

Trust, Perceived Benefit, and Purchase Intention in C2C E-Commerce: An Empirical Examination in China

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ABSTRACT

It is a class research question about how trust and perceived benefit affect consumers' purchase intentions. This research examines the relationship in a very different context: consumer-to-consumer (C2C) e-commerce in China. Specifically, this research empirically assesses the differences in effect size due to the change of context. First, a theoretical model linking trust, perceived benefit, and their antecedents to purchase intention is developed upon the literature. Then the model is evaluated using empirical data collected at Taobao, the largest C2C e-commerce website in China. Partial least squares based structural equation modeling (PLS-SEM) results strongly support the model and research hypotheses. A developing country context can indeed affect the strength of effect. These results contribute to the literature in that they provide new insights toward a more in-depth theoretical understanding. Meanwhile, they can also provide useful guidance for managers.

KEYWORDS

C2C Trust, Developing Country Context, Partial Least Squares, Perceived Benefit, Purchase Intention, Structural Equation Modeling

INTRODUCTION

The turn of the millennium is characterized by an extremely fast growth of the Internet. Since its inception in the early 1990s, the Internet has brought tremendous changes to virtually all aspects of human life (Bi et al., 2017, 2018; Civerchia, Bocchino, et al. 2017; Cheng et al 2018; Finogeev and Finogeev, 2017; Gholami, Taboun and Brennan, 2018; Gorkhali & Xu, 2016; Gürdür and Asplund, 2018; Kim 2017; Lai et al 2017; Li, Xu, & Zhao, 2018; Lu 2017; Peruzzini and Stjepandić, 2018; Tan, Jiang, Gu, 2017; Xiao et al 2014; Xu, He, & Li, 2014; Yang, Stankevicius, Marozas et al., 2018). Among all changes, e-commerce is obviously one of the most significant. E-commerce today has developed into a common, daily activity for consumers (Turban, King, Lee, & Viehland, 2002). The past two decades have witnessed numerous new technologies that enabled the deployment of a plethora of e-commerce websites such as Amazon and eBay. Since the Internet does not have a national or geographical boundary, businesses that provide e-commerce are enthusiastic about leveraging the opportunity to reach more customers, further reduce cost and improve profit.

Among all the interesting research questions, a crucial one has attracted many researchers' attention: What factors affect consumers' purchase behavior? It is a classic research question that dates

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back to the 1970s in marketing research. Built upon the Theory of Reasoned Action (TRA), marketing scholars have suggested that trust and perceived benefit significantly affect consumers' purchase intention, which in turn guides their purchase behaviors (Ajzen & Fishbein, 1980; Fishbein & Ajzen, 1975). As the Internet and e-commerce becomes increasingly popular and pervasive (Assarzadeh and Aberoumand, 2018; Cai et al 2014; Fan et al., 2014; Fang et al 2014; Li, Oikonomou, Tryfonas, et al., 2014; Liu et al., 2017; Lu 2018; Lu and Xu, 2018; Mao et al 2016; Qi et al 2017; Viriyasitavat and Hoonsopon, 2018; Wang, et al., 2014; Xu, 2011; Xu et al 2018; Yan, et al., 2018; Zhai et al 2016; Zheng et al 2014), information systems and information technology (IS/IT) researchers have shown that the same model is not confined to brick-and-mortar businesses, but also applies to e-commerce or online shopping (Kim, Ferrin, & Rao, 2008). There are conclusive evidences on how trust and perceived benefit affect purchase intention.

Will the relationships remain the same in a different context? Most extant studies were conducted in a developed country setting, where rules and regulations are well established, financial systems are mature, privacy protection is expected, and consumers are less concerned with security issues. In contrast, one cannot assume the same in a developing country context. Researchers have found China particularly interesting in this regard (Cui & Jiang, 2018; Li, 2013; Li & Zhou, 2013). China is a developing country, but its e-commerce growth rate is the fastest in the world. By 2013, the number of online shopping transactions in China exceeded 2.8 billion (iResearch, 2015). Accompanying with this fast growth rate though, is an increasingly severe concern of trust and security issues. Many sellers in China are small businesses or individuals without a strong brand or established credibility. News on security breach or privacy threat is commonly heard. Given such a vastly different context, naturally, the question is whether theoretical models based on TRA are still applicable.

A review of the literature shows that the answer to the question is mostly positive, but quantitative specifics are largely missing. Models based on TRA can explain consumers' purchase behaviors in a developing country context, but parameters such as antecedents and effect size may change. Unfortunately, very few studies have attempted to address the specifics. For example, studies have shown that trust and perceived benefit still affect purchase intention in a developing country context, but it is largely a myth how much effect change it will be when there is a context change. Will consumers in China value trust over perceived benefit or vice versa? There are more questions along the same line of thinking: What is the impact of a developing country context on the relationship between trust and its antecedents, and perceived benefit and its antecedents? Does one antecedent have a stronger or weaker effect?

The purpose of this study is to explore for answers to these questions. Empirically validated answers can lead to interesting novel insights about a proven theoretical framework. Such insights can help further theoretical development, leading to a model that can better explain and predict consumers' purchase behaviors in a developing country. This study can potentially make a solid contribution to the literature. Meanwhile, insights obtained from this study can also help managers be more effective in managing e-commerce, particularly in China.

This paper is organized as follows. The next section reviews and synthesizes the extant literature to develop a theoretical model with research hypotheses. The discussion is focused on how effect size can be different in a developing country context. Empirical research design for this study is described next. The measurement instrument is also presented. Results are obtained and deliberated using the partial least squares based structural equation modeling (PLS-SEM) method. The paper concludes with a discussion on potential contributions to both the literature and practices. The limitation of this study and future research directions are also addressed.

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