

# Investigating the Relationship between Trust and Intention to Purchase Online

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## **Abstract**

Nowadays, the usage of Internet has grown rapidly over the past years and it has become a common medium for delivering and trading of goods, services and information at global marketplace. Even though this method of business transaction or exchange has started to win the hearts of Malaysian buyers, the element influencing the willingness to purchase online is still unknown. Therefore, the objective of the current study is to examine the element that influence buyer's intention to purchase online (dependent variable). The independent component is trust to visit the website. A total number of 78 (100 percent) returned questionnaires were accepted, coded and were subject to further analysis. The finding support the hypothesis stated in the current study. The results indicates that website trust contributed 16.1 percent ( $R^2 = 0.161$ ) to the variance in intention to purchase online.

**Keywords:** trust, website trust, intention to purchase online, e-commerce, online retail

## 1. Introduction

The globalization of the world economies has promoted great opportunity for businesses. Business through the Internet is one such untraditional form of business that many firms have turned to. According to Azahari, Raemah and Yasmin (2011), the internet market is vast and fast growing market therefore, the number of web sites has grown rapidly. The Internet has become a key medium for the purchase of product and services in virtual markets and has effectively linked all countries and businesses. Through the Internet, e-commerce offers a tremendously wide variety of e-commerce business opportunities. One of them is purchase online which has becoming the third most popular internet activity after e-mail or instant messaging and web browsing. Online shopping in Malaysia is a new technology breakthrough since it has just begun to assault the Malaysia retailing industry with online shopping services (Zuriahti Azura, 2010; Haque, Sadeghzadeh & Khatibi, 2006). According to Micheal (1998), consumers' attitude towards online shopping is known as the main factor that affects online shopping behavior. Attitude directly influence decision making and also is central to a buyer's shopping behavior. Therefore, it is important to recognize that numerous factors precede attitude formation change.

The process of consumers' decision-making on online shopping relates to the experiences and satisfaction they perceive while shopping. The Malaysian Internet users conducting online shopping seeking benefits such as cost saving, convenience, cheaper price, a way to easily search for information, and a twenty four hours services (Zuriahti Azura, 2010). Azahari, Raemah and Yasmin (2011) pointed out various consumers' motives affect attitude towards online shopping so Internet users become more used to this medium. So, to understand the driving forces toward online shopping and their relationship with attitude, it is important to recognize how they make their online purchase.

More than 75 percent of Malaysian especially the younger segments were using the internet for non-shopping activities such as seeking information, playing games, entertainment and many more (Khatibi, Haque & Karim, 2006). Further, Jariah, Husniyah, Laily and Britt (2004) claims that with the expansion of educational services in Malaysia, university staffs, lecturers and students becoming the most important target markets or target groups therefore, it will be of great significance to find out the factors which influence this target markets intention to purchase or to shop online if retailers want to expand their target markets of online buyers and the volume of e-commerce. Unfortunately, studies examining this target markets especially the university student behavior towards online shopping in the Malaysian environment are of a limited number (Zuriahti Azura, 2010). In addition, to the best knowledge of the researchers, empirical evidence based on this topic is not extensive, especially in Malaysia. Therefore, the objective of this study is to investigate the relationship between trust and intention to purchase online. Consequently the hypothesis stipulated for this study is as follow:

H1: There is a significant positive relationship between trust and the intention to purchase online.

## 2. Methodology and Research Design

The target population for this study is undergraduate students at Malaysian Institute of Information Technology (MIIT), Universiti Kuala Lumpur, Malaysia. The sample size depends on the basic characteristic of the population, the cost involved and the type of information required. In this study, the sample focuses on the undergraduate students who had browsed at least one time any online shopping website. In ensuring that the instruments capture the desired response from the respondents, three factors were taken into consideration. Firstly, the general design of the questionnaire, secondly, the validation by pretesting and lastly the methodologies by which the questionnaires were administered (Hair, Money, Page & Samouel, 2007). The questionnaires were personally distributed to 78 undergraduate students selected randomly. Data was collected within a period of two weeks. All students returned the completed questionnaires for further analysis. The response rate was 100 percent. A total of 14 items were used to capture the subjects' assessment of website trust and intention to purchase online. Likert scale ranging from 1 for Strongly Disagrees and 5 for Strongly Agree are utilized. Further, conceptual definition for this study as follows.

