



Assessing the effects of consumers' product evaluations and trust on repurchase intention in e-commerce environments

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ABSTRACT

This study enhances the existing literature on online trust by integrating the consumers' product evaluations model and technology adoption model in e-commerce environments. In this study, we investigate how perceived value influences the perceptions of online trust among online buyers and their willingness to repurchase from the same website. This study proposes a research model that compares the relative importance of perceived value and online trust to perceived usefulness in influencing consumers' repurchase intention. The proposed model is tested using data collected from online consumers of e-commerce. The findings show that although trust and e-commerce adoption components are critical in influencing repurchase intention, product evaluation factors are also important in determining repurchase intention. Perceived quality is influenced by the perceptions of competitive price and website reputation, which in turn influences perceived value; and perceived value, website reputation, and perceived risk influence online trust, which in turn influence repurchase intention. The findings also indicate that the effect of perceived usefulness on repurchase intention is not significant whereas perceived value and online trust are the major determinants of repurchase intention. Major theoretical contributions and practical implications are discussed.

1. Introduction

E-commerce websites are not only tools to support a business transaction, but also companies' channels to interact and communicate with their consumers (Al-Natour, Benbasat, & Cenfetelli, 2011). According to Gartner (2015), online consumers' expectations are continuing to increase in the last past years. These heightened consumer expectations have increased the complexity of online systems that businesses need to operate. In order to retain their consumers, online businesses need to redefine strategies to meet consumers' expectations and win their trust. Considering that it costs more time and effort to acquire new consumers than to retain existing one, it is crucial for online businesses to gain and sustain consumer loyalty in e-commerce markets (Harris and Goode, 2004; Hung, Cheng, & Chen, 2012; Zhang et al., 2011).

Research indicates that generating loyal consumer in electronic markets is challenging and considered more important than in offline markets (Harris and Goode, 2004). Establishing online loyalty is dependent on generating consumers' trust in online vendors (Harris and Goode, 2004). As in traditional markets, trust has been considered crucial in an e-commerce environment due to its ability to promote risk-

taking behavior in the case of uncertainty (Fang, Qureshi, Sun, & McCole, 2014; McKnight, Cummings, & Chervany, 1998). Lack of trust tends to prevent consumers from purchasing online and causes them to abandon their shopping cart during an online transaction (e.g., Awad and Ragowsky, 2008). Trust in an e-commerce environment is imperative because online consumers generally are more vulnerable to transaction risks, especially when uncertainty regarding product or service quality offered by the online sellers is present (Ba and Pavlou, 2002). One of the most frequent ways to reduce these risks is by creating value to increase trust between online sellers and buyers (Zeithaml, 1988). Thus, as consumer's demands from business change simultaneously, trust can be a tool to create long-term revenue and growth.

To date, the study of online trust along with technology adoption factors, such as perceived usefulness, perceived ease of use, and willingness to transact with online firms have dominated the information systems (IS) literature. A particular attention has been given to identifying the relationships among these constructs (e.g., Al-Natour et al., 2011; Awad and Ragowsky, 2008; Benlian, Titah, & Hess, 2012; Gefen, Karahanna, & Straub, 2003). This effort has advanced our understanding on the e-commerce adoption and has resulted in an emerging

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consensus as to its implications in business. The results of prior empirical studies have contributed to the development of e-commerce since online business owners or managers have tied various adoption variables and trust to their business success factors. This is no doubt due to the assumption that improvement in perceptions of technology adoption and trust in online shopping markets should lead to consumers' willingness to purchase or repurchase products from online firms. However, it is here the confusion remains.

Online sellers who refer to the e-commerce literature will potentially find incomplete information. Although this literature suggests that the elements of e-commerce websites, such as website characteristics and perceived usefulness are associated with online trust, it is unclear how product or service value is created and to what extent it affects trust in an online environment. With this regard, the elements of product or service quality should be taken into account if online sellers aim to understand consumers' perceived value (Dodds, Monroe, & Grewal, 1991). Although a few studies (e.g., Lowry, Vance, Moody, Beckman, & Read, 2008) have measured the effects of quality-related attributes, such as reputation on online trust, no research has distinctively measure how quality attributes contribute to the formation of perceived value and trust in an online setting. This gap in the literature leads us to assess the importance of perceived value and trust, relative to perceived usefulness—a construct proven to be a major determinant of e-commerce adoption (Gefen et al., 2003).

