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Trust and Repurchase Intention on Online Tourism Services among Malaysian Consumers

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Abstract

This study aims to examine the factors that contribute online shopping. As a conceptual paper, this research explores the factors of online shopping by evaluating online trust as a predictor which influence on online repurchase intention in online tourism services. This study covers a quantitative research. All of the respondents are recruited on a voluntary basis. The target respondents of this study are the consumers who have Malaysian consumers who have experienced in purchasing through tourism websites. In this research, the lowest respondents from the individual Internet users are not predicted to be less than 400. The data collection will be carried out via email questionnaire. Multiple regression analysis will be employed to elucidate the relationship between the variables to obtain an equation that represents the best prediction of dependent variable from the independent variable. Considering the nature of the study, the complexity of the research model and the relatively small sample size, Partial Least Squares (PLS) are selected as the statistical tool to analyze the quantitative data. The finding of the study expects to contribute to the practitioners in the e-marketing sector with valuable insights on the important of online trust in stimulating their intention to repurchase in tourism services.

Keywords: online trust; online repurchase intention; tourism services

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1. Introduction

The Internet has become the crucial business platform which commonly known as e-commerce for trading,
distributing, selling and promoting products or services between marketers, among marketers and consumers. Basically, e-commerce is a term for any type of business or commercial transaction that involves the transfer of information across the Internet. According to Van Vliet and Pota (2001) e-commerce is defined as transacting the marketing, purchasing and selling of products or services and/or information through electronic means such as the Internet and other computer networks. Online tourism services are one of the most popular usages among consumers worldwide in online shopping. In fact marketers may generate lucrative profit through this service and it cannot be disputed. Both tourism suppliers and tourism agencies have started to offer their products and services directly online to customers (Standing & Vasudavan, 2000). Through the web, customers can access useful and up to date information, ask questions, search tourist product catalogues, make bookings and payments and so forth. Online tourism services and its adoption in developed countries have been studied in the last few years. The benefits of online tourism services have been demonstrated, however, customer requirements and the evaluation of tourism websites and their online services have not been sufficiently explored.

Therefore, this study is needed to investigate online tourism services development among Malaysian consumers particularly. Furthermore, this study is trying to identify dimensions of the online trust which would be the main factors that affect on online repurchase intention. In addition to its theoretical aim, the study seeks to provide insights to marketing practitioners. The result would help to gain insights into business on how to plan and create better platform for customer-to-customer interaction (CCI).

2. Literature Review

2.1 Online Repurchase Intention

As of today there is a limited study has been focused on online repurchase intention. Instead many of previous studies have been conducted in online purchase intention or offline repurchase intention. Repurchase intention can be defined as the individual’s judgement about buying again a designated service from the same company, taking into account his or her current situation and likely circumstances (Lacey & Morgan, 2007). Customers’ repurchase is critical to the success and profitability of online shopping. Indeed, online customer retention has attracted considerable attention in recent years, partly because it is means of gaining competitive advantage. Some studied have conducted on determining the basic antecedent variables to online repurchase intention (Hocutt, 1998; Storbacka et al., 1994; Zahorik & Rust, 1992). Online repurchase intentions represent the customer’s self-reported likelihood of engaging in further repurchase behaviour (Seiders et al., 2005). Consequently, online shopping consumers will depend heavily on experience quality in which the experience quality can be obtained only through prior purchase experience. In the online shopping environment, consumers evaluate their online repurchase intention 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 (Burke, 2002; Parasuraman & Zinkhan, 2002; Mathwick et al., 2001).

2.2 Online Trust

Trust and trust relationships in the offline world have been a topic of research in many disciplines since the 1950s (Corritore et al., 2001). Streams of research on trust can be found in the fields of philosophy, sociology, physiology, management, marketing and e-commerce. When one considers these multiple discipline together, the literature on trust is quite extensive. However, although trust has been studied in a variety of disciplines, each of these disciplines has produced its own concepts, definitions and findings. In fact, even within a given field, there is often a lack of agreement and focus of effort (Lewicki & Bunker, 1995). The outcome is a multi-dimensional family of trust concepts, each with a unique concept. Fortunately, extensive research has been conducted on trust in the offline world. It is on this body of work that we can begin to build a theory of online trust.

