

Performance of Factors Influencing Customers' Purchase Intention Towards Online SNSs Sellers

Ramona.R, ZaihismaCC, AsmidarAB, Abdul Hadi. M



Abstract: Business on social commerce has become trending due to facilities provided by Social Networking Sites (SNSs). Trust and reputations are the de facto challenges that influence social commerce customers' purchase intention, an area of research that is sparse in the literature. The objective of this study is to identify different factors that may influence customers' purchase intention particularly in transactions with online SNSs sellers. The study collected 397 responses collected from the online survey were analyzed using PLS analysis. The study resulted that e-WoM content, the propensity to trust and reputation significantly influence consumers' intention to purchase a product from online SNSs sellers. The results of this study are expected to advance the purchase intention literature in the context of social commerce and to offer practical guidelines for online SNSs sellers to develop their business.

Keywords: Social Commerce, Purchase Intention, Social Networking Site, PLS-SEM

I. INTRODUCTION

Social commerce provides customers with tremendous opportunities to shop online by combining (SNSs) and e-commerce using web 2.0 tools. The user-generated content and social interaction, for instance, allow customers mainly assessing product reviews and recommendations shared by others in creating interests of a product, thus influence their purchase intention. On the sellers' side, the straightforward setup steps, convenience to use, and accessibility are among the advantages that encourage them to use SNSs as a platform to start their business. The sellers of various scales such as small and medium that take the advantages of SNSs to reach a new and broader market to conduct their business at a reduced cost is known as online SNSs sellers. Among the challenges of online SNSs sellers as opposed to established and well-known firms is to gain trust and reputation from customers to participate in the selling and buying activities. Studies have investigated the factors that influence customers' purchase intention from various dimensions and theories (Han, 2014; Hajli, 2015; Che and Cheung, 2017; Hsu *et al.*, 2017; Pothong and Sathitwiriya Wong, 2017; Chen, Hsiao, and Wu, 2018).

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However, there is still insufficient research specifically study on the customers' purchase intention in social commerce (Esmaili and Hashemi G., 2019). Therefore, this research aims to analyze factors that may influence customers' purchase intention particularly in a transaction involving online SNSs sellers.

II. RESEARCH MODEL AND HYPOTHESES DEVELOPMENT

In prior for analysis using PLS, a research model was constructed (Figure 1). The model is developed based on seven factors identified in the previous research conducted (Ramli, Bakar, and Aziz, 2016). Two factors, recommendation and rating, were classified into a group named as social commerce constructs. Another three factors: 1) reputation, 2) transaction safety and 3) propensity to trust were classified as a group named people. From the above mentioned factors, seven propositions of hypotheses was proposed:

- H1: E-WoM (Electronic Word-of-Mouth) content positively influences customer's purchase intention.
- H2: Rating positively influences customer's purchase intention.
- H3: Recommendation positively influences customer's purchase intention.
- H4: Information quality positively influences customer's purchase intention.
- H5: Seller's reputation positively influences customer's purchase intention.
- H6: Transaction safety positively influences customer's purchase intention.
- H7: Propensity to trust positively influences customer's purchase intention.

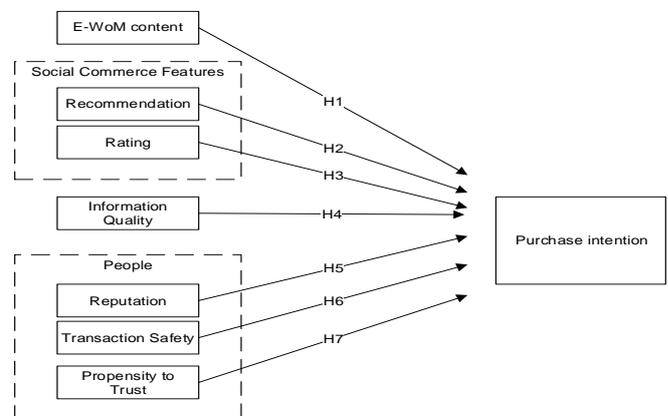


Fig. 1 Research Model



III. RESEARCH METHODOLOGY

Survey research for collecting data of response using online questionnaire was adopted to test the proposed research model. The survey was distributed using Google Form via email and Facebook post among SNSs users who have experienced in online purchasing. The questionnaire consists of several sections: (i) demographic profile; (ii) experience in online purchase; (iii) evaluation on factors that influence customer's purchase intention. The questionnaire is based on the four constructs: e-WoM content, social commerce features, information quality and people. All items were measured using a five-point Likert scale anchored at 1 (strongly disagree) and 5 (strongly agree). A total of 397 responses were received where the majority of the respondents have experiences in online buying via social commerce platform. A reliability study on the questionnaire have been conducted in the previous studies (Ramli *et al.*, 2018).

