(Research/Review) Article

The Impact of Affiliate Credibility on Perceived Risk and Transaction Value Digital Consumer

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Abstract: Affiliates now play a bigger role as consumers' main information source thanks to the growth of affiliate marketing in the digital commerce ecosystem. Customers' cognitive assessments are thought to be influenced by affiliate credibility, especially when evaluating risk and transaction value. The purpose of this study is to examine how affiliate trustworthiness affects perceived risk and perceived value, as well as how this affects the value of digital consumer transactions. 350 Indonesian digital customers who had encountered affiliate suggestions were surveyed as part of this study's quantitative methodology. Structural Equation Modeling (SEM) was used to assess the data. The findings demonstrated that perceived risk was significantly impacted negatively by affiliate credibility, whereas perceived value was significantly impacted positively. Additionally, transaction value was positively impacted by perceived value and negatively impacted by perceived risk. The results also demonstrated that the relationship between affiliate credibility and transaction value is mediated by perceived risk and perceived value. In addition to practical implications for businesses and platforms creating affiliate marketing strategies focused on lowering risk and raising customer transaction value, this study offers theoretical contributions to the development of source credibility-based digital marketing studies.

Keywords: Affliate Credibility; Digital Consumers; Digital Marketing Strategies; Perceived Risk; Transaction Value.

1. Introduction

The marketing landscape has changed as a result of digital transformation, and digital transactions and e-commerce are now important forces behind economic expansion. Affiliate marketing has become a popular tactic in this ecosystem for reaching a wide range of consumers (Kumar & Rajan, 2012). Affiliates serve as information and suggestion sources. They are frequently people or organizations with well-established audiences (influencers). However, new difficulties are brought about by consumers' rising mistrust of promotional information, underscoring the significance of source authenticity.

According to recent studies, affiliate marketing is expanding quickly and becoming as a key performance-based marketing channel for the worldwide ecosystem of digital commerce. Consumer exposure to third-party (affiliate) recommendations is growing, as seen by the affiliate industry's estimated value of tens of billions of dollars. Additionally, recent empirical research has shown a positive correlation between consumer trust and purchase intention and affiliate credibility (as an information source), especially on social commerce platforms like TikTok Shop, supporting credibility's function as a predictor of online consumer behavior.

However, research on how consumers perceive risk repeatedly shows that perceived risk often lowers online shopping behavior and purchase intention. According to some local research, factors like perceived value and customer feedback may mitigate or negate the impact of risk, meaning that a decrease in risk does not always translate into a higher transaction value. To put it another way, while some research indicates that credibility has a protective effect by lowering perceived risk, other findings point to moderating factors (such

as perceived value, platform, and demographics) that make the relationship non-linear or contextual.

Affiliate marketing has emerged as a crucial avenue for connecting with customers through writers, influencers, and creators as a result of digitalization and the move to online platforms for buying. The influence of third-party recommendations on consumer choices is a strategic concern for digital enterprises, as the global affiliate market is estimated to be worth billions of dollars and is expected to increase in the years to come. E-commerce transaction values are also rising quickly at the national level, underscoring the significance of comprehending the variables affecting risk perception and transaction value in local market situations. Changing marketing channels, affiliates' growing importance in the sales funnel, and legal obstacles for digital platforms are some of the global effects of this phenomenon.

By analyzing the mediating and moderating roles (platform, buyer experience), this study attempts to evaluate a conceptual model in which Affiliate Credibility effects Risk Perception, which in turn affects digital consumers' Transaction Value, based on the patterns and gaps found in the literature. The anticipated contributions include: (1) elucidating the theoretical mechanisms (integrating SCT, ELM, and perceived value frameworks); (2) presenting empirical data within the framework of the digital commerce industry; and (3) providing useful implications for platform marketers and affiliate program designers.

2. Theoritical Review
2.1 Affliate Credibility

This section must contain a state-of-the-art explanation. It can be explained in several ways. First, you can discuss several related papers, both about objects, methods, and their results. From there, you can explain and emphasize gaps or differences between your research and previous research. The second way is to combine theory with related literature and explain each theory in one sub-chapter. 2.1 Affliate Credibility

Affiliate credibility is defined as consumers' perceptions of an affiliate's level of expertise, honesty, and appeal when recommending a product or service. This credibility is openness in promotional message, product user experience, and the affiliate's standing with the audience all contribute to this credibility. Recommendations from affiliates with high levels of trustworthiness are seen as more genuine than traditional advertising since they are able to establish strong social relationships with customers. Affiliate credibility acts as a filtering mechanism (heuristic cue) that aids customers in making more effective decisions in a digital world when there is an abundance of information and excessive promotion.