For online trust, generally, the technology itself is a proper object of trust (Li et al., 2008). In many cases, rules and regulations enable consumers to reduce this social complexity and so make complex and long-term transaction possible. When rules and regulations are not enough, however, consumers sometimes reduce the social complexity by assuming away undesirable, yet possible, behaviours of others. This favourable presumption about the acceptance future actions of others is the essence of trust (Luhmann, 1979). Even though people have different opinions on the definition on online trust, the impact of customer trust towards online shopping is no doubt. Online
trust is emerging as a potentially central aspect leading to e-commerce environment. As supported by Kimery and McCord (2002) online trust is a customer’s willingness and enables to accept an online transaction according to their positive and negative expectations on future online shopping behaviour. Numerous studies suggested that trust plays an essential role in creating satisfied and expected outcomes in online transaction (Pavlou, 2003; Yousafzai, Pallister, & Foxall, 2003; Gefen & Straub, 2004, Wu & Cheng, 2005; Flavian & Guinaliu, 2006). Meanwhile, Gefen (2000) asserts that the presence of online trust will enhance the consumers’ beliefs that other customers will not engage in opportunistic behaviour.

It especially needed in the case of gaining and later retaining consumers in repurchasing via online. In addition, online trust is crucial for online shopping, as the Better Business Bureau’s Testimony before The House of representatives stated (Cole, 1998) because the online environment exposes consumers to the treat of possible in appropriate opportunistic behaviours by online website, for example masquerading, misuse and unauthorized distribution of personal information. Online trust is important also because it helps consumers build appropriate favourable expectations of what to expect of the online website (Gefen, 2000). Empirical research indeed shows this significant role of online trust. Across cultures, inexperienced, consumers purchase as well as repurchase intentions are affected by their trust in the online website (Jarvenpaa & Tractinsky, 1999). Meanwhile in the case of experience consumers directly affects their intentions in purchasing from an online website (Gefen, 2000). Trust is arguably even more important in the case of online shopping because of the less verifiable and less controllable business environment of the web (Gefen, 2000; Reichheld & Schefter, 2000). Even when online consumers only examine a website without purchasing from it, data may be automatically collected about their activities (Olson, 1999) and later misused or distributed without their consent or knowledge. Besides, many scholars suggest that trust is developed through repeated interactions with time or through social network that people established (Ring & Van de Ven, 1992; Zaheer et al., 1998; Ba, 2001). Siau and Shen (2003) proposed that cultivating trust in online shopping is a dynamic and time-consuming process that involves initial trust formation and repeated trials in purchasing until the satisfaction and loyalty are achieved. Many researchers explore the relationship of different type of online trust, and the trust stage is discussed commonly, especially in how online trust is changed with the passage of time. Paul and McDaniel (2004) argued that the different types of trust may evolve into another deeper type of trusts.

As website and Internet technologies become more established and dependable, attention is turning to the factors that impact the success of websites. Key among these is trust (Jarvenpaa et al., 1999; Marcella, 1999; Sisson, 2000). Currently trust is garnering the attention of those who employ websites to make available information, services or products to others (Nielsen et al., 2000). This includes website designers, developers and marketers. Many of them posit that the presence of trust in person website interactions is crucial to the ultimate success of the interaction. While the importance of trust in the online world is accepted, there is limited theoretical support for its role in online interactions.

Trust enables people to live in risky and uncertain situations (Deutch, 1962; Mayer et al., 1995). It provides the means to decrease complexity in a complex world by reducing the number of options one has to consider in a given situation (Luhmann, 1979; Barber, 1983; Lewis & Weigert, 1985). In the world of online shopping, trust is a key to successful transactions and long-term relationships (Koehn, 1996). It has even been proposed as an alternative form of control in place of price and authority (Creed & Miles, 1996).

2.3 Dimension of Online Trust

Online trust offers an invaluable addition to the collection of knowledge on trust. According to Mayer et al., (1995) and related empirical research (Jarvenpaa et al., 1998; Mayer and Davis, 1999) overall trust is the product of a set of trustworthiness beliefs. These beliefs are primarily beliefs about the ability, integrity and benevolence of the trusted party. Integrity can be defined as the belief that the trusted party adheres to accepted rules of conduct for example honesty and keeping promises. Meanwhile ability is considered as the beliefs about the skills and competence of the trusted party. Further, benevolences is explained as the belief that the trusted party, aside from wanting to make a legitimate profit, wants to do good to the customer (Mayer & Davis, 1999).

