

## Chapter 5

### Summary and Conclusion

#### 5.1 Introduction

This chapter covers summary of the study and also recommendations on future studies which could be conducted to further expand the results of this study.

#### 5.2 Findings of the study

This study aims to answer three research questions, "What factors influence consumers' trust in online shopping?", "Does consumers' trust influence their decision to purchase online?" and "Is the relationship between factors influencing consumers' trust to actual purchase mediated by consumers' trust?". Prior studies on factors influencing trust in online shopping (Kaufaris and Hampton-Sosa, 2004; Lu Yaobin and Zhou Tao, 2007; Javenpaa et al., 1999; McKnight, Choudhury and Kacmar, 2002a; Lee and Turban, 2001) and consumer trust as a strong influential factor for making purchase in online environment (Gefen (2000), Kaufaris and Hampton-Sosa (2002) and Shim et al. (2004); Doney and Cannon, 1997; Lu Yaobin and Zhou Tao, 2007) have been used to answer all the research questions.

The result from reliability analysis shows the instrument to all variables are confirmed to be acceptable and sufficiently reliable in Malaysian context where the Cronbach's Alpha values for all groups of measures are greater than 0.7. The result from multiple

regression analysis suggests that the strength of linear relationship between multiple independent variables and mediating variable is 55 percent of the variations explained in this model while relationship between mediating variable and dependent variable is 8 percent of the variations explained in this model. From the result, trust is found to be the most important factor with the highest beta value of (0.233) while perceived ease of use is found as the second important factor with beta value of (0.177) when it comes to online purchases among internet users in Malaysia.

This research scrutinizes the factors influencing consumers' trust which are consumers' perceived usefulness, perceived ease of use, perceived reputation, perceived security, perceived privacy and propensity to trust towards trust and also the extent of trustworthiness towards their behaviour in actual purchase of online product in Malaysian context. A research model was developed based on the previous research models established by Kaufaris and Sosa (2004) and Lu Yaobin and Zhou Tao (2007). This research models studied the online trust towards expensive laptops and airline tickets and also the purchase intentions on several online stores in China respectively.

The positive finding of H1 is consistent with the previous research carried out by Kaufaris and Sosa (2004) and Lu Yaobin and Zhou Tao (2007). This result implies that in Malaysia, online consumers are concerned with usefulness of the online retailer's website when they build their trust in online shopping. This is as an indication of how website usefulness can increase consumer online shopping performance, efficiency and effectiveness of Internet shopping in helping them accomplishing their task. Website usefulness involves many aspects, such as rich

information and its accuracy, up to date and relevance. Providing a convenient well-designed website with fast downloading speed will make it easy, simple and convenient for customers to shop online.

This study also confirmed H2 which suggests that perceived ease of use is positively related to trust in online shopping. This finding is also in line with previous studies done by Kaufaris and Sosa (2004) and Lu Yaobin and Zhou Tao (2007) which concludes that perceived ease of use is a significant antecedent of initial trust. When customers find an online retailer's web site easy to use they will also view the company more favourably and perceive it as being more trustworthy. As claimed by Szymanski and Hise (2000), an easy to understand online order forms, prompt e-mail order confirmation, and fast loading times may enhance consumer performance in online shopping, hence consumers able to utilize this web site without difficulty and frustration (Tang & Jun, 2002).

Perceived reputation is also found to be a significant factor determining consumers' trust in online shopping. This supports H3 and indicates that a website's good reputation positively and strongly influences the customer's perceived trustworthiness of online retailer's website. This finding is consistent with prior research in online trust studied by Doney and Cannon (1997) as well as Jarvenpaa et al. (2000). As discussed in Chapter 2, a good reputation has the advantage of being perceived as having a high level of ability to deliver products or services at the promised terms. To conclude, if consumers believe that the company has a good reputation in the market, it can boost their trust in it despite the absence of sales representative and lack of physical signs.

The finding also supported hypothesis H4 which suggests that perceived security has an effect on consumers' trust in online shopping. This finding is in line with prior research in Jarvenpaa and Todd (1997), Ratnasingham (1998), Lee and Turban, 2001; Kaufaris and Hampton-Sosa, 2004; Lu Yaobin and Zhou Tao, (2007). As new customers have no prior experience with the online retailer, they are likely to be very concerned towards the security of transactions during an online purchase process. Since the lower percentage of Malaysian consumer who purchased online, it is expected that by trusting a web site as a secure medium, trust in online shopping will increase simultaneously.

The positive finding of H5 is consistent with the previous research (Yousafzai, 2003; Chen and Barnes, 2007). This result suggests that internet users in Malaysia are concerned with the online privacy control due to fear of personal information violation and identity theft. Internet users in Malaysia will only purchase online products when they are satisfied and confident with the online privacy principle enforced by the online retailer's website. The uses of well-known privacy programs or seals to protect consumer personal information have been found to increase consumers' trust in online shopping. Consumers become less fearful that their personal information will be compromised and may simply assume that the Web site is secure. Therefore, online retailers need to take into account to increase the website system to protect their customer personal information.