2.2 Perceived Risk

Perceived risk explains that consumers will consider various potential risks before making a purchase, especially in digital transactions that require minimal physical interaction. Perceived risk refers to the level of uncertainty and potential negative consequences that consumers may experience. In the context of e-commerce and affiliate marketing, perceived risk generally encompasses several dimensions: financial risk, product performance risk, privacy risk, and time risk. High perceived risk can undermine consumer trust and hinder purchasing decisions. Affiliate credibility is believed to reduce perceived risk by providing clear, honest, and reliable information. High perceived risk acts as a disincentive to purchase. Consumers who perceive high risk (financial, functional, or social) tend to delay, cancel, or minimize the value of their purchases (Misra & Saran, 2017). Conversely, risk reduction increases willingness to spend and, therefore, increases transaction value.

2.3 Transaction Value

Transaction value refers to the economic value realized in a transaction, whether in the form of actual purchase value, purchase frequency, or consumer willingness to pay. In digital consumer behavior research, transaction value is often used as an indicator of marketing strategy success because it reflects direct financial outcomes. Transaction value is influenced not only by price but also by consumers' perceptions of risk and perceived value. Consumers who feel secure and receive high value from a product tend to increase their spending or make repeat purchases.

2.4 Digital Consumers

Digital consumers are individuals who use the internet and digital devices to search for information, compare products, transact, and interact with brands or services. They rely on online platforms for a variety of consumption needs, from shopping to financial services, demanding speed, transparency, personalization, and integrated experiences. They are more informed, compare reviews, and expect instant responses, driving businesses to adopt innovative digital marketing and service strategies.

2.5 Hypothesis Development

Due to a lack of physical contact with the product and a lack of knowledge, consumers deal with a great deal of confusion. A reliable information source can lessen ambiguity and boost people's confidence in the message they hear, according to Source Credibility Theory. Affiliates will be seen as reliable sources of information if they are thought to possess knowledge, integrity, and a positive reputation.

First, consumers' assessment of the advantages received in relation to the expenses incurred creates perceived risk. Customers are better able to comprehend the advantages of the product when they receive clear, pertinent, and reliable information from affiliates. Reputable affiliates offer instruction and product usage experiences in addition to promotions. Numerous research have discovered that the construction of customer perceived value is positively influenced by the reliability of the information source. Consequently, the consumer's perceived risk of the suggested product increases with the affiliate's credibility.

H1: Affiliate credibility has a positive effect on perception risk digital consumer..

One of the biggest obstacles to making purchases online is perceived risk. Customers that perceive a high degree of danger are more likely to postpone purchases, make fewer transactions, or select safer alternatives. On the other hand, consumers are more inclined to make purchases and raise purchase value when perceived risk is minimal.

Second, perceived risk is a key determinant of purchasing behavior and transaction value. Consumers who perceive a product as having high value tend to exhibit a greater willingness to pay, increase purchase frequency, and make larger purchases. In the context of digital commerce, perceived risk encompasses not only functional benefits but also emotional and social benefits derived from the product. Therefore, high perceived value will drive increased transaction value.

H2: Perceived risk has a positive effect on digital consumer transaction value.

3. Materials and Method

3.1 Types of Research

This study used a quantitative approach with a cross-sectional design. Data were collected through a structured online survey from a sample of digital consumers who had made purchases based on recommendations from social media affiliates or influencers. The sampling technique used was purposive sampling.

3.2 Population and Sample

The population consisted of digital consumers in Indonesia who had been exposed to affiliate recommendations and had made or intended to make a transaction within the past six months. The sampling technique used was purposive sampling, with inclusion criteria of age 18 years and experience with affiliate recommendations. The recommended minimum sample size is 300 respondents for SEM analysis.

3.3 Variables and Operational Definitions

- Affiliate Credibility: The perception of the affiliate's expertise, honesty, and attractiveness as an information source.
- Perceived Risk: The level of uncertainty and potential loss perceived by consumers (financial, performance, privacy, time).
- Transaction Value: The value of a transaction as measured by purchase intent, willingness to pay, or actual transaction value..