Further, a large number of studies have been conducted to understand what makes online consumers repurchase from the same online sellers (e.g., Fang et al., 2014; Gefen, 2002; Kim, Ferrin, & Rao, 2009; Srinivasan, Anderson, & Ponnnavolu, 2002) and these studies have demonstrated that first-hand experience with the seller in a repurchase situation is important and can serve as a dominating source for evaluating trust (Fang et al., 2014; Kim et al., 2009). However, despite the importance of first-hand experience, we argue that obtaining values is one's major motivation to engage in repeat purchasing (Chiu, Hsu, Lai, & Chang, 2012; Kim and Gupta 2009). This is because direct experience with the online seller lowers uncertainty and risk associated with online transactions by increasing consumers' familiarity and knowledge about transactions with the vendor (Kim and Gupta 2009). As repeat consumers have a better understanding of the attributes of the shopping object, we argue that they rely more on perceived value to establish their trust on online sellers and make a purchase decision. However, existing research on consumer trust and repurchase intention in e-commerce transactions has not adequately examine how value is perceived after an initial purchase experience and how it shapes trust perceptions and repurchase intention.

To address this gap in the literature, we draw on the theories in the IS and marketing disciplines to explain how consumers' perceptions of product value are generated as they interact with shopping websites. Specifically, we investigate the influence of perceived value on consumers' trust beliefs and their willingness to repurchase from the same website. We also compare the relative importance of perceived value and trust to perceived usefulness in influencing consumers' willingness to repurchase. We predict that individuals' perceived value will influence their trust on online shopping websites and both trust and perceived value will attenuate the effect of perceived usefulness on consumers' willingness to repurchase. Using data collected from actual e-commerce users, we attempt to answer the following questions:

RQ1: How does perceived quality of products influence perceived value in an online environment?

RQ2: Does perceived value of products influence online trust in an e-commerce environment?

RQ3: Do online trust, perceived usefulness, and perceived value equally influence repurchase intention? If not, how do these variables interplay to influence repurchase intention?

This study makes several contributions. First, it extends our

understanding on trust in e-commerce by integrating perceived value of a product and/or a service in the research model. Second, by establishing the importance of not only e-commerce adoption factors but also product evaluation factors, our study advances the existing e-commerce research on the effect of perceived value on repurchase intention through trust. Third, by focusing on different aspects of perceived value (i.e., monetary aspect as in perceived competitive price and non-monetary aspect as in perceived quality), our study demonstrates that perceived value strengthens the trust formation in repurchase situation, even when risk or uncertainty is taken into account.

This paper is structured as follows: the next section reviews the current literature on trust and buyers' product evaluations model. Next, we present the research model that examines the effect of trust and e-commerce components and products' evaluation components on repurchase intention. The methodology, results, and hypotheses testing are then presented. The paper concludes by discussing the limitation, theoretical and managerial implications of the study and offering suggestions for future research.

2. Theoretical background

2.1. Trust in e-commerce

Trust has been studied in many disciplines, including psychology, economics, marketing, and IS (Kim and Benbasat, 2009). In the trust literature, trust in e-commerce can be understood in two different stages: pre-purchase and post-purchase (Kim et al., 2009; Zhang et al., 2011). Given we focus on investigating the impact of trust on repurchase intention, we measure trust at the post-purchase stage. Post-purchase trust differs from initial trust in that at the post-purchase phase, consumers have substantial and direct prior experience they needed to make a decision whether they will conduct a future transaction with the same sellers (Kim et al., 2009). In this repurchase situation, consumers tend to evaluate a product or service based on the actual performance of the product or service as perceived after its consumption. Using this first-hand experience, they are likely to re-evaluate their trust perception (Hsu, Chang, Chu, & Lee, 2014). In this case, familiarity or repeated interaction, which can lead to trust or mistrust, is only present in repurchase situation and considered a major source of trust (Ba and Pavlou, 2002).

Mayer, Davis, and Schoorman (1995) argued that risk-taking behavior, such as repurchase decision is a function of trust and perceived contextual risk of the behavior. If the level of trust exceeds the threshold of perceived risk, then consumers are likely to engage in repurchase behavior (Fang et al., 2014). To promote trust, credible signals should be provided to differentiate trustworthy sellers from untrustworthy ones (Ba and Pavlou 2002). Based on the above arguments and consistent with the existing literature (e.g., Ba and Pavlou 2002; McKnight and Chervany, 2001), we define trust as the subjective assessment of a website's performance (including its brand and the firm or seller associated with the website as a whole) based on buyers' confident expectations in a particular transaction that takes place in an environment characterized by uncertainty (Ba and Pavlou, 2002; Kim et al., 2009). This definition captures the notion of trust as a belief or an expectation about an exchange partner that results from the partner's expertise and reliability (Ganesan, 1994). Given an e-commerce website replaces a salesperson's functionalities on the internet, an exchange partner represents the website as well as the online seller or firm as a whole (e.g., www.amazon.com) (Kim et al., 2009). Trust as a belief also means that one believes that the other party is willing and able to "act in the consumer's interest, honest in transactions, and both capable of, and predictable at, delivering as promised" (McKnight and Chervany, 2001, p. 46). From this definition, both parties expect a possibility or mutually beneficial outcome from an online transaction (Ba and Pavlou, 2002).

Trust belief is also conceptualized as a multidimensional construct.

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