

# Payment Methods and Purchase Intention from Online Stores: An Empirical Study in Jordan

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## ABSTRACT

Online retail stores are a new booming phenomenon in the Arab world. Recent years witnessed a significant increase in the number of Arabic online stores launched for different kinds of products and services. Stores offer grocery products, fashion and life style items, and electronics and technology devices. Regardless of the growing investments in the Arabic online retail sector, Arabic consumers are still doubtful about online shopping. This research investigated the factors affecting Jordanians' purchase intentions from online stores by extending the technology acceptance model (TAM) to include payment method. The model included payment method (PM), perceived ease of use (PEOU) and perceived usefulness (PU), as direct predictors of the intention to use online stores and moderated by consumers' level of trust of such factors. Results indicated that TAM predictors, and payment methods do affect consumers' intention to purchase online. However, PM and PEOU relationships with the intention to shop online are the only relationships moderated by trust.

## KEYWORDS

E-Business, E-Commerce, Jordan, Online Payment Methods, Online Shopping, Online Stores, Purchase Intentions, Trust

## 1. INTRODUCTION

In the last few years, the Internet has become a marketing channel with huge purchasing power supported by the increased Internet flexibility and decreased cost (Kim, 2010). However, online shopping is still a developing business in the Arab world, where consumers are moving slowly towards trying and adopting it.

According to (IPSOS, 2013) clothes are the top items purchased online in the Arab world, where Arabic consumers prefer buying from region specific online stores rather than international stores as amazon.com or ebay.com. On the other hand, the same survey has found that only (6%, 19%, and 10%) of UAE, Kuwait, and KSA online users shop online compared to an online penetration of (46%, 35%, 25% respectively). Such inconsistent percentages indicate the importance of exploring such domain more carefully.

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The low percentage of consumers purchasing online is partially caused by the lack of trust in the online environment in general and the fear that purchased products may not match their online description and expected quality (AlGhamdi, Drew & Alhussain, 2012; Mishra & Mathew, 2013; Abu-Shanab & Ghaleb, 2012). The intention to purchase from online stores is also affected by the confidentiality level of credit cards and personal information provided to the site, the trustworthiness of the online retailer, the convenience of delivery, the quality of the product, and the availability of customer service representatives (Monuwe, Dellaert & Ruyter, 2004; Kim, 2010; Mishra & Mathew, 2013; Malik & Guptha, 2013).

From another perspective, the intention to purchase from online stores is affected by consumers' characteristics (Topaloglu, 2012). In a study by Nirmala & Dewi (2011), the authors found that consumers with a tendency to shop from home through television, catalogs, or other channels are more likely to purchase from online stores. This also applies to consumers who have an innovative personality and like to buy special or unique products from the web. Similarly, consumers with higher income or educational level has higher tendency to shop online and use new innovative shopping models (Monuwe, Dellaert & Ruyter, 2004). Such result indicates that consumers' intention to shop online depends on their personal perspective of the service and product quality (Malik & Guptha, 2013).

This study aims at contributing to the e-commerce literature by investigating the factors influencing the purchase intentions of Jordanian consumers, and the moderation effect of trust level on these factors. Based on that, we intended to answer the following two research questions:

**RQ1:** What are the factors that affect consumers' purchase intentions from online stores?

**RQ2:** How does the "consumers' level of trust" moderate the relationship between the proposed factors and the purchase intention?

In order to achieve this purpose, the study has proposed a conceptual model extended from the technology acceptance model (Davis, 1989). The model was empirically tested through a survey targeting a convenient sample of Jordanians in different sectors. The rest of the paper is organized as follows: Section 2 describes a brief overview of related work. Section 3 presents and elaborates on the research methodology followed in this study. Section 4 exhibits data analysis and discussion. Finally, we provide our conclusions and future work in the last section.

## **2. RELATED WORK**

This section is divided into two main parts. The first part exhibits the related studies applying the TAM on online stores along with payment method. The second part presents several studies related to trust in online shopping context. TAM, a conceptual model proposed by Fred Davis in his doctoral thesis in 1985, is the most commonly used model to predict users' adoption of different technologies, where studies show that it is a robust model used in several contexts including the context of online shopping.

TAM has two main predictors; perceived usefulness and perceived ease of use; both were found to be good predictors of consumers' intention to shop online (Faqih, 2013). Davis defined PU as "the degree to which an individual believes that using a particular system would enhance his/her job performance", and PEOU as "the degree to which an individual believes that a particular system usage would be free of physical and mental effort" (Davis, 1989, p. 320). A review of most technology adoption theories would support the existence and role of PU in all of them with different names and acronyms (Tarhini et al., 2015).

Studies in the context of online shopping indicate that PU is related to the expected benefits a consumer will gain by shopping online, while PEOU is more related to the expected usability of the online shopping experience. E-commerce adoption in several countries is hindered by the

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