A Comprehensive Study of Online Internet Buyers Trust, Trustworthiness & Purchasing Behavior In Indian Perspective

M.Sreedhar Reddy¹, Prof.Dr.G.V.Chalam²
¹Department of Information Technology, GCET,JNTUH,Hyderabad,A.P,
Email id:srircl@gmail.com
²Department of Commerce &Business administration,ANU,Guntoor,A.P,
Email id:chalam_nu@yahoo.com

ABSTRACT

Electronic commerce does not only give the consumer a broader selection of business and items but it also gives information concerned companies, various products and also competitors. These consumers can then compare these to each other and find the best deals. Good quality web sites also offer useful information to the consumer. A salesperson in a store would not necessarily have access to these kinds of lists so the information he would give would only be facts about different products instead of real customer’s reviews. Consumers often can interact with the merchant’s site to create exactly .The web really enables the whole business process to be much more efficient and the consumers will get exactly what they want. This study aims to fill this void by exploring the attributes of trust, trustworthiness and purchasing behavior can be developed in online transaction. The anticipated research results thus seize the probable to make a significant role to the internet based marketing and customer overall satisfaction.

Keywords: Trust; Trustworthiness; Word-of-Mouth Communication; Purchasing Behavior

Council for Innovative Research
Peer Review Research Publishing System
Journal: International Journal of Management & Information Technology

Vol.3, No.3
editor@cirworld.com
www.cirworld.com, member.cirworld.com
1. INTRODUCTION

The promotion of online has become a business imperative and is no longer an option for firms in many areas of the buy and sell sector. Numerous buyers focus their business exclusively on the Internet, though others offer their Web sites to customers as a substitute to their corporal stores. While online enterprises consistently benefit from plentiful equipped advantages over their offline complements, online transactions is sector in aggregate is still to be profitable. Similar to store based transactions. Hence, customer acceptance of electronic services is decisive to realising the impending of the marketplace. For a number of consumers, online transactions might be appearing composite and intimidating. In many issues, on shopping is not favored. Also, Internet shopping presents consumers with security and privacy issues like credit card fraud and the use of personal information for promotion purposes. The risks connected by means of online shopping can contribute to consumers' lack of enthusiasm to buy online.

2. MATERIALIZATION OF CUSTOMER TRUST, TRUSTWORTHINESS AND PURCHASING BEHAVIOR OF CONSUMER

While purchase activities is considered to be the most important materialization of customer trust and trustworthiness, it has also been disagreed that repurchase behaviour is not inevitably evidence of true trust and trustworthiness because customers may repeatedly buy from a firm for reasons that are independent of factors important to inducing trustworthiness. Customers who are imitation trustworthy to a firm normally repurchase towards the firm. Such purchasing behaviors are not confirmation of true trust and trustworthiness. Because repurchase prototypes of false trustworthy customers are determined by elements such as economic motivations, convenience, or a lack of alternatives, they are highly vulnerable to competitors’ temptations.

On the contrary, customers with underlying trust and trustworthiness reveals a high level of attitudinal obligation but a low level of benefaction, due to difficulties such as a firm’s prices, accessibility, or distribution strategies. Thus, the benefits that these customers bring to the firm may not be in terms of sale quantity but, rather, in other forms of trustworthy behaviour such as word-of-mouth recommendations. Therefore, measuring repurchase behaviour alone does not enable an accurate assessment of customer trustworthiness. In a conceptual model trustworthiness is represented by repurchase behaviour, while other trust and trustworthiness related behaviours (such as word-of-mouth communication) are considered to be consequences of trust and trustworthiness.

Previous research has revealed that customer trustworthiness is influenced by several factors such as service quality, perceived cost, trust, and assurance. However, it has also been found that the relationships between these factors and trustworthiness are likely to be reconciled by other constructs including overall satisfaction and quality. Quality indirectly contributes to customer trustworthiness through satisfaction. The satisfaction and quality are critical determinants of customer trustworthiness.