The weak positive finding of H6 is also consistent with the previous researcher (Ba, 2001; Chen and Barnes, 2007; Lu Yaobin and Zhou Tao, 2007). This result explains that from the culture perspective, internet users in Malaysia have a lower degree of

trust propensity in online business environments which is the same as in China (Lu Yaobin and Zhou Tao, 2007); therefore, internet users in Malaysia require a high more positive perception toward the online retailer's website in order to increase their online trust which will therefore persuade them to purchase online.

Lastly, this study found support for H7. Previous research done by Jarvenpaa et al. (1999) claimed that higher trust in the online retailer will increase customer intention to purchase online. Same goes to Gefen (2000), Kaufaris and Hampton-Sosa (2002) and Shim et al. (2004) hold the same evidence where trust has been found to have a positive effect on intention to purchase online. This study however, studied whether higher consumers' trust in online shopping will influence consumers to actual purchase online. This confirmed that Malaysian consumers' trust plays a relatively large role in determining consumers' behaviour to actually purchase via the internet. When they perceive an online retailer's web site is trustworthy in fulfilling their needs and wants, they will eventually become committed to purchase the products that are being sold. Therefore, H7 is supported.

In addition to the hypotheses, a mediating testing was done to determine whether trust mediates the relationship between factors influencing consumers' trust in online shopping to actual purchase. Finding shows that the independent variables and mediating variable are significant predictors of dependent variable. The independent variables explained 13.1% of the variance of dependent variable and it significant. The independent together with mediating variable explained 15.6% of the variance of the dependent variable and it significant. Thus, this study finds that trust act as mediators between the factors influencing consumers' trust and actual purchase.

### **5.3 Limitations of the study**

Due to the time and resources constraints, this survey was conducted primary in Klang Valley area. Therefore, the sample might not be able to represent the entire Malaysian internet usersø point of view. It is believed that more generalized results can be obtained if the samples are diversified from different areas in Malaysia.

This survey is conducted in a small scale within the limit of the sample size (N=170). Therefore, the findings might not accurately represent the overall internet users in Malaysia. A larger sample size would be preferred in order to obtain more accurate interpretation a greater sample size increases its comprehensiveness.

Besides, the proportion of sample for each ethnic group in this survey did not follow the nationø actual population ratio due to the convenience sampling method. However, it must be highlighted that the conclusions and recommendations made in this research are still true, of relevance, and applicable to the online shopping context in Malaysia.

As with any conceptual model, our model also has its limitations. First of all, we set up a conceptual framework that includes all factors considered to affect consumers trust in online shopping. Although we based our framework on a combination of results from different studies on the subject of online shopping, there can always be factors which influence consumersø trust in online shopping that are not included in the literature to date, or that is addressed in other literature studies. However, it is

confident that this study has given an overview of the most relevant factors in this context.

#### **5.4 Recommendation for future research**

For future research, the framework model can be expanded with several additional variables that could influence consumers' trust in online shopping. In example the interactivity of the e-commerce web site and the effect of domain for instance .com, .edu. and .org towards consumer trust. Furthermore, there also are a few other potential areas for further research such as the importance of civil remedies for consumers in case of violations of privacy laws so that consumer personal information will always be protected. Lastly, it is suggested that further research is done on the reasons for losing online trust and the ways to repair it.

#### **5.5 Conclusion**

As discussed earlier, this research aims to identify what factors influences consumers' trust in online shopping, to examine whether trust influence consumers to purchase online and to determine whether trust mediates the relationship between factors influence consumers' trust in online shopping to actual purchase among internet users in Malaysia by implementing convenient sampling method. In this research, the proposed research model was adopted from prior studies with modification and the data was collected from 170 respondents in Klang Valley. The results obtained from various statistical analysis is put into a conclusion that all of the hypotheses established are supported where perceived usefulness, perceived ease of use,

perceived reputation, perceived privacy, propensity to trust and trust mediates positively in influencing consumers' decision to purchase online. Table 5.1 show the summary of research findings for this study.

| <b>Item</b>        | <b>Hypotheses</b>  | <b>Sig.Value</b> | <b>Result</b> |
|--------------------|--|------------------|---------------|
| <b><i>RQ 1</i></b> | <b><i>What factors influence consumers' trust in online shopping?</i></b>  |                  |               |
| H1                 | Perceived usefulness is positively related to trust in online shopping   | .001             | Supported     |
| H2                 | Perceived ease of use is positively related to trust in online shopping  | .001             | Supported     |
| H3                 | Perceived good reputation of the company is positively related to trust in online shopping   | .001             | Supported     |
| H4                 | Perceived security is positively related to trust in online shopping   | .001             | Supported     |
| H5                 | Perceived privacy is positively related to trust in online shopping  | .001             | Supported     |
| H6                 | Propensity to Trust is positively related to trust in online shopping  | .001             | Supported     |
| <b><i>RQ 2</i></b> | <b><i>Does consumers' trust influence their decision to purchase online?</i></b>   |                  |               |
| H7                 | Trust will have positively related to consumers' actual purchase in online shopping  | .001             | Supported     |
| <b><i>RQ 3</i></b> | <b><i>Is the relationship between factors influencing consumers' trust to actual purchase mediated by consumers' trust?</i></b>  |                  |               |
|                    | Trust as a mediating variable significantly predicts actual purchase in the present of perceived usefulness, perceived ease of use, perceived reputation, perceived security, perceived privacy and propensity to trust. | .000             | Supported     |

Table 5.1: Summary of research findings.