

SALIENT BELIEFS AND INTENTION TO SHOP ONLINE

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ABSTRACT

This paper examines the relationships between salient beliefs and intention to shop online based on TRA model. Over 140 students of a Malaysian university completed a 4-page questionnaire consisting of 26-items measuring salient beliefs (convenience, information, product perception, shopping experience, customer service and customer risk) and 4-items measuring intention to shop online for 18 product categories. Regression analysis of factor scores (resulting from factor analysis of salient beliefs) shows that convenience, information and product perception jointly explain 43.5 percent variance in intention to shop online. The finding implies that online shopping is becoming more popular amongst students due to its convenience, ease of getting information and positive product perceptions. This implies that E-commerce operators should continue to make their presence known on the web. Limitations and practical implications of the findings are also discussed in the paper.

1. INTRODUCTION

The rapid rise of internet shopping in Malaysia as well as in other cultures has attracted the attention of researchers to investigate in what leads individuals to adopt this mode of shopping. Personal orientations, demographics, experience with internet applications, among other factors, have been considered (Citrin *et al.*, 2000). Retailers use new and innovative technologies to gain sustainable competitive advantages (Lewison, 1994; Mason *et al.*, 1991). Understanding consumers and the consumption process brings a number of benefits, for example, the ability to assist managers in their decision making, availability of a knowledge base from which marketing researchers can analyze consumers, and assistance to the average consumer in making better purchase decisions, among others (Mowen and Minor, 1998). Kannan *et al.* (1998) on the other hand state that the internet is revolutionizing the ways in which products and services are marketed to customers. The Web constitutes an innovative mean of interacting with customers (Palmer and Griffith, 1998), offering them an innovative shopping experience (Wang *et al.*, 1998).

The growth of the internet has resulted in the growth of a new subculture called the Web users (Hoffman and Novak 2002). However, one of the central themes of online commerce relates to customer research and focus, consumer behavior in online retailing has not yet been subject of many research projects (Hoffman and Novak 2002). As a result, little is known about the attitudes of online customers and even less about the factors influencing their decision to buy. Motivations of consumers to engage in online shopping include both utilitarian and hedonic dimensions (Monsuwe *et al.*, 2004). Intention to shop online is also influenced by consumers' online shopping history. Satisfactory online shopping experiences resulted in positive attitudes that lead consumers to continue to shop online in the future (Shim *et al.*, 2001). Alternatively, Parasuraman and Zinkhan (2002) suggest that consumers evaluate their online shopping experiences in terms of perceptions regarding product information, form of payment, delivery terms, service offered, risk involved, privacy, security, personalization, visual appeal, navigation, entertainment and enjoyment.

Other prevalent studies on online shopping behavior have applied salient beliefs to explain intention to shop online (Javenpaa and Todd, 1996, 1997, Vijayasathy 2002) Salient beliefs are encompassed in the theory of reasoned action (TRA) (Ajzen and Fishbein, 1980). The theory suggests that an individual's attention towards engaging in a certain behavior is determined by a certain salient beliefs held by the individual. In the context of choosing the medium of shopping, beliefs about convenience, information, product perceptions, shopping experience, customer service, and consumer risks have been shown to be the

most relevant (Javenpaa and Todd, 1996, 1997). Vijayasrathy (2002) investigates the differences between internet shopping intentions and product tangibility. He found that a product's tangibility had a significant influence on consumer intentions toward shopping on the internet. Specifically, consumer intentions to shop for intangible products were higher than their intentions to shop for tangible products. Salient beliefs of online shoppers were more positive for intangible products on the shopping experience, product perceptions and customer service factors (Vijayasrathy, 2002).

Previous research on online shopping has certainly provided some understanding of the online shoppers. However, most research was conducted using Western samples. Although there is an increasing growth of online shopping in Malaysia, research in this region is still deficient (Simeon 1999). This raises the issue of examining what factors affect consumers' intention to shop online. On this basis, therefore, the purpose of this research is to examine the relationships between salient beliefs and intention to shop online. Building on the above scenario, the following hypotheses are proposed:

H₁: There are significant relationships between salient factors and online shopping intention:

H_{1a}: Convenience is significantly related to online shopping intention

H_{1b}: Product perception is significantly related to online shopping intention

H_{1c}: Information is significantly related to online shopping intention

H_{1d}: Shopping experience is significantly related to online shopping intention