3. THE SIGNIFICANCE OF CUSTOMER SATISFACTION AND ITS ANTECEDENTS

It focuses on the most important factors that contribute to online shopping customer's satisfaction. First, it classifies the antecedents of customer satisfaction as reported in previous research. The nature and dimensions of these relationships between these constructs and in combination, contribute to customer satisfaction in online trade. On this basis, a number of research hypotheses are then formulated. Although customer service quality is often considered to be the most significant contributor to customer satisfaction in a service perspective, past research has also specify to facilitate customer satisfaction is influenced by many other factors in addition to service quality. For example, an empirical study by Caruana et al. (2000) proved that the continuation of a shortest link between customer service quality and satisfaction, and an incomplete reasonable cause of apparent value on the relationship between satisfaction and service quality. Findings from this study also suggest that customer service quality by itself does not necessarily lead to overall satisfaction. Instead, overall satisfaction has been shown to be influenced by numerous factors including customer perception of value (Cronin et al., 2000), customer service quality (Caruana, 2002) and, within an online environment, the technical quality of a Web site (Park and Kim, 2003). The following discussion focuses on how these three variables contribute to overall satisfaction within an online retailing context.

In a competitive and dynamic marketplace, increasingly demanding consumers expect their firms to deliver ever-increasing value at lower prices (Slater, 1997). Customer value has been hailed as “the next source for competitive benefit”. Parasuraman (1997) contends that the notion of customer value is dynamic because the criteria that consumers use to judge value are likely to change both over time and over the various stages of a customer’s relationship with a company (e.g., first-time vs. long-term customers). Consistent with this view, Vandermerwe (2003) argues that customer value should be defined by the customers, rather than by the firm. Swait and Sweeney (2000) assert that perceived value is an important consideration in consumers' selection of a sellers as well as a product to purchase. Customer cost awareness is also regarded as a key determinant of overall satisfaction (Cronin et al., 2000), as well as customer trustworthiness (Parasuraman and Grewal, 2000). Bhatty et al. (2001) conclude that firms need to continuously seek ways to improve their value propositions in order to ensure customer fulfillment, and to promote repeat support.

4. ATTRIBUTES OF QUALITY OF SERVICE AND WEB SITE DESIGN QUALITY

Within a Web based context, there has not been a universally accepted definition of quality of service. It is, however, generally accepted that online customer service quality is multi dimensional and includes both pre and post Web site service aspects. Thus, electronic service is not simply about access to goods and order fulfillment, but also comprises of other elements such as experience, sense of control, two way interactive communication and personalization. While some attributes of person based quality of service have been found to remain relevant in a technology based service context,
research studies have identified a number of other attributes that are specifically related to online quality of service. For example, it has been shown that, in the traditional marketplace, quality of service is judged by the levels of responsiveness, empathy, assurance and reliability of a service provider. Within an online context, however, Internet users often have different motivations when using different Web sites for different purposes like, searching for news and entertainment versus shopping, thus are likely to use different sets of evaluative criteria. In online transaction, the extent to which sellers can satisfy its customers’ shopping needs is an important aspect of quality of service. In this regard, merchants that can offer consumers a one stop shopping alternative are more likely to succeed. Thus, the breadth and depth of selection that sellers offer to its customers can potentially form a powerful competitive force in the trading market. Moreover, as competition escalates and more comparable products and services are introduced into the marketplace, consumers increasingly need to compare different offers on relevant attributes instead of evaluating a product or service in isolation. Therefore, an integral part of customer service within a trade context is to help customers evaluate alternatives and make informed decisions, thus enhancing their satisfaction with the shopping experience and with the merchant itself. By nature, merchants are service firms that provide online shoppers with information on products or services that are available and can be purchased through their Web sites. Also, online purchase is a process that involves an online exchange of information. Thus, it can be argued that a core element of Web based sellers service is information -based. Hence, the quality and quantity of information featured on a retailing Web site can have a significant effect on the level of interest that the site can generate from online shoppers. The success of an online merchant is largely dependent on its ability to tailor information to meet the needs of individual customers or to enable individual customers to obtain information that suit their needs, and to allow the customers to predict their satisfaction with subsequent purchases, thus being able to make informed purchase decisions. A Web site that acts purely as a self-service catalogue, offering promotions in search of firm sales is unlikely to gain customer confidence and is likely to end up with fewer purchases, lower retention rates and spare profits.