IV. RESULTS

The proposed research model was evaluated using partial least square (PLS) technique that measure both measurement and structural models simultaneously (Hair *et al.*, 2014).

Measurement Model

Convergent validity

Factor loading for all items and the CR values exceeded the recommended value of 0.7 (Hair *et al.*, 2014) (shown in Table 1). The AVE, which measures the amount of variance in the indicators are above the recommended value of 0.5 (range between 0.610 and 0.904) (Hair *et al.*, 2014). AVE above 0.5 means that the latent construct accounts for 50% or more of the variance in the observed variables. The results demonstrate that the convergent validity is satisfactory.

Discriminant Validity

Table 2 confirms the discriminant validity; the measure of different constructs differ from one another. The square root of AVE for each construct are more than the off-diagonal values. The results indicated that all items loaded: on their respective constructs from a lower bound of 0.422 to an upper bound of 0.951. Hence, it confirmed that the Fornell and Larcker's criterion is met. All the reliability and validity tests are confirmed as all indicators that are used in the measurement model are valid and fit to be used to estimate the parameters in the structural model.

Table. 1 Measurement Model

Constructs	Items	Loading	CR	AVE
E-WoM Content	EW1	0.796	0.926	0.610
	EW2	0.817		
	EW3	0.794		
	EW4	0.783		
	EW5	0.785		
	EW6	0.731		
	EW7	0.759		
	EW8	0.781		
Propensity to Trust	P11	0.832	0.914	0.780
	P12	0.916		
	P13	0.898		
Rating	RT1	0.888	0.921	0.796
	RT2	0.925		
	RT3	0.863		
Reputation	RP1	0.839	0.922	0.747
	RP2	0.902		
	RP3	0.886		
	RP4	0.828		
Information Quality	IQ1	0.753	0.937	0.652
	IQ2	0.804		
	IQ3	0.853		
	IQ4	0.748		
	IQ5	0.829		
	IQ6	0.830		
	IQ7	0.819		
	IQ8	0.821		
Purchase Intention	PT1	0.876	0.935	0.829
	PT2	0.926		
	PT3	0.929		
Recommendation	RM1	0.948	0.949	0.904
	RM2	0.954		
Transaction Safety	TS1	0.861	0.918	0.737
	TS2	0.861		



	TS3	0.887		
	TS4	0.825		

Table. 2 Discriminant Validity of Variable Constructs

Constructs	E-W	IQ	PT	PI	RT	RM	RP	TS
E-WoM Content	0.781							
Information Quality	0.429	0.808						
Propensity to Trust	0.487	0.773	0.883					
Purchase Intention	0.476	0.688	0.759	0.910				
Rating	0.488	0.666	0.612	0.622	0.892			
Recommendation	0.456	0.651	0.600	0.616	0.830	0.951		
Reputation	0.422	0.775	0.752	0.688	0.630	0.629	0.864	
Transaction Safety	0.443	0.751	0.786	0.673	0.560	0.579	0.780	0.859

Structural Model

The validity of the structural model is assessed using the coefficient of determination (R²) and path coefficients. For this study, the bootstrapping generated 500 samples from 397 cases. Table 3 shows the path coefficients, observed t-statistics, and significance level for all hypothesized path.

First, we looked at the predictors of Purchase Intention, which are E-WOM, Information Quality, Propensity to Trust, Rating, Recommendation, Reputation and Transaction Safety. E-WOM (β= 0.077, p<0.05), Propensity to Trust (β= 0.414, p<0.05) and Reputation (β= 0.130, p<0.05) were all positively related to Purchase Intention explaining the 64.1% of the variance in Purchase Intention. Thus, H1, H3 and H6 were supported.

