

CHAPTER 2

LITERATURE REVIEW

Within this chapter, the researcher discusses the antecedents of the UTAUT2 model and the theoretical background of each construct as well as gender differences regarding to the current study thoroughly. Furthermore, in this chapter, the author also explains the development of the proposed hypothesis and displays the proposed model of the study.

2.1. The Extended Unified Theory of Acceptance and Use of Technology

The first theory concerning acceptance towards technology was created by Rogers (1962, as cited in Pascual-Miguel, Agudo-Peregrina & Peláez, 2015). The theory is called the diffusion of innovation (IDT), where it investigates the relationship of innovations' characteristics towards the adoption to a specific technology. Within this theory, there are 4 elements, which are innovation, time, social system, and communication channel.

The next theory that was published after the diffusion of innovation theory is called the theory of reasoned action (TRA) by Fishbein and Ajzen (1975), which provides a model to analyze the behavior of individuals through intention that derives from attitudinal and normative beliefs. Afterwards, Davis (1989) created a theory named technology acceptance model (TAM), where this theory discusses the adoption of technology by focusing on the actual use of technology that derives from the perceived usefulness and ease of use of the technology. Ajzen (1991), extend his previous model (i.e. TRA) by adding one additional determinant that influence the intention which is

perceived behavioural control, which then the theory is called theory of planned behaviour (TPB).

Due to the lack of integral view from the previous technology acceptance model, Venkatesh, Morris, Davis, and Davis (2003) established a theory by combining several preceding technology acceptance theories, and named it unified theory of acceptance and use of technology (UTAUT). This theory has 4 determinants that influence the users' intention to use technology, which then leads to the use behavior. These 4 determinants includes performance expectancy, effort expectancy, facilitating condition, and social influence. Within the model of UTAUT, there are also additional moderating variables which are age, gender, experience, and voluntariness to use. In order to extend the model to consumer services, Venkatesh, Thong, and Xu (2012) has remodeled the previous model of UTAUT and named it UTAUT2. In this model, they included 3 additional determinants which are hedonic motivation, price value, and habit.

According to Yu (2012, as cited in Pascual-Miguel, Agudo-Peregrina & Peláez, 2015), in the context of online shopping, cost does not appear as a determinant within the UTAUT model since internet users perceived that to shop online is free from additional charges. Hence, price value are eliminated within this current study. Moreover, habit are also eliminated within the current study because based on the research of Limayem, Hirt, and Cheung (2007), there are many types of habits, which each of them affects differently to the use of technology, and yields ambiguous results.

The previous research has included 3 additional variables, which are perceived risk, product risk, and perceived trust into the UTAUT2 model. Including these 3 variables were based on previous studies; in which the variables have been validated to have an impact towards the intention of online shopping. Lin, Wang, and Hwang (2010) have confirmed that perceived risk has influence towards online purchase intention, and Chang (2010, as cited in Pascual-Miguel, Agudo-Peregrina & Peláez, 2015) as well as Chen and Dhillon (2003) have confirmed that perceived trust also has an impact towards online shopping. In the previous studies, product risk are not an individual construct, but it is combined within perceived risk. However, in this study, since the case focuses on the product types, the researcher believed that separating product risk as an individual construct would increase the robustness of the study.

2.2. Effort Expectancy [EE]

The continuously growing of technology makes consumers search for an effortless shopping. Hence, many companies in various industries are trying to create a system which provides consumers more convenience and less effort in their shopping.

According to Venkatesh, Thong, and Xu (2012), effort expectancy is the degree to which using a technology is easy. Based on prior studies, there are 3 constructs that are related to effort expectance, which are perceived ease of use (TAM), ease of use (IDT), and complexity (Model of Personal Computer Utilization [MPCU]).

There is a study that suggests that effort expectancy is identical with perceived ease of use (Alwahaishi & Snásel, 2013), where in the study of Davis (1993, as cited in

Henderson & Divett, 2003) perceived ease of use is the users' belief that utilizing a technology is effortless physically and mentally. Ease of use is the extent to which using a new technology or system is perceived to be hard to use by the users (Moore & Benbasat, 1991). According to Rogers (1986), complexity is the extent to which a new system is believed to be problematic to use and understand.

In this current study, effort expectancy is defined as the extent to which online shops are believed to be easy to use. Although consumers may have different perspective towards the easiness of usage of an online shop, a study of James (2002) shown that the more complex the e-commerce sites, consumers perceived that the sites are not easy to use. Meanwhile, the simpler the interface of an online website, consumers perceived that the sites are user-friendly.

2.3. Performance Expectancy [PE]

Busy lifestyle have made consumers to become hugely dependent on technology to help them performing their jobs. Therefore, the demands for high performance as well as effective technology grows higher, and the performance of technology becomes a major cue for consumers to actually adapt the technology.

Performance expectancy is the extent to which technology is perceived to leverage the performance of users on its usage (Ghalandari, 2012). There are 5 other concepts that embodied the performance expectancy which is based on prior models that had been created. The variables includes perceived usefulness (TAM), outcome expectations

(Social Cognitive Theory [SCT]), job fit (MPCU), extrinsic motivation (Motivational Model [MM]), and relative advantage (IDT).

Based on Davis' study (1989), perceived usefulness is the degree to which technology is believed to be able to enhance users' job performance. Outcome expectancy is defined as an individual's estimation of outcomes based on a particular behavior (Bandura, 1977, as cited in Williams, 2010). In technological context, outcome expectancy is described as the estimated performance outcomes from a particular system. Job fit is the users' belief that a particular technology would improve their job performance (Thompson, Higgins & Howell, 1991, as cited in Venkatesh, et al., 2003). Extrinsic motivation refers to the benefit of an activity since it is believed to be instrumental of attaining outcomes that are different from the activity itself. (Davis, Bagozzi, & Warshaw, 1992). Relative advantage is the consumers' belief that innovation is advantageous for them in improving their job performance (Rogers, 1986). In the online shopping context, performance expectancy is defined as the extent to which online shopping is believed to improve the consumers' performance in shopping.

2.4. Social Influence [SI]

Based on the hierarchy of needs, human have 5 basic needs, which includes physiological needs, safety needs, social needs, esteem needs, and the needs of self-actualization. This needs are in order from the upmost to the least importance. The needs for social comes after the fulfilment of physiological and safety needs, where an individual will hunger for affection from others (Maslow, 1943). This specific need

drive individuals to socialize with each other and unconsciously create groups that have particular behaviors.

In technological context, social influence is the extent to which using a particular technology is believed to be triggered by the influence of users' inner circle, such as family or friends (Venkatesh, Thong, & Xu, 2012). This construct is identical with the concept of subjective norm, which refers to the extent to which pressure from society would affect an individual to perform a behavior (Ajzen, 1991).

Regarding to online shopping, social influence is the degree to which shopping online is believed to be triggered by the influence of the shoppers' inner circle. Individuals often follow the behaviors and attitudes displayed by their group (Paluck, 2011). Consequently, if an individual's family or friends have used internet to do online shop, it is probable that the individual will also have the intention to use online shop.

2.5. Facilitating Condition [FC]

Nowadays, all marketing activities created by businesses focuses on two-way communication – between company and customer – instead of one-way communication – from company to customer. In the online platform, almost everything is transparent, which means that customers can compare and contrast similar products' description. One of differentiations that can be shaped are through the service quality. Therefore, many companies now are creating better structured e-commerce sites and provision of assistance towards the customers in order to acquire and retain customers. According to the study of Nikhashemi, Haque, Ahasanul,

Yasmin, and Khatibi (2012), service quality is one of the most determining factor in achieving successful online buying. Furthermore, the quality of service offered to the customers influences the loyalty of customers towards the particular brand (Rai & Media, 2013).

Facilitating condition is the extent of consumers' perceptions towards the availability of resources and assistance from the system to actually perform a behavior (Venkatesh, Thong & Xu, 2012). Wu, Yu, and Weng (2012), also stated that facilitating condition refers to the degree to which technology is perceived to support the users on its usage. In this current study, facilitating condition refers to the extent to which online store is believed to be an assistance for consumers on their shopping.

2.6. Hedonic Motivation [HM]

Consumers do shopping for different reasons apart from obtaining goods or services they needed or wanted. One of those reasons is the entertainment – pleasure or enjoyment – in shopping (Tauber, 1972). The term hedonic has many different perspectives. According to Veenhoven (2003), hedonic is a way of life where pleasure and satisfaction is an important factor. Moreover, hedonism is defined as the search for pleasure or the avoidance of pain (Kirgiz, 2014).

Hedonic in the context of technology is the sense of fun or pleasure when the technology is being used (Brown & Venkatesh, 2005, as cited in Randle & Kekwaletswe, 2015). This concept is similar to perceived enjoyment, which refers to the extent to which using a technology is believed to be enjoyable (Davis, Bagozzi &

Warshaw, 1992). Hence, in this study, hedonic motivation is defined as the extend to which online shopping is believed to be a pleasure and enjoyment for the consumers.

2.7. Perceived Risk [R]

Based on the study by Bauer (1960, as cited in Kim, Lee, & Jung, 2005), perceived risk refers to the uncertainty feelings of the consumers regarding to the transaction they have done. There are several dimensions within perceived risk, which are financial, performance, psychological, physical, social, and time risk (Jacoby & Kaplan, 1972; Roselius, 1971). Prior research by Brooker (1984) confirmed that from the 6 dimensions of perceived risk mention above, financial and performance risk are the most influencing factor in demotivating the intention to purchase a product.

In the context of online shopping, consumers tend to be more cautious and feel more insecure since they perceive higher degree of risks (Lee & Tan, 2003). There are also additional dimensions of perceived risk within the context of online shopping, which are delivery (Cases, 2001), and privacy risk (Ko, Jung, Kim, & Shim, 2004). However, prior research argued that privacy risk does not significantly influence the intention to purchase online (Forsythe & Shi, 2003, as cited in Dai, Forsythe & Kwon, 2014).

In this study, perceived risk is representing non-product related risk, such as financial risk and privacy risk. Performance risk or product risk is excluded from this particular construct. However, product risk will be another individual construct. Financial risk refer to the chance of experiencing monetary loss in the future after purchasing items (Crespo, Bosque, & Sanchez, 2009, as cited in Brosdahl, 2015).

2.8. Product Risk [PR]

In the current study, product risk appeared to be a standalone construct separating from perceived risk due to its significance towards the behaviors of purchasing online (Forsythe & Shi, 2003). Performance risk or product risk is defined as the likelihood of a product which have been bought fails to meet the intended performance requirements (Peter & Tarpey, 1975, as cited in Dai, Forsythe, & Kwon, 2014).

The level of product risk depends on the product that an individual intent to purchase. The risk will be higher if the product is costly, technology-related, or if the product gratifies the ego-related needs – a product that is observable by others while being consumed or used (Bhatnagar, Misra, & Rao, 2000). This particular risk has become a major negative influence in online shopping since consumers do not have the ability to physically examine and try the product they intent to purchase (Forrester Research, 1999, ascited in McCabe & Nowlis, 2003; Alba, et al., 1997). Delivery risk is also included within the product risk, where it refers to the likelihood of products that have been purchased online will not be delivered to the customers, or it will be delivered longer than the agreed condition (Cases, 2001).

2.9. Perceived Trust [PT]

The concept trust exists when an individual are able to rely on their partners and the other way around (Morgan & Hunt, 1994). Furthermore, according to Mayer, Davis, and Schoorman (1995), trust is the willingness of a party to be susceptible to the

actions that are performed by another party. Therefore, based on the statements, perceived trust is the degree to which users are able to rely and willing to be vulnerable towards the technology. In the context of online shopping, perceived trust refers to the degree to which consumers believed that an online retailer is reliable and credible.

The main reason why consumers avoid to purchase online is the lack of trust since there is no physical interaction between the retailers and shoppers (Ling, Daud, Piew, Keoy, & Hassan, 2011). In order for trust to exist between consumers and retailers, retailers are needed to deliver goods and services according to the expectation of the consumers (Jarvenpaa, Tractinsky, & Vitale, 2000). The higher the trust that are perceived by the online shoppers toward a particular vendor, the lower they concern for the risk existed on purchasing on that specific seller (Heijden, Verhagen, & Creemers, 2003)

2.10. Purchase Intention [PI]

Intention is a state where an individual have a proposition for his or her upcoming behavioral act (Söderlund & Öhman, 2003). Based on the study of Lavidge and Steiner (1961), there are 6 stages in order for consumers to perform an actual purchase, which includes awareness, knowledge, liking, preference, conviction, and purchase. Conviction is a state where conative behavioral dimension – stimulation and desires – existed, which indicates the factors that drive the intention to purchase. According to Blackwell, Miniard, and Engel (2001, as cited in Wee, et al., 2014), purchase intention refers to the consumers' plan to purchase something. Hence, in the context of online

shopping, purchase intention refers to a state when a consumer have a plan to purchase products in the online platform.

There are prior researches that tried to predict purchase intention through other dimensions, for example a study by Jaafar, Lalp, and Naba (2013) have confirmed that perceived quality, perceived value, perceived risk, perceived price, advertisement, store image, trust, familiarity, and perceived economic situation have significant influence towards consumers' purchase intention. However, in this current research, the researcher tries to investigate the intention to purchase from 8 determinants, which are effort expectance, performance expectance, social influence, facilitating condition, hedonic motivation, perceived risk, product risk and perceived trust.

2.11. Purchase Behavior [PB]

Buying or purchasing behavior refers to the acts of people involved in buying as well as using a particular product (Sharma, 2014). Impulse buying is one of purchase behavior types, where it refers to a state where consumers feel a sudden urge to purchase a particular product (Karbasiyar & Yarahmadi, 2011). However, in this current study, purchase behavior is more emphasizing on the actual purchase and the frequency of purchasing – rate of purchase – of a product through online medium.

Many prior researches have tried to predict the purchase behavior through different dimensions. For example, a research by Thagunna and Khanal (2013) analyzed the correlation of value identification, lifestyle and personality, price, customer service, accurate information, and brand familiarity towards purchase behavior. Furthermore,

it is posited that the availability of product information in the online media is the most important factor in predicting the online purchase behavior (Bellman, Lohse, & Johnson, 1999).

In This current research are based on the UTAUT2 model, where use or purchase behavior appears to be affected by facilitating condition and the intention to purchase (Venkatesh, Thong & Xu, 2012). Corresponding to the TPB model, which state that the level of using a particular tehcnology depends on the level of intention and facilitating condition in using the technology (Ajzen, 1991).

2.12. Gender Differences on Shopping Online

The perceptions and behaviors between genders on shopping are different (Mitchell & Walsh, 2004; Biswas & Biswas, 2004). Females consider shopping as their social needs, while males consider shopping as a method to fulfill their needs (Bakshi, 2012). Social shopper refers to the consumers that perform shopping activity in order to pursue satisfaction that is unrelated towards acquiring the product (Westbrook & Black, 1985).

According to Hu and Jasper (2004), the motive of shopping between genders is different, where males are more to utilarian and females are more to hedonic. Furthermore, a study by Tifferet and Herstein (2012) confirmed that female have higher level of commitment to a particular brand, hedonic motivation, and impulse buying compared to male. Alreck and Settle (2002) also mentioned that females gain more satisfaction and pleasure from shopping compared to males. Comparable with a

study by Klein (1998, as cited in Sohail, 2015), where it is stated that 67% of females enjoy shopping, whereas only 37% of males that enjoy shopping.

It also found that each gender have their own preferences of products to purchase (Yasin, 2009), where in average, males are found to purchase more intangible goods – digital content, whereas females are less likely to purchase digital goods (The Harris Poll, 2014). Furthermore, female perceived higher level of risk on shopping compared to male (Bae & Lee, 2011; Byrnes, Miller, & Schafer, 1999). Hence, it is believed that male are more risk-taker, whereas females are more risk-averse.

Based on previous study by Pascual-Miguel, Agudo-Peregrina, and Peláez (2015), the significant determinants that influence males on their purchase intention are perceived risk, perceived trust, performance expectancy, and facilitating condition. As for female are perceived risk and all the variables within the original UTAUT model, which consist of performance expectancy, effort expectancy, social influence, and facilitating condition. They also mentioned that effort expectancy and social influence have stronger impact for females on their intention to purchase goods online. comparable to the research of Garbarino and Strahilevitz (2004), where they claimed that recommendation from a friend will significantly influence the purchase intention of a female consumers.

2.13. Hypothesis Development

Many prior researches proved that the intention of purchase is influenced by the determinants within this current research. Lee and Lin (2005) specify that a good

website design can influence the purchase intention of consumers. The easier a website to be navigated, the more consumers will stick around, which then influences the purchase intention (Pearson, Pearson, & Green, 2007). According to Cho and Sagynov (2015), perceived ease of use have a significant relationship towards the intention to purchase online.

H1 : Effort expectancy positively influence the consumers' purchase intention

Zarrad and Debabi (2012) stated that consumers' online purchase intention are shaped by perceived positive outcome by purchasing online. They also confirmed that perceived usefulness have direct influence to the intention of purchase. Moreover, the perceived ability of an online shopping to improve users' performance on shopping in general might affect the intention to purchase online (Liat & Wuan, 2014).

H2 : Performance expectancy positively influence the consumers' purchase intention

Individuals regularly mimic the attitudes and behavior exemplified by their group, such as friend and family (Paluck, 2011). Based on the study of Venkatesh and Davis (2000), social influence might have an impact to the consumers' purchase intention. It is also confirmed in the study of Chiou (1998) that subjective norm or social influence have significance impact towards purchase intention.

H3 : Social influence positively influence the consumers' purchase intention

According to Venkatesh, Thong, and Xu (2012), facilitating condition within UTAUT2 model is slightly modified. The facilitating condition in UTAUT2 model refers back to the TPB by Ajzen (1991) where facilitating condition can influence the intention to purchase as well as the purchase behavior of the consumers. Furthermore, Prior study mentioned that the one of the keys of success in online shop is service quality. (Nikhashemi, et al., 2012). A better quality of service offered might drive the consumers' purchase intention and influence the purchase behavior.

H4 : Facilitating condition positively influence the consumers' purchase intention

H5 : Facilitating condition positively influence the consumers' purchase behavior

Brown and Venkatesh (2005, as cited in Venkatesh, Thong, and Xu, 2012) stated that enjoyment and pleasure are revealed as an important role for a technology to be accepted. In online shopping context, the statement represents hedonic motivation as an important factor to influence the use of internet to do shopping. Furthermore, Seock & Bailey (2008) claimed that online shopping purchase intention are affected by the enjoyment or pleasure of consumers on performing the activity.

H6 : Hedonic motivation positively influence the consumers' purchase intention

Prior studies have confirmed that perceived risk has a significant negative relationship towards the intention to purchase. Based on the study of Van den Poel and Leunis

(1999, as cited in Choi & Geistfeld), perceived risk within online retail stores is negatively related towards the intention to adopt online purchasing. Samadi and Nejadi (2009) stated that higher perceived risk corresponding towards the online store will impact negatively on the intention to purchase online. Furthermore, According to Bhatnagar, Misra, and Rao (2000), risk that related towards product will negatively influence the intention to purchase online. In the study of Forsythe and Shi (2003), product risk appeared to be significant factor in demotivating online purchase intention.