Within a Web based service context, superior information service quality, which is a major component of overall quality of service, has been identified as a valuable benefit that online shoppers appreciate. In this respect, information customer service quality is an important factor that can potentially affect shoppers’ purchase behavior, trust and trustworthiness toward an online merchant. Another important component of quality of service is awareness. Awareness has been identified as a critical element of quality of service in the offline context. In a technology based service setting, consumer perception of an online service provider’s awareness to their requests and complaints can influence their perception of the firms, which is another important dimension of quality of service. In Web based buy and sell, awareness has been found to be most frequently mentioned by online shoppers as an important contributor to their perception of quality of service. Awareness is concerned with a service provider’s willingness and readiness to provide prompt customer service and to respond to customer requests. Given that the Internet is a means of instant communication, customers who choose to communicate through the Internet are unwilling to tolerate delays and demand not only prompt but also proactive information service. Moreover, customers who choose to communicate through a particular medium are likely to expect the firm to respond in that same medium. Since online consumers usually communicate with their sellers by email, a quick and responsive email service is often considered an important indicator of quality of service. As mentioned earlier, service reliability is also a major dimension of quality of service. That delivering quality of service is equivalent to consistently meeting customer expectations, the basic tenet of reliability. Given that reliability is a measure of customer perception of the extent to which a firm can be counted on to deliver its promises, a high level of reliability is likely to mitigate customer perception of risk in dealing with the firm. Within a Web based environment, the reliability of a merchant is reflected through both the technical reliability of its Web site, and the reliability of the firm’s order fulfillment. Hence, prepared reliability as both the accurate depiction of a product on the Web site and the delivery of the right product within the promised timeframe. However, in this study, since customer service quality and Web site design quality are considered as two independent constructs, the reliability dimension of quality of service (as opposed to the reliability dimension of Website quality) only refers to the non-Web attributes, among which order fulfillment is of particular importance. Which indicate that poor order fulfillment (ranging from failure to deliver goods on time to not delivering at all) not only affects customer perception of online merchants’ reliability and quality of service but, also, offsets their perception of convenience – the primary selling point of Internet shopping.

H1a: by and large customer satisfaction is positively influenced by perception of cost
H1b: by and large customer satisfaction is positively influenced by quality of service
H1c: by and large customer satisfaction is positively influenced by Corporate Web site design quality
H2: Quality of Service is positively influenced by Corporate Web site design quality
H2a: Perception of cost is positively influenced by quality of service
H2b: Perception of cost is positively influenced by Corporate Web site design quality

This is illustrated in Figure 1.

Figure 1. Hypothesised relationships between cost awareness, service quality
The most important function of the empirical phase is to validate the projected assumption on the associations among the appropriate constructs within an online transaction framework. There are various steps of the research design involved developing dimension scales for the research constructs, identify probable respondents, and choose the information collection technique. A survey was planned and administered in order to collect data for the research study. The concluding step was data analysis which engaged a sequence of quantitative including exploratory factor analysis (EFA), confirmatory factory analysis (CFA), and structural equation modeling (SEM).

5. MEASUREMENT OF THE RESEARCH CONSTRUCTS

5.1 Selection of Indicators

Consistent with the literature review, most research constructs, customer trust, trustworthiness, Corporate Web site quality, and Quality of service were hypothesised to be numerous measurements and prepared by using numerous indicators. By the use of numerous item scales, to measure research constructs often defer the results that are more consistent and is a smaller amount possible to present methodical errors. Every indicator may possibly assess some diverse feature of a construct to improve validity.

5.2 Questionnaire Design

Based on the resulting collection of indicators, a questionnaire was developed with 64 items that were considered to be most consistent with the literature, pertinent to this meticulous research perspective, and representative of the question pool. For items that have been empirically tested in prior research, another selection criterion was the way they performed in these studies. These indicators were intended to measure nine constructs as depicted in the research model. All indicators were measured on a 7-point Likert scale anchoring at 1 (strongly disagree) and 7 (strongly agree). As many of the questions were concerned with aspects of Web-based shopping that were unlikely to have been experienced by all online shoppers (such as making complaints), a 0 (don't know) option was also included in the scale.