Trust in purchase online - Jarvenpaa, Tractinsky & Vitale (2000) defines trust in the Internet store as a consumer's willingness to rely on the seller and take action in circumstances where such action makes the consumer vulnerable to the seller. According to Ba and Pavlou (2002), trust is a crucial variable that determines outcomes at different points in the process and serves as glue that holds the relationship together. In the e-commerce context, customers who do not trust an e-business will not be loyal to it even though they are generally satisfied with the e-business. Online trust simply refers to trust in a virtual environment. Trust exists in many forms, across multiple domains, and at a variety of levels (Chiu, Cheng & Fang, 2008). Other studies have proposed new methods of promoting trust in e-commerce such as agents and virtual reality technologies, government involvement and video-conferencing (Cheung & Lee, 2001). In addition, Lee and Turban (2001) found that the perceived integrity of an Internet merchant is positively related to customer trust in Internet shopping. Intention to purchase online - refer to consumer willingness to make a purchase in an Internet store (Li & Zhing, 2002).

Both descriptive and inferential statistics were used in this study. Descriptive analysis refers to analyzing the respondents' demographic elements and their responses towards every item, descriptive statistics including mean, frequency and percentage were used to show result. Other analysis methods are as follows:

- Pearson Correlation Analysis: to determine the relationship of all components, the tool to be used is correlation. Using this tool an analysis of relationship could be made for trust with intention to purchase online.
- Regression: current study will proceed with more detail analysis using regression method. Regression model is created from the study and the model is:

$Y = a + \beta_1 X_1$  where,

Y = Intention to Purchase Online

X1 = Trust

a = constant value of the intercept on the Y axis

### 3. Findings and Analysis

To assess the reliability of the measurement items of the components (trust and intention to purchase online) the researcher utilized the Cronbach's Alpha coefficient analysis to test the reliability of the instrument. The instrument was tested for internal reliability and the following Table 1 demonstrated the scaled generated.

Table 1. Overall internal reliability

Variables	No. of Item	Cronbach's Alpha Pilot study (N=40)	Cronbach's Alpha Actual study (N=78)
Intention to Purchase Online (Y)	7	0.89	0.82
Trust (X1)	7	0.83	0.79

The reliability tests indicate excellent reliability for all its components with a coefficient alpha of above 0.70 levels which exceeds the minimum acceptable level, as suggested by Nunnally and Berstein (1994). In order to ascertain that all the measurements in this study exhibit some degree of validity, content validity was conducted (Davis & Consenza, 1988) in the pre-tested stage by soliciting the expert opinions of two experts from a university. After necessary modifications, the scale was also pre-tested to a set of respondents similar to the population as suggested by Davis and Consenza (1988).

The following Table 2 depicted the demographic profile of respondents at MIIT, Universiti Kuala Lumpur. The sample indicates that male respondents represented a slightly higher percentage (55%) when compared to the female respondents (45%). A majority of the respondents were young between 23 to 27 years of age (78%) followed by those between 28 to 32 years old (12%), 18 to 22 years old (7%) and 33 to 37 years old (3%). A majority of the respondents were single (94.20%) followed by married respondents (5.8%). With reference to education program, all respondents are pursuing an undergraduate program. The majority of the respondents (80%) have purchased products through the Internet.