Numerous researchers treated these beliefs themselves as trust (Giffin, 1967) and accordingly demonstrated how these directly determined the value of outcome variables, while other researchers treats these beliefs as dimensions of trustworthiness that leads to trust and where the effect on the outcome variables is the product of trust, while yet other researchers built measures that combine some of these beliefs with overall trust. Arguably, the three
dimensions of trustworthiness are identified by Mayer et al., (1995) appropriate to be applied in the context of online trust. As noted by Simons (2002) Mayer et al.’s (1995) definition of trust is often cited in the literature. Mayer et al. identify three attributes of another party in which perceptions of trust can be based, namely, benevolence, integrity and ability. It has been proved as well by Gefen and Straub, (2004) which claimed that trust is multidimensional and the most cited three dimensions of trust are ability, integrity and benevolence. Ability is the skills or competencies that allow a trustee to be perceived competent in a specific area. Integrity is the expectation that the trustee will act in accordance with social norms or principles that the trustor accepts. While the benevolence is that the trustee will care about and do well to the trustor. Given the discussion in this section, and in the interests of parsimony, this study adopts Mayer’s conceptualization of the three characteristics of another party in which trust can be held. Hence, the developing in a comprehensive framework of trust and customer value towards online repurchasing intention becomes an important issue to be addressed in this study.

2.4 Online Trust and Online Repurchase Intention

Major developments in web technology as well as online shopping over the passing years have conducted on the context of online trust and other factors. From the perspective of online repurchasing intention, the willingness of individuals to build trust in doing transaction they have acquired or created are major concerns (Bock et al., 2005) and trust has been as a valuable means to enhance customers’ values (McEvily et al., 2003).

There are significant relationships between online trust and repurchase intention. McCole and Palmer (2001), stated that online repurchasing necessitates customer trust. It has been investigated in the extant literature that trust beliefs positively stimulate customer online repurchase intention (Spreng et al., 1996; Oliver & Linder 1981). Numerous studies show that customer trust remarkably impact on customer repurchases intention. The higher degree of trust the customer has in a website, the higher probable it is for the customer to have the intention of shopping on the website. For experienced customers or who had experienced initially, customer trust also impact directly on the willingness of customers to log onto the online websites, browse goods and repurchase online.

Furthermore, since the study is examined in the context of tourism services, there are several studies have been conducted on online trust in the tourism context with regard to other concepts that are important to consumer satisfaction and repurchase intention (Chen, 2006; Kim et al., 2009; McCole, 2002; Wu & Chang, 2006). Gefen (2000) investigated 217 interviewees on Amazon website to study the relationship between the interviewee’s trust and their consumption on Amazon website. Research result showed the higher the degree of trust, the higher the percentage to have real consumptions.

Oliver (1980) and Spreng et al., (2006) proved that customer satisfaction is a post-purchase attitude formed through a mental comparison of the service and product quality that a customer expected to receive from an exchange and the level of service quality the customer perceives actually receiving from the exchange. Online trust and satisfaction are essential ingredients for successful long-term business relationships with customer (Doney & Cannon, 1997; Morgan & Hunt, 1994). Nevertheless, research has been very limited regarding the trust encountered by experienced online customers for tourism services in Malaysia particularly. Thus, it can be summarized that there are crucial of online trust in repurchasing intention which with more trust in the website, they will be more willing to transact online. Based on most of the prior studies that have demonstrated the direct influence of online trust on repurchasing intention, the following hypothesis is suggested in this study:

H1a: Online trust (benevolence) has a direct positive influence on online repurchase intention
H1b: Online trust (integrity) has a direct positive influence on online repurchase intention
H1c: Online trust (ability) has a direct positive influence on online repurchase intention

3. Methodology

This study covers a quantitative research. The study is conducted in the context of online tourism services. Population sampling frame refers to Malaysian consumers who have experienced participating in tourism websites for instance Agoda, TripAdvisor, Booking.com, Groupon and so on. In terms of the research context, online tourism services’ community represents a growing number of non-reciprocal marketing phenomena. The sample is collected mainly from online tourism communities. A small portion of samples are users recruited from Facebook and offline. The online members are selected with considerations regarding the community size and reputation based on number of members who likes the website and the talking about the website. Both members and visitors can access all
forums. Table 1 is provided to show the size and reputation of these online communities.