The R² value of 0.641 was above the 0.26 value as suggested by Cohen (1988) indicating a substantial model. However, Information Quality (β= 0.072), Rating (β= 0.093), Recommendation (β= 0.097) and Transaction Safety (β= 0.049) had non-significant influence on Purchase Intention. Thus, H2, H4, H5 and H7 were not supported by the findings. To determine the size of the effect, f², measured using (Cohen, 1988) which suggested 0.02, 0.15 and 0.35 to represent small, medium and large effects respectively (see Table 3). The resulting conceptual model is shown in Figure 2.

Table. 3 Result of PLS-SEM

Hypothesis	Relationship	Std Beta	Std Error	t-value	Decision	R ²	f ²
H1	E-WOM Content → Purchase Intention	0.077	0.039	1.990	**Supported		0.012
H2	Information Quality → Purchase Intention	0.072	0.070	1.029	Not Supported		0.004
H3	Propensity to Trust → Purchase Intention	0.414	0.080	5.167	**Supported		0.134
H4	Rating → Purchase Intention	0.093	0.059	1.574	Not Supported	0.641	0.007
H5	Recommendation → Purchase Intention	0.097	0.064	1.509	Not Supported		0.008
H6	Reputation → Purchase Intention	0.130	0.065	1.996	**Supported		0.013
H7	Transaction Safety → Purchase Intention	0.049	0.074	0.661	Not Supported		0.002

**p < 0.05

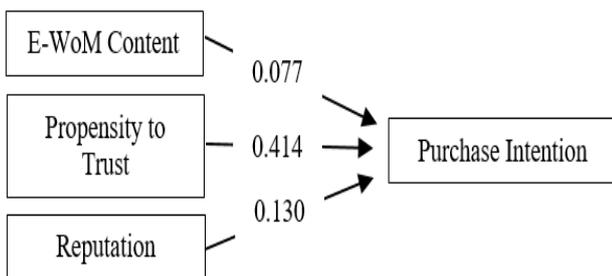


Fig. 2 Structural Model Results

V.DISCUSSION

From the result, three hypotheses were supported because the t value is more than tabulated value (1.95). E-WoM content, propensity to trust and reputation are influencing customers' purchase intention to buy products from online SNSs sellers. Meanwhile, information quality, rating, recommendation, and transaction safety are not influencing customers' purchase intention.

This study reveals that propensity to trust plays an essential role since customer and seller might know or not know each other in social commerce(Syuhada and Gambett, 2013). Customers gain their trust via information provided by the seller, shared information by other SNSs user and also social interaction between customer and seller as no face-to face interaction involved.

Reputation are also an important factor influencing customers' purchase intention. Customers are likely to consider the reputation of online SNSs seller before making any purchase decision. If the seller reputation is good, the likelihood of customers to purchase from the seller is high(Kim and Park, 2013).For online SNSs sellers, it is important for them to have a good reputation while engaging with customers for their business establishment.

Lack of direct experience on sold products requires customers to rely on related information shared by other



SNSs users that consists of any positive or negative statement made by potential, actual, or former customers about a product or seller, which is known as e-WoM(Hennig-Thurau *et al.*, 2004).

E-WoM that are written by strong ties such as family and known friends are more effective in influencing customers purchase intention compared to unknown friends (Wang and Chang, 2013). The willingness of customers to trust experiences written or shared by others will increase their confidence in purchase intention.

Good rating and high number of recommendation does not influence customers' purchase intention. Sellers can create different accounts or asked their closed ties to write positive comments and give good rating (Zhang, Bian, and Zhu, 2013). Through this method, the seller's believed that they can gain customers' trust to buy products from them. However, the current rating and recommendation given does not reflect the customers' actual experiences.

Although literatures has shown that transaction safety and information quality have significant effect in social commerce (Kim and Park, 2013; Cheng *et al.*, 2017), the result from this study does not supported the hypotheses. If the sellers is known to the customers, the factors may not be the main concern because they might have known each other, thus their trust level is very high.

VI.CONCLUSION

This study investigated the factors influencing customers' purchase intention towards online SNSs sellers. Various factors were identified from different dimensions to develop the research hypotheses. Seven hypotheses were tested in the proposed research model. The findings reveal that that e-WoM content, propensity to trust and reputation significantly influence consumers' intention to purchase a product from online SNSs sellers. For sellers that use SNSs as their start-up platform, these factors are important for them to gain customers' confidence in their purchase intention. It also implies the needs for online SNSs sellers to build their reputation to increase the customers trust level. It is also expected that the findings from this study will provide valuable insight for online SNSs sellers to strategize their business operation.

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