

Empirical Study of Consumers' Purchase Intentions in C2C Electronic Commerce^{*}

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Abstract: Electronic commerce is becoming increasingly important in business, but lack of intention to purchase has become a main barrier in the development of electronic commerce. Thus, effective measures are needed to promote consumers' intentions to purchase in online consumer to consumer (C2C) stores. This paper postulates that five factors, the perceived ease of use of the website, perceived usefulness of the website, vendor competence, introduction and recommendations of third parties, and vendors' attitude toward customers, influence consumers' intentions to purchase in online C2C stores and this intention directly leads to their action to purchase from online C2C stores. The structural equation modeling (SEM) method was used to analyze empirical data, supporting these hypotheses except for the effect of vendor competence.

Key words: electronic commerce; consumer to consumer (C2C); purchase intention; technology acceptance model (TAM); structural equation modeling (SEM)

Introduction

Consumer to consumer (C2C) electronic commerce is one of the few applications that come close to emulating the success of the other two main electronic commerce models for business to consumer (B2C) electronic commerce and business to business (B2B) electronic commerce. The C2C websites, eBay.com.cn and Taobao.com, have attracted many people and are very famous. C2C is growing rapidly for several reasons. First, the C2C model provides an online transaction platform for individual buyers and sellers; thus, the buyers and sellers can auction product online. Second,

the C2C model has received widespread support from major Internet users because of the ease of interactions between users. Third, C2C online transactions have no time and space restrictions compared with tradition auction models, so they maximize the probability of transactions and help identify the real value of the merchandise.

Despite the fact that electronic commerce is developing very quickly, online shopping is not among the main purposes for people using the Internet in China, but is ranked the 12th according to a CNNIC (China Internet Network Information Center) survey^[1]. More research is needed to identify which factors influence people's intentions to take part in online transactions, which factors influence consumers' purchase intentions, and how to improve the sellers' effectiveness in C2C transactions. A better understanding of these issues is critical to the effective use of electronic commerce, especially to know how consumers feel about C2C

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electronic commerce. Sellers and C2C market providers need to understand consumers' shopping behavior in the market to improve their business.

Although there have been many recent publications discussing the issues of transaction intention and trust in B2C electronic commerce^[2-6], only a few studies have attempted to explain the factors influencing the adoption of C2C^[7] and there has been little research into the critical factors influencing C2C purchase intentions particularly in China.

The study investigated the acceptance of C2C electronic commerce and empirically tested whether the technology acceptance model (TAM) can predict C2C purchase intention. This study seeks to identify factors critical to consumers' purchase intentions in C2C electronic commerce, compares the relative importance of every factor, and examines the causal relationships among the variables on C2C purchase intentions. Experts and consumers were first interviewed to create the research model and questionnaire. Data was collected using a questionnaire and sampling method and analyzed using structural equation modeling (SEM).

The study seeks to investigate factors influencing consumers' purchasing intentions in C2C electronic commerce and to develop guidelines to predict consumer purchasing behavior in C2C electronic commerce. The research findings are useful for sellers wanting to attract more buyers and for online businesses to improve services for consumers in C2C electronic commerce.

1 Literature Review

The outlook for C2C electronic commerce depends not only on consumer acceptance of Internet technologies as viable transaction means, but on consumer recognition of C2C sellers as reliable people. Thus, a comprehensive model describing the factors that drive consumers to accept C2C online transactions would be useful to help them better understand consumer online behavior in the emerging C2C e-commerce environment.

The major driving factors for consumers' purchase intentions were identified by integrating two literature streams for the TAM^[8-13] and the literature on trust and risk^[3,6,14-17] under the nomological structure of the theory of reasoned action (TRA). Some reviews have already integrated these two streams^[2,18,19]. A modified

TAM model was developed and empirically validated to predict consumer acceptance of C2C electronic commerce.

In general, several technology acceptance models such as innovation diffusion theory (IDT), TRA, TAM, the theory of planned behavior (TPB), and the task/technology fit (TTF) can be used to examine the adoption behavior of C2C electronic commerce. Lee and Turban's model^[3] presented the major relationships between consumer trust in e-commerce and the four groups of major potential antecedents: trustworthiness of the Internet merchant (ability, integrity, and benevolence), trustworthiness of the Internet shopping medium (technical competence, reliability, and medium understanding), infrastructural (contextual) factors (effectiveness of third party functions, certification, and effectiveness of security infrastructure). Sultan et al.^[6] empirically demonstrated that website characteristics (navigation, brand, advice, no errors, presentation, order fulfillment, and community) and consumer characteristics such as past experience with the Internet and with a particular website indeed significantly affect trust in a website. Gefen's study^[2] showed how trust and TAM are related to purchase intentions of low-touch low-risk items from e-vendors.

There have also recently been some Chinese papers focusing on trust and acceptance in electronic commerce. Shao and Meng^[20] did an empirical study that showed that the factors significantly influencing B2C trust are characters of the online companies, the websites' characteristics, the consumers' personalities, and the electronic commerce environment. Lu and Zhou^[21] examined five factors (ease of the website use, usefulness of the websites, merchant reputation, website security, and consumer propensity to trust) influencing consumers' initial trust of online stores which directly leads to their intention to purchase from online stores.

These studies have tested the critical factors for consumers' transaction intentions and trust from different levels and perspectives. The critical factors have included not only the characteristics of the individual consumer (personality, consumption habits, gender, and educational background) and environmental characteristics (region and network infrastructure) but also the vendor characteristics (reputation and competence), and the characteristics of the products (value, digital, storage, and delivery).

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