Table 1. Number of members talking about website in the Participant Tourism Website Communities

<table>
<thead>
<tr>
<th>Access date</th>
<th>Member Access Date</th>
<th>Talking about the Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>27/05/2013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Booking.com</td>
<td>1,015,516</td>
<td>30,839</td>
</tr>
<tr>
<td>Groupon</td>
<td>361,602</td>
<td>81,383</td>
</tr>
<tr>
<td>TripAdvisor</td>
<td>303,302</td>
<td>9,052</td>
</tr>
<tr>
<td>Agoda</td>
<td>107,345</td>
<td>2,031</td>
</tr>
<tr>
<td>Lonely Planet</td>
<td>1,027,877</td>
<td>7,651</td>
</tr>
<tr>
<td>Travelblog</td>
<td>5,316</td>
<td>56</td>
</tr>
<tr>
<td>Virtuautourist</td>
<td>10,009</td>
<td>209</td>
</tr>
<tr>
<td>Couchsurfing</td>
<td>267,291</td>
<td>8,135</td>
</tr>
<tr>
<td>Travelguru</td>
<td>37,064</td>
<td>3,625</td>
</tr>
<tr>
<td>Travelzoo</td>
<td>678,319</td>
<td>7,402</td>
</tr>
<tr>
<td>Travelling</td>
<td>55,550,750</td>
<td>39,226</td>
</tr>
</tbody>
</table>

Sources: http://www.facebook.com/[all tourism agencies as mentioned above]

4. Conclusion

This study is expected to give contribution in form of better understanding and explanation of online tourism services among Malaysian consumers. It attempts to remedy many limitations encountered in the earlier study. Specifically this study expects the findings of this study to contribute in the following areas.

The study contributes to the factors affecting online repurchase intention. In addition, this study contributes to the clarification on the research on online trust which is the three dimensions will be investigated regarding their benevolence, integrity, ability-based trust in one framework. It is therefore of considerable interest to fill this research gap by evaluating the effectiveness of factors fostering to online repurchase intention.

Furthermore, this study adds to the existing literature on the mediating effect of the relationship between online trust and online repurchases intention. This represents advancement on the previous studies that focused in B2C transaction point of view. Likewise, this study provides enrichment to the existing literature on online trust namely benefit, information and mutual-based trust by developing the measurement of online repurchase intention. This represents advancement of the previous studies as a dearth research has currently been conducted specifically in the CCI context.

The review of the current studies in the area of CCI towards online shopping studies reveal the increasing number of online trust and online repurchase intention have drawn attention to the essential of online tourism services context. Despite the growing interest in the topic, there are still many related parties with vested interest who may benefit from the continued research of an empirical nature for instance business people, practitioners and researchers.

This research examined the Academic Affairs Department (AAD) customer service experience utilizing a model which attempts to demonstrate the significant effects of personal interaction encounter, familiarity and customer involvement. This study contributes to a better understanding of factors influencing customer service experiences in the context of public higher learning industry. The knowledge generated as a result of this research can help universities management to improve their service encounters especially their personal interaction encounter and guide front line employees-customer interactions in an effort to create satisfactory customer service experiences.

To influence future visits among low familiarity customers, it may be necessary to deliver services beyond their expectations. It has been stated that this may result in high expectations which make it harder to satisfy customers in the future (Rust & Oliver, 2000). However, understanding customers’ expectations and finding an opportunity to exceed them is a viable strategy to gain repeat visits. Firms should always be responsive to customers’ needs, and empower staff to incorporate some delightful surprises in their delivery of services to make the consumption of service experience memorable.

The involvement of customers in service production processes has been increasing, particularly as organizations seek to reduce costs through customer participation. Customer involvement through self-service has recently been increasing in services particularly the adoption of internet services. More tasks are conducted by using online
services such as academic reports, student performance, examination activities, administrative affairs and other activities. As service customer involvement expands, the issue of how that involvement affects customer response to service becomes increasingly important. Such customer service roles have depth as well as breadth.

In conclusion, the model in this study presents an initial comprehensive view of how customer service experience are composed in a public universities setting. Given the growing need to differentiate in the marketplace and create a competitive advantage, creating a service environment that facilitate personal interaction encounter, familiarity and customer involvement which encourages positive customer experiences is likely to receive academic and managerial attention.

References


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