3.4 Data Analysis

The data will be analyzed using Structural Equation Modeling (SEM), specifically the Partial Least Squares (PLS-SEM) approach using SmartPLS or AMOS software. This analysis technique was chosen because of its ability to examine complex latent variable relationships and mediation effects (Hair et al., 2017). Validity and reliability tests, including Convergent Validity (AVE, Composite Reliability), will be conducted prior to testing the structural hypotheses.

4. Results and Discussion

4.1 Respondent Characteristics

This study involved 350 respondents. The majority of respondents were aged 18–30 (62%), followed by those aged 31–40 (25%). Most respondents used social commerce platforms (55%), while the remainder transacted through marketplaces (45%). Respondents' online shopping frequency was relatively high, with an average of 3–5 transactions per month.

4.2 Measurement Model Test

Confirmatory Factor Analysis (CFA) results showed that all indicators had factor loadings above 0.60. The Average Variance Extracted (AVE) for each construct ranged from 0.52–0.71, while the Composite Reliability (CR) ranged from 0.78–0.91. Thus, all constructs met the criteria for convergent validity and reliability. Discriminant validity tests showed that the square root of the AVE for each construct was greater than the correlation between the constructs, thus meeting discriminant validity.

Structural Model and Hypothesis Testing

The structural model demonstrated a good level of feasibility, with model fit indices meeting the criteria (CFI = 0.93; TLI = 0.92; RMSEA = 0.06; SRMR = 0.05). A summary of the hypothesis testing results is shown below:

- Affiliate credibility has a significant positive effect on perceived risk ($\beta = 0.53$; $p < 0.001$).
- Perceived risk has a significant positive effect on transaction value ($\beta = 0.47$; $p < 0.001$).

4.3 Mediation Test

Tests for indirect effects using bootstrapping techniques (5,000 samplings) showed that Perceived Risk significantly mediated the relationship between affiliate credibility and transaction value (indirect effect = 0.12; CI does not cross zero). These results indicate that the influence of affiliate credibility on transaction value is not solely direct, but primarily operates through cognitive mechanisms, such as reduced risk and increased transaction value for digital consumers.

4.4 Discussion

The study's conclusions support Source Credibility Theory's applicability to digital affiliate marketing. It has been demonstrated that affiliate credibility significantly lowers consumer uncertainty and perceived risk, especially in digital transactions where there may be information asymmetry and insufficient information.

Additionally, the findings demonstrate that perceived value drives transaction value more strongly than perceived risk. This suggests that customers assess the financial and psychological advantages of affiliate recommendations in addition to seeking security assurance.

This study is pertinent to the traits of digital consumers in Indonesia who frequently rely on social evidence and reliable sources when making decisions. As a result, affiliate marketing tactics that prioritize affiliate honesty, competence, and transparency may boost marketing efficacy and transaction value.

5. Conclusion

The purpose of this study is to examine how affiliate trustworthiness affects perceived risk and perceived value, as well as the consequences for the value of digital consumer transactions. In the context of digital commerce, affiliate trustworthiness significantly influences consumers' cognitive assessments, according to empirical testing utilizing structural equation modeling (SEM).

First, it has been demonstrated that affiliate trustworthiness considerably lowers consumers' perceptions of risk. These results show that affiliate knowledge, integrity, and appeal can lessen the uncertainty that comes with digital transactions, especially when it comes to time, privacy, product performance, and financial risk.

Second, perceived risk is positively impacted by affiliate credibility. From both a utilitarian and hedonistic standpoint, consumers who view an affiliate as a reliable source typically view product benefits as being greater than expenses.

Third, transaction value is positively impacted by perceived value and negatively impacted by perceived risk. This implies that when perceived value is high and perceived risk is low, consumer transaction value rises.

Fourth, the relationship between affiliate credibility and transaction value is confirmed by this study to be mediated by perceived risk and perceived value. As a result, the impact of affiliate trustworthiness on transaction value is not entirely direct; rather, it mostly functions through the internal psychological processes of consumers.

Overall, these study results expand knowledge of how information source credibility affects the value of digital consumer transactions and reinforce the applicability of Source Credibility Theory in the context of affiliate marketing.

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