliability value is greater than 0,7. This shows that all the indicators are reliable measurement tools of their respective construct.

Evaluation of the Structural Model/Inner Model

The goodness of fit of the structural model on the inner model is tested using the value of predictive – relevance (Q^2). The R^2 of each endogen variable in this research can be seen in Table 4.

Table 4: Endogen Variable R^2 Value

Endogen Variable	R-Square
Experience	
Trust (Y1)	0,595
Intention to Reuse (Y2)	0,568

Source: processed data

Predictive – relevance value is attained using the formula below:

Q^2 = 1 - (1 - R1²) (1 - R2²)
Q^2 = 1 - (1 - 0,568) (1- 0,595)

Q^2 = 1 - (0,432) (0,405)
Q^2 = 0,8250

The result above shows that the predictive – relevance value is 0,8250, this value is greater than 0. This means that 82, 50% of the variance in thevariable of intention is explained by the variable used in the model. The remaining 17,50% is explained by other factors not included in the model. With this result, it can be concluded that the model has predictive relevance.

4.3 Results of Statistical Tests on the Path Coefficient of Variables

The hypothesis test using the partial least square will display five hypothesis. This test is conducted by using the t-test on each path of influence between variables. In PLS, the statistical test on each relationship hypothesized is conducted using a simulation. In this case, the bootstrap method is conducted on the sample. The test using bootstrap is also meant to minimize the problem of non-normally distributed research data. The test result using the bootstrapping method from the PLS analysis is shown in Table 5.

Tab1e 5. Hypothesis Test Result using Partial Least Square

Relationship Between Variable	Path Coefficient	t-statistic	Description
Trust ->Intention to Use	0,478	4.,974	Significant
Experience ->Trust	0,771	16,497	Significant
Experience ->Intention to Use	0,689	12,445	Significant

Source: processed data

4.4 Hypothesis Test

H_1: Experience has positive and significant influence on the intention to use.

The hypothesis test using the PLS approach on the influence of experience on intention to use produces a direct effect path coefficient value of 0,689 and a t-statistic of 12,445. From the table, the t-statistic is known to be greater than 1,960 (t table). Hence, hypothesis 1 which states that experience has positive and significant influence on intention to use is accepted. This means that the better the experience felt by the consumer, the higher the intention to reuse, vice versa.

This is in line with the research conducted by Balady (2010),Kim and Chung (2011), andWiesberg et al. (2011) which have shown that experience has significant influence on the intention to make online purchases. On the other hand, contradicting results have been seen in the research conducted by Tong (2010) which states that experience does not have significant influence on purchase intention of consumers in China. The research by Kuhlmeier and Knight (2005) have also shown that internet experience does not have significant influence on consumer's purchase intention in Macao. To increase the purchase intention, the variable of trust and behavior control perception is offered with the considerations that there is confidence in making online purchase decisions in accordance to the resources (finance) available, and there is adequate control of technology and information. With trust towards an online shop, the intention to make online purchases would also increase.

H_2: Experience has positive and significant influence on trust.

The hypothesis test using the PLS approach on the influence of experience on trust produces a direct effect path coefficient value of 0,771 and t-statistics of 16,497. From this result, it is known that the t-statistics is greater than 1,960 (t table). Hence, hypothesis 2 which states that experience has positive and significant influence on trust is accepted. This means that the better the experience felt by the consumer, the higher the trust of consumer, vice versa.

This result is consistent with the research on the influence of experience on trust conducted byRuparelia et al. (2010) and Wiesberg et al. (2011) which concluded that prior online purchase experience has significant influence on trust.

H_3: Trust has positive and significant influence on intention to use.

The hypothesis test using the PLS approach on the influence of experience on trust produces a direct effect path coefficient value of 0,478 and a t-statistic value of 4,974. From this result, it is known that the t-statistics is greater than 1,960 (t table). Hence, hypothesis 3 which states that trust has positive and significant influence on the intention to use is accepted. This means that the greater the trust of consumers, the higher the intention to reuse, vice versa.

This is consistent with the research on the influence of trust on online purchase intention by Harris and Goode (2010), Hsiao et al. (2010), Becerra and Korgaonkar (2011), Eastlick and Lotz (2011) , and Lee et al. (2011) which concluded that trust has a positive and significant influence on the intention to make online purchases.

4.5 Hypothesis Testing on the Mediation Variable

H_4: Trust Mediates the Influence of Experience on the Intention to Use.

To test the influence between the intervening variable and the dependent variable the Sobel formula is used. The result of the two test are summarized as follows. The direct influence value of experience on intention to use is 0,689. The t value is 6,288 which is greater than 1,96. This means that the mediation parameter is significant. The model in which trust mediates experience on intention to use is accepted. Hence, hypothesis 4 is proven.

This result is consistent with the research regarding the influence of experience on the intention to make online purchases through trust conducted by Wiesberg et al. (2011) which concludes that trust has a significant influence on online purchase intention.

5. CONCLUSIONS, RECOMMENDATIONS AND LIMITATIONS

Based on the discussions in previous chapters, the following conclusions can be made. 1) experience has positive and significant influence on the intention to use online taxi in Denpasar City, meaning the better the experience felt by consumers in using online taxies, the higher the intention to use the online taxi in Denpasar City; 2) experience has significant influence on the trust in using online taxi in Denpasar City, meaning that the greater the experience, the higher the trust of consumers in using online taxies in Denpasar City; 3) trust has significant influence on the intention to use online taxies in Denpasar city, which means that the higher the trust, the higher the intention to use online taxies in Denpasar City; 4) trust is able to partially mediate the relationship between experience and intention to use online taxies in Denpasar City.

Based on the review and results attained in previous chapters, some recommendations that can be given to online taxi business practitioners in Denpasar City are as follows: 1) Online taxi must give safety assurance to consumers in order to increase the intention to use online taxies in Denpasar City; 2) Online taxi should be honest in providing information to consumers regarding the service in order to increase the intention to use online taxies again in Denpasar City.

The research limitations are: 1) this research is conducted in Denpasar City thus it can not be used for generalization purpose for other areas; 2) data collection is conducted in a certain time period (cross section), while there are continuous changes in the environment, therefore this research can be further developed in the future.

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