H7 : Perceived risk negatively influence the consumers' purchase

H8 : Product risk negatively influence the consumers' purchase intention

According to Heijden, Verhagen, and Creemers (2003), the higher the trust consumers have towards online retailers, the less the concern they have for the risk of purchasing online. They also mentioned that consumers have the ability to choose whether to buy or not from a trustable shop. However, consumers will definitely not buy from an untrusted shop. Recent studies by Jamaludin & Ahmad (2013) and Butnerr & Goritz (2008) confirmed that trust are positively correlated to purchase intention.

H9 : Perceived trust positively influence the consumers' purchase intention

According to Ajzen (1991), the higher an individual's intention to perform a particular behavior, the greater the behavior will be performed. In the context of online shopping, the higher the intention to purchase, the more the purchase will be. Additionally,

Brown (2003, as cited in Wee, et al., 2014) stated that consumers that have intention to purchase product affects the rate of purchase of that certain product. Venkatesh, et al. (2003) proves that behavioral intention have significant influence on the usage behavior.

H10 : Purchase intention positively influence consumers' purchase behavior

2.14. Hypothesis Model

The model for this study is adapted from previous exploratory study by Pascual-Miguel, Agudo-Peregrina, and Peláez (2015). However, the basic model used in the previous research was adapted from the UTAUT2 model that was created by Venkatesh, Thong, and Xu (2012). The previous study eliminate 2 of the constructs within the UTAUT2 model, which are price value and habit, and added 3 additional constructs to the model, which are perceived risk, product risk, and perceived trust.

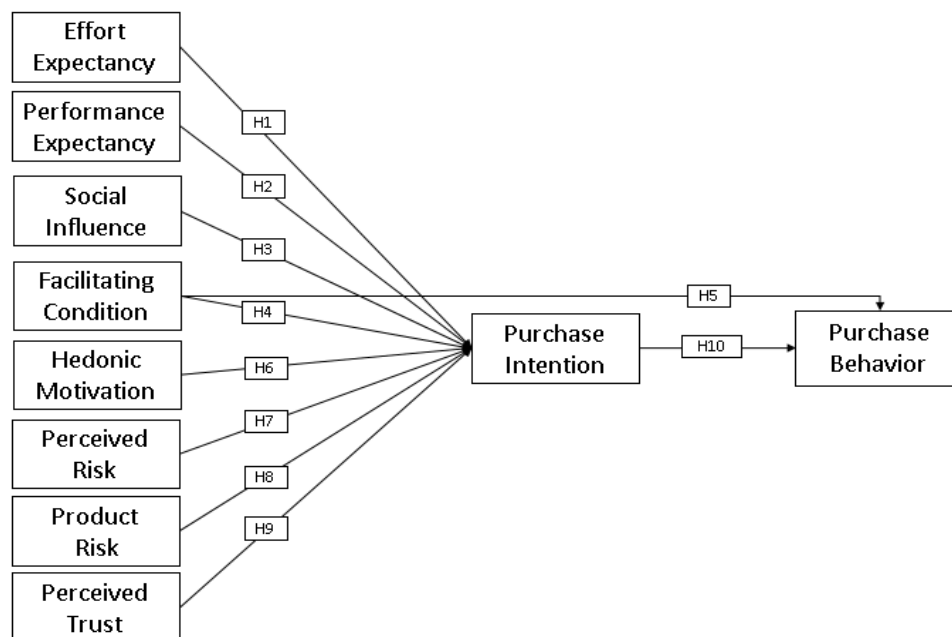


Figure 2.1. – Research Framework
Source: Pascual-Miguel, Agudo-Peregrina, and Peláez (2015)