5.3 Selection of Participants

As with any studies, it was essential to properly identify the target population before sampling took place. This helped ensure that the collected data came from a source of information pertinent to the research objectives. For this study, since data were to be collected via an online and offline survey, which means that the selection of respondents depended largely integrated into the design of the survey instrument, identifying the population of interest became critically important to ensure that the survey was designed so that only unsuitable participants were filtered out. The target population of this research consisted of consumers from various regions of all over India those who are Internet literates. This excludes people who browse Web sites solely for information on product availability and prices, for instance, without actually purchasing online. Hence, potential respondents were invited to participate in the survey only after they had made an online purchase.

6. DATA COLLECTION METHOD

A cross-sectional survey was also considered to be more suitable for this study as compared to alternative designs such as a longitudinal panel, an experiment or quasi experiment which by nature require more time and efforts from respondents.

6.1 Online survey

Since online shoppers communicate with their emails and we created a website Hi5Zone, primarily via the Web, the Internet was considered to be the prime channel to collect data from this population. Nonetheless, as Web-based survey is still a relatively new data collection instrument, careful considerations were given with regards to the benefits and drawbacks of this approach. In recent years, online surveys are attracting increasing interest from marketing academics and practitioners, who account for approximately 82.6% of the use of the Internet as a data collection tool. The emergence of the Internet as a survey instrument has offered researchers with numerous benefits, particularly in terms of speed, geographical access and cost efficiency. In addition, findings from many comparative studies indicate that online responses generally provide more complete information and are more insightful than mail responses, while item non-response rates do not significantly differ between the two approaches.

Once the customer emails were collected from various resources and participating online shoppers that a link between their Internet site and the survey had been established and started, the functionality of the online questionnaire, the quality and quantity of the collected data set were regularly monitored. In the first phase the first 74 replies were collected, the dimension scales were subjected to reliability. For reliability analysis Cronbach alpha was employed as the key determinant of the scales’ reliability. In the primary analyses, for good reliability scores across all measurement scales, alpha ≥ 0.80 is likely to consider. Hence, the survey was acceptable to continue without any modifications to the questionnaire. As the survey advancement and the number of responses increased and the collected data set was regularly checked for any irregularities.

6.2 Evaluating the Research construct

The main objective of is to develop and test measurement models for individual research constructs. This involved assessing the sets of indicators that were intended to measure these constructs, identifying the underlying dimensions of each construct, and reconfirming these dimensions through a series of measurement model testing’s. Although most indicators used in this study had been tested in prior research, the scales themselves were newly developed specifically
for the present study. Thus, it was necessary to assess the statistical performance of individual measurement scales before analysis on the relationships among variables could be conducted. Hence, the next step was to subject each measurement scale to an exploratory factor analysis (EFA) in order to probe the dimensionality of each construct. This also helped reduce the number of variables to a more manageable size for model testing, and improve the interpretability of the statistical outputs.

The Structural Equation Modeling (SEM) technique implemented for the purposes of this study because (1) the research model was a priori and (2) the testing of this model was for inferential purposes. SEM can concurrently the study of relationships between dependent and independent variables, particularly a dependent variable in one relationship becomes an independent variable in another relationship.

7. DATA ANALYSIS AND FINDINGS

7.1 Data selection

A total of 1254 responses were received. In general, item non response rates were low. However, some indicators received a zero or nil (don’t know) rating from a huge number of respondents. This was anticipated since, known the ample nature of the questionnaire, a few respondents capacity not be able to reply all questions. Certainly, the majority of these indicators are connected to characteristics of online purchases that are improbable to have been knowledgeable by all customers.

The outputs of AMOS 7.0 using maximum likelihood estimation would remain consistent despite 25% missing data. Hence, it would be appropriate to keep hold of cases with less than 25% missing data. However, since the collected data set was adequately vast, a more conventional level of 20% was adopted for this study with the aim of further increasing the consistency of the systematic outputs. All cases with 20% or more missing data were then excluded from the analysis. This resulted in a usable sample size of 980. Cases with missing data were treated using Maximum Likelihood estimation. All major indices indicated a good model fit (χ² (26) = 60.25; p < 0.001; GFI = 0.98; AGFI = 0.96; RMSEA = 0.05) Convergent and discriminant validity, as well as reliability scores, are also high. Therefore, no modifications to the model were considered necessary.

