
INFLUENCE OF ONLINE SECURITY, PROTECTION, WEBSITE CREDIBILITY AND PREVIOUS AFTER SALES EXPERIENCE ON THE INTENTION TO PURCHASE ONLINE

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ABSTRACT: *Current study seeks to induce the influence of the various factors like online security, protection, website credibility and previous after sale experience on intention to purchase online. Detailed literature review was done and conceptual linkage of various factors has been drawn on the basis of delve study, critical review and findings relationship that postulated in the previous literature. Study concludes that online security system, website credibility and previous after sales experience significantly influence the intention to purchase online.*

KEYWORDS: **Online Security, Protection, Website Credibility, after sales Experience, Intention to Purchase Online**

INTRODUCTION

A growing interest about e-commerce (Electronic Commerce) is experienced since the end of the last millennium, whether at the individual or at the institutional levels. The increasing pace of growth and development in information and communications technology (ICT) is among the most important reasons for e-commerce development currently. The e-commerce adapted by several areas, such as electronic-government, electronic-banking, e-learning, e-healthcare, as well as electronic-Journals and e-shopping. Online shopping or e-shopping is an e-commerce element that has been broadly accepted by consumers worldwide. E-shopping is the electronic version of the traditional mail order business or telephone-based ordering system.

According to the American Life Project Survey and Pew Internet (Horrigan,2010), American internet users say that online shopping is time-saver and suitable therefore they have started to use online shopping. Sixty six percent (66%) of American online shoppers buy products on internet like clothing, music, toy and book. Perceptions and attitude have a significant impact on behaviour of online users in purchasing products. The results of Horrigan (2010) study reveals that 78% of internet users whether they Strongly Agree (21%) or Agree (47%) having perception that online shopping save their time. Adaptability of online shopping is not limited to America, Europe or other developed countries rather it has extended to almost all over the globe especially Asian countries like Malaysia that has emerged as most thriving country of East Asia.

According to Nielsen Company's Mobile Insight Survey, the numbers of Malaysian people who access the internet were 41% in 2010, while 15% increase was observed in last year. The maximum usage was observed among online customers between the age of 20 and 24, whereas about six among each 10 people are regular internet users and spending 22.3 hours (average) online per week. Malaysians are also using online social networking sites. Almost 71% people are staying in

touch with their family members and friends through these websites which has been increased by 24% from 2009. