

The Role of Online Trust in Forming Online Shopping Intentions

Bandar Alharthey, Arab East Colleges, Riyadh, Saudi Arabia

ABSTRACT

The main focus of this study is to investigate the impact of online shopping trust towards online shopping intentions in the Kingdom of Saudi Arabia, while the online shopping experience of consumers will be assessed for moderation between attitudes and intentions. The nature of the study is quantitative and a correlational design has been selected for the study. Primary data is collected from a sample of 452 people having online experience in major cities of Saudi Arabia including Jubail, Riyadh, and Jeddah. SPSS and Smart PLS are used to run different statistical techniques to test the proposed model. The results of the study show that online trust positively impacts online shopping attitudes which in turn positively affect intentions, also online shopping experience of consumers has a positive impact as a moderator between online shopping attitude and online shopping intention.

KEYWORDS

E-WOM, Online Shopping Attitude, Online Shopping Attitude, Online Shopping Intentions, Online Shopping Trust, Website Quality, Website Reputation

1. INTRODUCTION

All over the world the users of internet have increased from 2.92 to 3.42 billion during 2014 to 2016 (Internet Live Stats, 2016a, 2016b, 2016c). And because of its increased prominence marketers are now adopting internet as a source of stimulating their marketing activities. The function of internet technology has now jumped ahead from accessing information towards a source of shopping online (Ramus & Asger Nielsen, 2005; Retailing Today, 2013). It would be wise to say that internet has undergone through change from being a social communication channel to a marketing channel (Ahmad & Khan, 2015; Biswas & Krishnan, 2004; Hajli, 2014; Sharma & Sheth, 2004). Having the potential of huge financial benefits, marketers are now working hard to more carefully analyze the needs of their target audience in online retailing industry so that they can effectively improve their business and earn more profits (Van der Heijden et al., 2003; Lin, 2008; Wu et al., 2013). Online retailing needs a lot of effort to become successful rather than just having a good online website.

The entrepreneur Kamen writes: "Technology is easy to develop; developing a new attitude, moving the culture from one mental model to another, that's the difficult part" (Kamen, 2010).

Therefore, it is very important to understand the consumers' behaviour in online shopping industry and how they form their purchase intentions. However, these behavioural dimensions of consumers have been studied up to very modest levels and still need a lot of attention (Lin, 2008). Due to false assumptions such as low finances or limited access to internet, online shopping in developing countries has been given a very little attention (Akhlaq & Ahmed, 2015). However due to the increase in wireless technologies and smartphones in developing countries including the increasing purchase power of people the markets of these developing countries are increasing and also having some proof that people linked to these technologies use them like the consumers in developed countries (Pew Research, 2012).

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According to the facts or proofs available, the main reasons consumers avoid online shopping are due to security of online platforms, competence of online retailers and technology involved in online e-commerce websites (Gefen, 2000). Developing trust for online websites is crucial for success in digital commerce (McKnight & Chervany, 2001; Balasubramanian et al., 2003; Grabner-Krauter & Kaluscha, 2003; Koufaris & Hampton-Sosa, 2004), also to maintain long lasting ties with the online buyers (Reichheld & Schefter, 2000; Gefen et al., 2003). Trust is defined as:

The willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party (Mayer et al., 1995).

Greater level of online trust satisfies the online shoppers and also helps in removing ambiguity and perceived risks in online shopping (McKnight & Chervany, 2001; Pavlou, 2003). Moreover, greater level of trust leads to high levels of intention to purchase and eventually it becomes easier for firms to keep loyal online customers (Jarvenpaa & Tractinsky, 1999; Gefen & Straub, 2004).

This research focuses to fill the research gap on consumer's online trust and its impact on the purchase intention among online consumers of Saudi Arabia. While the role of consumer's attitudes will mediate this relation; moreover, online consumer experience will also be examined to check its impact as moderator between online shopping attitudes and intentions. Studies regarding issues in online shopping and promotion of online retailing has been done so far in Saudi Arabia but the level of research is not enough still. The struggle in case of development of e-commerce in Saudi Arabia has not come to that level of formerly stated aims by the Ministry of Commerce. Also, it does not come under the world's expectations of that stage of significance in the global economy of what it ought to see (Rayed AlGhamdi, Steve Drew and Mohammed Alshehri, 2011). To the best of our knowledge, there has been no such study conducted regarding individuals of Saudi Arabia in this context. Awok.com, Ebay.com, Souq.com, Xcite.com, Extra stores etc. are some of the online shopping websites of Saudi Arabia.

1.1. Research Objectives

Research objectives of this study are:

1. To study the impact of antecedents of online trust; website quality, website reputation and electronic word of mouth (E-WOM).
2. To study the impact of online trust on online shopping attitude.
3. To study the impact of online shopping attitude on online shopping intention.
4. To study the moderating role of online shopping experience between online shopping attitude and online shopping intention

2. LITERATURE REVIEW

The main focus of this section is to evaluate different literatures that are important and helpful to improve theoretical framework and attain the purpose of the research.

2.1 Theoretical Background

2.1.1. Theory of Reasoned Action

It was proposed by Martin Fishbein in 1960 and further strengthened by Fishbein and Ajzen in 1980. According to this theory a clear explanation of a person's behaviour can be seen when two important factors i.e. subjective norms and a person's attitude are present. Attitude in turn is described by two factors; normative beliefs and motivation to comply.

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