FACTORS INFLUENCING ONLINE PURCHASE INTENTION IN ONLINE BRAND

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ABSTRACT

This study investigated factors influencing online brand purchase intention. The aim of the study is to test the relationships between brand name, perceived ease of use and perceived usefulness (IV) and online purchase intention (DV). Consumers aged 21 years old and have had experiences in purchasing products or services online were selected as the sample of the study. A total of 175 sets of valid and usable questionnaires, were collected for further data analysis. The findings revealed that the factor, the perceived ease of use makes the largest contribution in influencing consumers’ online purchase intention in online brand. The website brand name was also found to be the essential factor for consumers’ intention to purchase online.

KEYWORDS: Consumer Behaviour, Online Purchase Intention, Online Brand, Perceived Ease, Perceived Usefulness

INTRODUCTION

The internet use among Malaysians has been growing steadily since the first introduction of the Internet Service Provider (ISP) JARING in Malaysia in 1990 followed by TMNET in 1996 (Harn, Ali Khatibi & Hishamuddin Ismail, 2006). Internet usage has become a potential environment as there are increasing numbers of online businesses each year. In 2011, sales of internet retailing in Malaysia experienced a 13 per cent of growth, which was estimated to, worth about RM842 million (Euromonitor, 2012). Despite the increasing sales in internet retailing in Malaysia, there is limited information available on the factors that drive Malaysians to do online shopping. Therefore, this study focuses on online brand or website such as. www.groupon.my, www.ebay.com.my, www.lelong.com.my and www.agoda.com.

LITERATURE REVIEW AND DEVELOPMENT OF HYPOTHESIS

Online Purchase Intention

Five trends are expected to emerge and shape the future of online shopping. Trends such as mobile browsing will turn to buying, smaller merchants will embrace mobile channels, tablet commerce will create a tactile online shopping experience, more people will take their social network shopping(Ueno, 2012). It is a good opportunity for retailers and entrepreneurs to expand and maximise their businesses, alsoo good opportunity for the newcomers of online retailers and Internet entrepreneurs to enter the growing market. Intention to purchase online is important to study because every transaction activity either physical or virtual usually starts withan intention. Zarrad and Debabi (2012) noted that the consumers’ intention to purchase certain products can be categorised as a component of their cognitive behaviour. They also believe that consumers’ attitude towards the use of technology system and the usefulness of the internet also influence
the consumers’ intention. Based on the previous researchers’ definition, in this study, online purchase intention is defined as the consumers’ behaviour that intend and willing to purchase products or services through virtual transaction.

**Brand Name**

Brand name is important for creating consumers’ intention to purchase. Brand name in physical transaction refers to the name of the product (e.g. Adidas, Guess, Bonia, Sony, Colgate, Nivea, Samsung). This study refers brand name as the names of website (e.g. www.agoda.com, www.ebay.com.my, www.lelong.com.my, www.zalora.com.my, www.groupon.my). Each of the website names represents the type of business that retailers offer to their customer. For example, www.zalora.com.my selling attires and fashion accessories while www.lelong.com sells products at auction price. It is worth noting that, retailers’ website may become a factor to attract consumers to browse and purchase.

Ward *et al.* (2010) stated that consumers are exposed to a number of brands via the Internet and this allow them to compare each brand in term of price and quality. Retailers tend to establish online retailing when the brand names are well-known by the consumers (Harn *et al.*, 2006). This is because, consumers evaluate the products based on their trust of the brand names which can lead to their purchase intention (Siagian & Purwanegara, 2012). In fact, the brand name of the website can create customers’ awareness and trust and thus, build brand loyalty and brand equity (Siagian & Purwanegara, 2012). Ward *et al.* (2010) found a positive relationship between brand name and online purchase intention. Similarly, Ling *et al.* (2010) reported that the brand orientation was positively related with consumers online purchase intention. Thus a hypothesis was developed based on these past findings, i.e.:

**H**₁: *There is a positive and significant relationship between brand name and online purchase intention.*

**Perceived Ease of Use**

Cha (2011) indicated that perceived ease of use is positively related with customers’ intention to purchase online, therefore online retailers should deliver the efficiency, convenient and comfort in term of perceived ease of use which can establish the relative advantages for their website. Although the respondents may have experience in using the internet, the effect of perceived ease of use on online purchase intention is still significant (Cha, 2011). Ling *et al.* (2011) also stated that the relationship between perceived ease of use and online purchase intention is statistically significant. Hence, the following hypothesis is put forward:

**H**₂: *There is a positive and significant relationship between perceived ease of use and online purchase intention.*

**Perceived Usefulness**

Yulihasri *et al.* (2011) found the insignificant relationship between perceived usefulness and online purchase. The finding is supported by Zarrad and Debabi (2012) who also found that there was negative relationship between perceived usefulness and online purchase intention. In contrast, Cha (2011) indicated that perceived usefulness has a positive associated with intention to purchase online and that perceived usefulness is important for online shopping because one online retailers not only competes with other online retailers, but also competes with physical retailers. Thus the online retailers should provide details and resourceful information about their products or services to ensure the consumers’ satisfaction (Cha, 2011). This is supported by Ling *et al.* (2011) who found that the relationship between perceived usefulness and online purchase intention was statistically significant. The researchers noted that the useful websites might lead to increased in trust and enhanced the intention to purchase online. Based on the past findings, the following
hypothesis was developed:

\[ H_3: \text{There is a positive and significant relationship between perceived usefulness and online purchase intention.} \]

**METHODOLOGY**

The research approach used in this study was hypothesis testing. A self-administered questionnaire was developed using structured questions. The target respondents of this study were consumers who have had experiences on purchasing products or services through online. Online brand in this study is refers to the website which only offers or sell products or services via the Internet (e.g. www.groupon.my, www.ebay.com.my, www.lelong.com.my). Multiple regression analysis was used to examine relationship between brand name, perceived ease of use and perceived usefulness and dependant variable which is online purchase intention. Measurement for brand name was determined by using four items of measurement adapted from Yee and Yahyah Sidek (2008). Measurement for perceived ease of use was determined by using six items of measurement adapted from Zarrad and Debabi (2012). In particular, perceived ease of use is intended to capture consumers’ perceptions towards the use of technology (Zarrad & Debabi, 2012). The six items adopted from Zarrad and Debabi (2012) were modified to assist the respondents’ understanding. Meanwhile, measurement for perceived usefulness was determined by using six items of measurement adapted from Zarrad and Debabi (2012). Perceived usefulness is intended to capture consumers’ perceptions of the advantages that they received from using the Internet (Zarrad and Debabi, 2012). The six items adopted from by Zarrad and Debabi (2012) were modified to assist the respondents’ understanding. Lastly, four items adopted form Zarrad and Debabi (2012) were used for measuring online purchase intention. A five-point Likert scale ranging from “strongly disagree” (1) to “strongly agree” (5) was used to assess all the variables.

**RESULTS AND DISCUSSIONS**

Table 1 indicates that 40.6 per cent of the respondents preferred www.groupon.my, 17.1 per cent of respondents preferred www.zalora.com.my, 17.1 per cent of respondents preferred www.agoda.com, 10.9 per cent of respondents preferred www.lelong.com.my, 10.3 per cent of respondents preferred www.ebay.com.my, 2.3 per cent of respondents preferred www.taobao.com and 1.7 per cent of respondents preferred www.amazon.com. As for the frequency of internet browsing, 37.1 per cent of the respondents usually browsed occasionally and whenever needed, 23.4 per cent of respondents’ browsed every day, 18.9 per cent of respondents’ browsed once a week, 13.1 per cent of respondents’ browsed twice a week, 5.7 per cent of respondents’ browsed once a month and 1.7 per cent of respondents’ browsed twice a month.

<table>
<thead>
<tr>
<th>Usage Background Variables</th>
<th>Categories</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The most preferred Website</td>
<td><a href="http://www.ebay.com.my">www.ebay.com.my</a></td>
<td>18</td>
<td>10.3</td>
</tr>
<tr>
<td></td>
<td><a href="http://www.lelong.com.my">www.lelong.com.my</a></td>
<td>19</td>
<td>10.9</td>
</tr>
<tr>
<td></td>
<td><a href="http://www.amazon.com">www.amazon.com</a></td>
<td>3</td>
<td>1.7</td>
</tr>
<tr>
<td></td>
<td><a href="http://www.zalora.com.my">www.zalora.com.my</a></td>
<td>30</td>
<td>17.1</td>
</tr>
<tr>
<td></td>
<td><a href="http://www.taobao.com">www.taobao.com</a></td>
<td>4</td>
<td>2.3</td>
</tr>
<tr>
<td></td>
<td><a href="http://www.agoda.com">www.agoda.com</a></td>
<td>30</td>
<td>17.1</td>
</tr>
<tr>
<td></td>
<td><a href="http://www.groupon.my">www.groupon.my</a></td>
<td>71</td>
<td>40.6</td>
</tr>
<tr>
<td>Frequency of internet browsing</td>
<td>Everyday</td>
<td>41</td>
<td>23.4</td>
</tr>
<tr>
<td></td>
<td>Once a week</td>
<td>33</td>
<td>18.9</td>
</tr>
<tr>
<td></td>
<td>Twice a week</td>
<td>23</td>
<td>13.1</td>
</tr>
</tbody>
</table>
Once a month 10 5.7
Twice a month 3 1.7
Occasionally and when needed 65 37.1

Data in Table 2 explain the constructs used in this study, whereby they are represented by 16 items including brand name (4 items), perceived ease of use (6 items) and perceived usefulness (6 items). A principal component analysis in extraction method with a varimax rotation was utilised to reduce a large number of variables into a smaller numbers of factors. Table 3 shows the results of the factor analysis on factors. The factor analysis produced three components of factors with eigenvalues more than one, which explained 67.741 percent of the total variance. The Kaiser-Meyer-Oklin value was .859 and the Bartlett Test of Sphericity was significant at 0.00. Anti-image correlation of the remaining 10 items of factors exceeded 0.50. The communalities of the 10 items ranged from 0.565 to 0.781.

As shown in Table 3, the factor analysis of the four items on online purchase intention’s items only extracted one factor that had an eigenvalue of 3.097 and accounted for 77.424 percent of the total variance. The Kaiser-Meyer-Oklin value was 0.844, while the Bartlett’s test of Sphericity was significant at 0.00, indicating that the data are suitable for the factor analysis. The communalities of the four items ranged from 0.729 to 0.837.
Factors Influencing Online Purchase Intention in Online Brand

Table 3: Factor Analysis of online Purchase Intention

<table>
<thead>
<tr>
<th>No</th>
<th>Item</th>
<th>Factor Loading</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>I intend to buy through the Internet in the future.</td>
<td>.915</td>
</tr>
<tr>
<td>2</td>
<td>I would buy through the Internet in the future.</td>
<td>.882</td>
</tr>
<tr>
<td>3</td>
<td>I intend to buy through the Internet.</td>
<td>.867</td>
</tr>
<tr>
<td>4</td>
<td>It is probable that I will buy through the Internet in the future.</td>
<td>.854</td>
</tr>
</tbody>
</table>

Information in Table 4 illustrates that 55 per cent variances in online purchase intention can be explained by factors ($R^2 = 0.550$, $p < 0.01$). The analysis revealed that three dimensions in factors which are brand name ($\beta = .156$, $p < 0.01$), perceived ease of use ($\beta = .546$, $p < 0.01$) and perceived usefulness ($\beta = .173$, $p < 0.01$) have direct and positive effects on online purchase intention. Therefore, the hypotheses $H_1$, $H_2$ and $H_3$ are supported. From Table 4, it can be seen that perceived ease of use holds the highest Beta value at .546 which makes this variable as having the strongest unique contribution in explaining online purchase intention. Brand name, perceived ease of use and perceived usefulness, gave a statistically significant contribution to online purchase intention.

Table 4: Regression Analysis of Brand Name, Gender, Perceived Ease of Use and Perceived Usefulness against Online Purchase Intention

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Independent Variable</th>
<th>Std. Coefficient Beta ($\beta$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online Purchase Intention</td>
<td>Factors:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Brand Name</td>
<td>.156**</td>
</tr>
<tr>
<td></td>
<td>Perceived Ease of Use</td>
<td>.546**</td>
</tr>
<tr>
<td></td>
<td>Perceived Usefulness</td>
<td>.173**</td>
</tr>
<tr>
<td></td>
<td>$R^2$</td>
<td>.550</td>
</tr>
<tr>
<td></td>
<td>Adjust $R^2$</td>
<td>.540</td>
</tr>
<tr>
<td></td>
<td>Sig. F</td>
<td>51.979**</td>
</tr>
</tbody>
</table>

Note: Significant levels: **$p < 0.01$, *$p < 0.05$

Brand name was found to have a positive and significant relationship with online purchase intention. Consistent with the study of Ling et al. (2010) the researchers used brand name to represent brand orientation and found that particular variable influenced online purchase intention. The researchers also stated that brand orientation could be applied for both the low and the high uncertainty avoidance countries especially Generation Y in Malaysia. In addition, Ling et al. (2010) also mentioned that consumers who exhibiting strong brand orientation could become regular consumers for that particular website. The current study showed consumers who have monthly income less than RM 2000 (46.3%) could be the potential regular consumers because this group of consumers had the most time spent in using the Internet and experiences in online purchasing. According to Ling et al. (2010) a strong brand name not only attracts new consumers, but it will also increase consumers’ intention to purchase. As the results revealed that the relationship between brand name and online purchase intention was positive and significant, it is believed that brand name is one of the important factors contributing to consumers’ intention to purchase online.
Perceived ease of use was found to have positive and significant relationship with online purchase intention. This finding is consistent with that of Cha (2011). Online shopping can serve as an alternative to the working consumers due to their limited time to physically shop at the shopping malls, however if the website is complicated, it may caused consumers’ dissatisfaction (Cha, 2011). According to Ling et al. (2011), website that is easy to use is likely to be trusted by consumers and will affect their intention to purchase. Similarly, this current study also found perceived ease of use as the most contributing factor in explaining the online purchase intention ($\beta = .546$, $p < 0.01$). In short, the easiness to operating the website and the fast transaction process will lead to increasing number of new consumers and sustaining of the existing ones.

The positive and significant relationship between perceived usefulness and online purchase intention that found in this study is consistent with that of Ling et al. (2011). In order to avoid losing potential consumers, the website should be useful to increase consumers’ intention to purchase. The increase in trust among new consumers towards the website could be due to the usefulness website which then leads to their intention to purchase. In this study, most of the respondents were working adults (78.2%) who are earning a montly income less than RM 2000 (46.3%) based on respondents’ profile which shows that these groups of people have less time to spend for conventional shopping method and also less purchasing power. The usefulness of the website will help them to save more money and spend less time during online shopping. Meanwhile the consumers’ perception towards the brand name of products is the same as the consumers’ perception towards website name. Consumers prefer buying familiar and well-known brand name and tend to buy products from the familiar and well-known website during their online shopping. This study has shown that brand name does not only influence purchase intention, but it also influences online purchase intention.

CONCLUSIONS

Based on the findings, online retailers should place more importance on three factors in order to enhance their online business. Firstly, online retailers should create a useful website to attract new potential consumers and, increase consumers’ loyalty. A website that can perform more than one activity is more likely to have more potential consumers compared to the one that can only perform one activity. In addition, online retailers also should provide detailed information about their business, products and services. This can decrease and avoid curiosity among the consumers. Secondly, online retailers should focus on simplicity in browsing their website. Consumers tend to avoid website that is difficult to navigate as online shoppers have limited patience in staying on a page for too long which also may affect new consumers’ trust towards the website (Ling et al., 2011). The shorter duration of transaction process the higher consumers’ satisfaction will be and this will lead to saving more money compared to conventional method (Yulhasri et al., 2011). Thirdly, online retailers should pay more attention on their brand name or website name. This is because; brand name can influence consumers’ attitude and intention to purchase. In order to make their brand name more familiar and well-known among Malaysians, online retailers should aggressively market their brand name either through conventional advertising or online advertising (Mohammed and Alkubise, 2012). Other variables should be included in future studies to enhance the factors influencing online purchase intention such as perceived risk, website characteristics, trust and other demographic variables such as age, salary and marital status. In addition, future studies should investigate on moderating effect of gender in the relationship between factors and attitude towards online shopping.
REFERENCES


Factors Influencing Online Purchase Intention in Online Brand