H_{1e}: Customer service is significantly related to online shopping intention

H_{1f}: Customer risk is significantly related to online shopping intention

2. METHODOLOGY

A six-page questionnaire was constructed and divided into three sections. Section 1 consists of six general questions asking respondents whether they had ever "shop for" online from a list of 18 products (adopted from Sorce et. al., 2005; Vijayasrathy, 2002; and Phau and Phoon, 2000). These 18 products are travel services, books/magazines, apparel, computer software, toys, hotels, insurance, CD/music, movies, sports, electrical products, jewelry, hand phones, online banking, health products, automobile, food/beverages and education. In the questionnaire, "shop for" is defined as *using the internet to research, browse for, or compare the prices of products or services, but not necessarily purchase the item*. Section 2 consists of two parts. All items in this section used a six-point Likert scale anchored by 1 (strongly disagree) to 6 (strongly agree). Part A had 26 items that captured respondents' attitudes towards online shopping, which were divided into six dimensions namely convenience (9 items), information (3 items), shopping experience (3 items), product perception (3 items), customer service (3 items) and customer risks (5 items) (based on Sorce et. al., 2005). Part B consists of four items related to respondents' online shopping intention (adopted from Vijayasrathy, 2002).

In this research, respondents' "online shopping intention" is defined as *their willingness to make a purchase online* (Li and Zhang (2002) in Nik Kamariah and Siti Salwani, 2005). The third section consists of eight questions related to respondents' demographic information.

A sample of 200 students was randomly chosen from the July Semester 2005 of a University in North Malaysia. A total of 147 questionnaires were completed and returned for further analysis (73.5% response rate).

Exploratory factor analysis utilizing the principal axis factoring and oblimin rotation method on the salient beliefs items produced six underlying factors as in Table 1. The oblimin method was used to eliminate multiple factor loadings on one item as indicated by pattern matrix. KMO sampling adequacy of .835 and Bartlett's test of sphericity is significant at .000 indicate that the construct is adequate for factor analysis. The cumulative total variance explained was 48.575 with factor one (convenience) showing the highest percentage of variance of 25.890.

Insert Table 1 here (see appendix 1)

3. FINDINGS

The finding shows that 70 percent of respondents were females and 30 percent were males. The majority of respondents were from Malay ethnic origin (60%), while the rest were Chinese (27.9%), Indians (4.8%) and

other races (7.5%). The proportion of undergraduates to master students is 60:40. The age category of respondents is as follows: 25 years and less (68%), 26-39 years (25.2%) and over 40 (6.8%). A total of 21.1 percent of respondents reported having a personal computer. The average Internet usage time was 2.5 hours (median=2.0 hours) per day. The frequently cited items shopped for on the Internet were music (69.4 percent), education (62.6%), books (56.5%), air tickets/travel (51.7%), hand phones (40.1%), movie/concert tickets (39.5%), toys/games (28.6%), hotel reservations (25.9%), computer software (24.5%), apparel, clothing (20.4%), health and beauty products (20.4%), food and beverages (15%), sporting goods (12.9%), automobiles (12.2%), online banking (8.2%), electrical products (4.1%), jewelry (4.1%), flowers (3.4%), and insurance (0.7%). Only about 22.4 percent of the respondents had reported actually purchasing products online whereby 39.4 percent bought air tickets, 15.2 percent transact online banking, 15.2 percent made hotel reservation, 12.1 percent bought movie tickets, 6.1 percent bought books/magazines, 6.1 percent bought educational services, and 6.1 percent bought computers online. Reliability coefficients of all the six variables were more than 0.60 indicating the variables are internally consistent. This is shown in Table 2.

3.1 Correlation Results

Pearson's correlation matrix (Table 2) shows that the correlation R were moderate low (less .5), indicating the absence of multicollinearity problems between variables. Thus, one of the the assumptions for regression analysis is justified.

Insert Table 2 here (see appendix 2)

3.2 Regression Results

Stepwise regression result illustrates those three salient beliefs dimensions: convenience, information and product perception are significantly related to online shopping intention (adjusted $R^2=0.435$, $F=19.707$, $Sig F=0.000$). This is shown in Table 3. The beta coefficients infer that for every unit change of intention, there will 0.302 unit changes in convenience, 0.289 unit changes in product perception and 0.267 unit changes in information. Shopping experience, customer service and customer risk were excluded from the model. Therefore, hypotheses H_{1a} , H_{1b} and H_{1c} were supported by the findings.

Insert Table 3 here (see appendix 2)

4. DISCUSSION

Three dimensions in the salient beliefs are significant predictors of online shopping intentions i.e. "convenience", "information" and "product perception". This means that the higher the online websites provide convenience, availability of information and variety of products, the higher the intention of the respondents to shop online. This conforms to the results obtained by Sorce et al. (2005), Chen and Leteny (2000) and Grewal *et. al.* (2002). They outline three reasons why convenience plays an important role in online shopping. First, with online shoppers can easily browse the entire product-assortment with minimal effort, get the information needed in the process, convenient and time investment. Second, online shoppers can efficiently obtain critical knowledge about firms, products and brands, and thereby increase their competency in making sound decisions while shopping. Third, online shoppers can easily compare product features, availability, and prices more efficiently and effectively than with click shopping.

