

# The Moderating Impact of Product Classification on the Relationship between Online Trust, Satisfaction, and Repurchase Intention

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## 1. INTRODUCTION

With the rapid, worldwide advancement in information communication technology (ICT) along with the popularity and ubiquity of the Internet, E-Commerce is getting stronger in the world with speedy economic trends (Castro, Meneses, & Moreira, 2013; Zhang, Deng, Wei, & Deng, 2012). As an approach, E-commerce is being promoted and being explained in order to reduce the monetary, energy, time and psychological transaction costs for customers while they are carrying out their shopping activities. E-Commerce technologies enable consumers to search for products, to receive personalized product recommendations, to evaluate and to order products through an online medium (Chircu & Mahajan, 2006). When individuals as well as organizations utilize Internet as a means of intermediary for trading products and services, it is defined as Electronic commerce (Armash, Salarzahi, Yaghoobi, heydari, & Nikbin, 2010). While E-commerce offers businesses with opportunities to expand their scopes, there are notable obstacles that are being faced in online selling (Murphy & Tocher, 2011). Various disciplines have been studying the consumer shopping behaviour from long time ago (Joh, Arentze, & Timmermans, 2006).

There has been a fast trend of growth in online trading since E-commerce has emerged while it reached beyond the borders of countries all over the world (Daliri, Rezaei, & Ismail, 2014; Wu, 2013). The retailing industry is being differentiated from other industries and sectors due to the existence of steady and extensive interactions among staffs and clients (Porricelli, Yurova, Abratt, & Bendixen, 2014). Considering the high speed growth along with the influence and lifestyle changes in Malaysia, retailing and grocery retailers' activities have been experiencing brisk and significant changes since the country's independence in 1957 (Roslin & Melewar, 2000, 2001). Furthermore, the retailing sector in the Malaysian context has been transformed from extreme traditional grocery retail shops and styles into supermarkets, and then, it has been expanded into hypermarkets (Hassan & Rahman, 2012), and nowadays, it has changed to online retailing. Despite the influence of interest in shopping behaviours, there is a need for further investigations on how these behaviours are connected to the outcomes of satisfaction (Jack & Powers, 2013).

Considering the fact that E-commerce has been developed considerably in the last ten years, there are still growing concerns about the existing lack of privacy and trust in this area (Amin, Rezaei, & Tavana,

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2015). Consequently, creating customer retention and satisfaction are one of the key objectives to be targeted for online retailers in order to increase portability and to obtain and to maintain competitive advantage (Valvi & Fragkos, 2012). In an E-commerce setting, the loyal customers are considered extremely valuable to the company's survival and its performance (Dina, Allard, Veronica, & Sandra, 2004). In today's economic climate and competitive retail environment, the survival of businesses greatly depends on customers' shopping experiences (Grewal, Levy, & Kumar, 2009). Simultaneously, the strength of the relationship between the time that was consumed and satisfaction levels highly depends on the length of each customers' initial experience with the organization (Bolton, 1998; Daliri et al., 2014). Additionally, consumers with different backgrounds and characteristics have diverse edges which vary systemically among other customers' groups at the same level of reported satisfaction and repurchase rates.

Hence, the purpose of this study is to examine the moderating impact of product type on online trust, satisfaction and repurchase intention in an online retailing setting. This paper has been outlined in several sections. In the next section, literature review and hypotheses development will be discussed. After the model is proposed, the third part of this research will discuss the methodology and statistical approaches which were utilized to conduct the study. The fourth section will include the empirical results and discussion. The last but not the least, the theoretical and practical implications of the study will be discussed.

## 2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

### 2.1 Trust

In the social exchange framework, trust has been studied for its functionality as well as its contribution perspectives because via trust, opportunistic behaviours that arise from business transactions with no attention to explicit contracts or control mechanisms, will be restricted (Wu, 2013). In regards to online businesses, an essential matter to be taken into consideration is lack of trust. If there is no trust between a person who wants to make a purchase and an online service provider, the probability of making an online buy will be decreased (Chai Har, Uchenna Cyril, & Nelson Oly, 2011). When it comes to the definition of trust, it can be stated that there is not an extensive agreement on the term since it has been defined variously from one discipline to the other (Midha, 2012; Murphy & Tocher, 2011). Trust can be defined as expecting unrestricted assistance from people that can lead to higher chance of getting help (Cheung & Chan, 2010). Dwivedi and Johnson (2013) define trust as "a consumer perception of a brand's benevolence and integrity" (p.37). A network ought to provide its members with helpful and succinct information as well as genuine support, so that a person can build trust with that network and its members to use the beneficial relationship and resources (Schaefer-McDaniel, 2004). Kim and Ahmad (2013) came up with a satisfactory trust model in order to assess the content quality. This model also suggests to pay attention to personalized trustworthiness from content providers since it is regarded as a prominent issue to be considered as a path toward establishing an online social media-sharing community that is successful. Lack of trust which a system causes by initial stage of market introduction or inadequate quality, will have a negative effect on both satisfaction and continuance intentions (Aker, D'Ambra, & Ray, 2013). In online social media-sharing communities, the success rate of social interactions for content sharing and dissemination that exist among absolute unknown users depends on 'trust'.

Trust together with satisfaction, play a critical role in online purchase via creating a favourable attitude toward a website (Lee, Choi, & Kang, 2009). Customers value the relationships which are being characterized by trust and this trust will form an emotional bond between the brands and consumers.

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