Table 2. Demographic profile of respondents

Variables	Number	Valid Percent (N=78)
<i>Gender:</i>		
Male	43	55
Female	35	45
<i>Age:</i>		
18 – 22	6	7
23 – 27	61	78
28 – 32	9	12
33 – 37	2	3

<i>Marital Status</i>		
Single	73	94.20
Married	5	5.80
<i>Education Program</i>		
Undergraduate	78	100
<i>Years of Experience with Internet</i>		
1 - 2 years	2	2
3 - 4 years	4	5
5 - 6 years	9	12
7 - 8 years	22	28
9 - 10 years	27	35
11 years and above	14	18
<i>Number of Times Product Bought on the Internet</i>		
Never	16	20
Seldom	37	48
Occasionally	13	17
Often	12	15

The following Table 3 depicted the descriptive statistics for all items used in the model. Later all the items were computed into its mean average score to represent each variable in the study. Refer to Table 4.

Table 3. Questionnaire items

Statement	Mean	Std. Deviation
<i>Trust</i>		
1 Trusting online purchasing is not difficult	4.12	0.29
2 I have positive experience in using the internet	4.23	0.35
3 I feel safe in my transactions with the website	4.02	0.23
4 I trust the website administration will keep my personal information safe	3.87	0.67
5 Internet shopping is unreliable	3.28	0.85
6 Internet shopping cannot be trusted; there are too many uncertainties	3.08	0.94
7 I tend to trust online shopping even though I have little knowledge of it	3.83	0.35
<i>Intention to Purchase Online</i>		
1 I will definitely buy products from this site in the near future	4.32	0.33
2 It is likely that I will purchase through this site in the near future	4.20	0.42
3 I expect to purchase through this site in the near future	4.15	0.45
4 I will return to this website in the future	4.34	0.36
5 I will consider purchasing from this website in the longer term	3.10	1.05
6 I intended to purchase through this site in the near future	3.53	0.98
7 I will consider purchasing from this website in the short term	3.63	0.69

Table 4. Descriptive statistics of measures

Variables	N	No. of Item	Minimum Score	Maximum Score	Actual Study Mean (SD) N=78
Intention to Purchase Online (Y)	78	7	1.46	4.56	3.89(0.47)
Trust (X1)	78	7	1.34	5.00	3.78(0.42)

Table 5 indicates that there is significant and positive relationship between trust and intention to purchase online. This means that trust has a strong relationship with intention to purchase online with coefficient value  $r = 0.54$ .

Table 5. Correlation results

Variable	Y	X1
Intention to Purchase Online	1.00	
Trust	0.54**	1.00

\*Correlation is significant at the 0.05 level (2-tailed)

\*\*Correlation is significant at the 0.01 level (2-tailed)

Table 6 below summarized the regression results, trust accounted for 16.1 percent in the variance of Y (intention to purchase online). As a result, it was apparent that trust is consistently significant and this implies that trust could influence consumer intention to purchase online.

Table 6. Regression results

Variables	$R^2\Delta$	B	Beta	T	Sig.t
Constant		1.017		3.311	0.007**
Trust	0.161	0.334	0.301	2.718	0.003**

\*\*Correlation is significant at the 0.01 level (2-tailed)

#### 4. Conclusion and Discussion

Trust appeared to be significant predictor of intention to purchase online. The higher the respondents trust the website, the higher the intention to purchase online. The finding of the current study supports the hypothesis that website trust has a significant positive relationship with intention to purchase online. However, there is a limited research about website trust toward intention to purchase online to support this finding. However, it can be assumed that when the respondents revisit the same website they basically trust the website. Therefore, the more frequently respondents revisit a website, the higher probability that they trust the website and buy from that website.

The outcome from current study will assist marketers to devise marketing plan and business strategies to attract more new buyers as well as retaining existing buyers to their online businesses. There are some issues that could be addressed to further improve or extend the conceptualization of the proposed model especially in the following areas: The unit of analysis in the current study was individual undergraduate students at MIIT, Universiti Kuala Lumpur. The improvement to the proposed model would be to differently define the unit of analysis as well as making some changes in the composition of the sample. By defining the unit of analysis by department, section or an organization, then it is possible that there would be more variation in the independent variable and dependent variable.

This study was conducted on the business to consumer market (B2C). It is reasonable to assume that business market would react differently to some extent. Investigating business to business market (B2B) attitude would improve further the understanding managers have of how to attract potential business buyers to their shopping sites.

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