However, this study has its own limitations. Firstly, samples were drawn from a highly homogenous group of university students. Therefore, this research lacks diversity when compared to studies conducted in actual users. Secondly, we examine "*intention to shop*" rather than "*intention to purchase*". Shopping, which may include purchasing, also encompasses the acts of browsing, comparing, evaluating, and decision making. Therefore, the results of the study have to be considered within the context of shopping and not purchasing.

5. CONCLUSION

As a shopping medium, the Internet has some distinct advantages and limitations. In addition to the benefits attributed to other in-home shopping mode, it also offers the potential shoppers to search and evaluate product information from many companies, place orders and make payments without much hassle. On the other hand, contrasted with in-store shopping, the internet has a number of short-comings including high customer risk, poor customer service, negative experience, absence of advice and/or opinions from "live" sales personnel, inability to touch, smell or feel products prior to purchase, and the lack of opportunity for socializing. Many of the above limitations can be expected to be determined by the extent to which the features of the internet are compatible with the characteristics of the products marketed and sold on this medium. However, even though these limitations exist, the advantages such as convenience, information and product variety do lead consumers to shop online. In general, however, consumers do not necessarily choose one shopping channel over another. Instead, consumers will shop wherever and whenever it is convenient to them, whether in the store, by catalog, or on the Internet.

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APPENDIX 1

LIST OF TABLES

Table 1: Factor analysis Results

Factor/ Label	Salient Beliefs	Factor Loadings
Factor 1 Convenience % of Variance= 25.890	1. Product sold online has value for the price	.830
	2. Online shopping provide adequate privacy	.519
	3. All payments made online are secured and save	.453
	4. In general, I am satisfied when doing online shopping	.440
	5. When shopping online, I am being given fast service	.413
	6. I can save a lot of money by shopping online	.365
	7. It is easy to shop for things online	.330
Factor 2 Product Perception % of Variance=7.933	1. There are many variety of products to be selected online	.540
	2. I prefer to learn about products online before buying them at the retail store	.456
	3. Product sold online are quality products	.445
	4. When I shop online, I look for information about dealers/sellers that carry the product	.325
Factor 3 Information % of Variance=5.495	1. When I shop online, I look for product price information	.741 .470
	2. When I shop online, I look for brand information	.301
	3. I find commercial web sites on the internet are more helpful than the normal shopping stores	.751
Factor 4 Shopping experience % of Variance=3.623	1. Shopping online avoids the trouble of going to a normal shopping store	.742
	2. Generally, I always like to shop online during my free time	.676
	3. I like to shop online because I can do it any time of the day or night	.448 .442
	4. Shopping online saves me a lot of time	
	5. It is easy to find products or sellers online	.639 .599
Factor 5 Customer Service % of Variance= 3.084	1. The delivery of products bought online is fast and on time	-.397
	2. Companies that sells products online are reliable and can be trusted	
	3. I can shop for products online that are not available or are hard to find in the normal shopping stores	-.736
Factor 6 Customer Risk % of Variance=2.550		-.611
	1. Online sellers have reasonable product refund policies for defect products	-.471
	2. There are adequate product and sales information on the internet	-.417
	3. I feel safe when performing online shopping	
	4. It is easier to compare products when I do online shopping	

KMO Measure of sampling Adequacy=.835, Approx Chi-Square= 137.700, Bartlett's Test of Sphericity=.000, Total variance explained = 48.575.

APPENDIX 2

Table 2: Correlation and Cronbach alpha results

Variable Name	Y1	X1	X2	X3	X4	X5	X6	Alpha
Y1: Intention	1.00							
X1: Convenience	0.488**	1.00						.828
X2: Product perception	0.455**	0.166*	1.00					.633
X3: Information	0.439**	0.236**	0.247**	1.00				.625
X4: Shopping Experience	0.406**	0.444**	0.367**	0.174*	1.00			.720
X5: Customer service	0.151	0.409**	-0.023	-0.072	0.200*	1.00		.669
X6: Customer risk	-0.455**	-0.548**	-0.360**	-0.351**	-0.453**	-0.256**	1.00	.726

Table3: Regression results

Predictors	std. Beta	t-value	Sig t	VIF
Constant	4.235			
X1: Convenience	.302	3.669	.000	1.746
X2: Product perception	.289	4.115	.000	1.277
X3: Information	.267	3.889	.000	1.215
X4: Shopping Experience	.096	1.272	.206	1.457
X5: Customer service	.024	.336	.738	1.271
X6: Customer risk	-.042	-.513	.609	1.768

**DEPENDENT:
INTENTION,**

R²=.458, ADJUSTED R²= .435, F=19.707, SIG F: .000.