7.2 Trust

In the trust point of view, Initial fit statistics showed that the model did not fit well (χ² (44) = 396.69; p < 0.001; GFI = 0.83; AGFI = 0.74; RMSEA = 0.16). Potentially, this could be due to the huge number of observed variables that depict the latent variable. Thus, items that were measured to have low face validity and be similar in meaning with other indicators were gradually removed until the model fit improved to an acceptable level. This process resulted in a five indicator dimension model with a good fit (χ² (5) = 13.07; p = 0.023; GFI = 0.99; AGFI = 0.97; RMSEA = 0.05) that represents a sound clarification of the characteristics of Trust as usually depicted in the literature. The dimension model for Trust is existing in Figure 4.7. In view of the fact that this model only has a single latent variable, discriminant validity is not an issue.

Although the preliminary results indicated good support for all hypothesized relationships, the statistical outputs also pointed to a very reduced overall model fit (χ² (21) = 1200.25; p < 0.001; GFI = 0.49; AGFI = 0.49; RMSEA = 0.32). However, this was not completely unforeseen considering that the conceptual model was based mostly on findings from studies that were conducted in the offline context. The model was then modified accordingly, with the aim of Assurance satisfaction for developing an alternative model that is theoretically meaningful and, also, has a reasonable statistical correspondence to the collected data set.

All together, ten new parameters were increased an the structural model, which resulted in an acceptable level of fit (χ² (12) = 64.51; p < 0.001; GFI = 0.95; AGFI = 0.91; RMSEA = 0.09). These parameters are listed in Table 6.17. The parameter estimates of the modified model were then used to test the hypothesised relationships again, all hypotheses were supported by the data, except for H1b and H6c. In the interest of scientific cost cutting, these two regression paths were removed from the model.

8. RELATIONSHIPS BETWEEN TRUST, TRUSTWORTHINESS AND PURCHASING BEHAVIOR

With regard to the influence of satisfaction and quality of relationship on trust, trustworthiness, findings from the data analysis suggest that Trustworthiness is not significantly affected by Satisfaction, whereas Quality of relationship only has a slightly noticeable impact on this construct (β = 0.09). On the contrary, Trustworthiness has been found to be determined, firstly, by Assurance (β = 0.49), followed by Cost awareness (β = 0.23) and, to a lesser extent, Customer service quality (β = 0.14). To varying levels, these constructs also relate to Trustworthiness through the mediation of each other. In particular, Cost awareness has a considerable impact on Assurance (β = 0.38), thus having a significant indirect relationship with Trust, trustworthiness through this construct. On the other hand, while Customer service quality also influences trust, trustworthiness through Quality of relationship and Cost awareness, these indirect effects are not noticeable due to the weak relationship between trust, trustworthiness and Relationship Quality, and that between Customer service quality and Cost awareness (Beta weight for both relationships is 0.09). Assurance, likewise, has a relatively insignificant indirect impact on trust, Trustworthiness through customer Relationship Quality.

The analysis results also identify many fully mediated relationships between trustworthiness and a number of variables. Specifically, Website design Quality has a substantial influence on Cost awareness (β = 0.44) and Customer service quality (β = 0.45), thus having a significant indirect relationship with trust, trustworthiness through these constructs. In a similar manner, Cost awareness also fully mediates the relationship between Customer overall satisfaction and trust,
trustworthiness (Beta weight for the Website security perception-Cost awareness relationship is 0.29). Importantly, the SEM solution indicates that Trust and Customer overall satisfaction unlike Assurance,

9. CONCLUSION

In summary, the research findings generally fail to confirm the main proposition of this study, namely, customer satisfaction, trust and quality of relationship are major antecedents of customer trustworthiness in e-retailing. Subsequently, the findings also do not offer support for the speculation that satisfaction and quality of relationship are the main mediators in the relationship between e-trustworthiness and its primary antecedents. Also, findings from the data analysis provide support for most hypothesised relationships concerning the predictors of customer satisfaction and quality of relationship and, in addition, help identify many relationships that are implied in this sample and were not proposed in the original research model.

REFERENCES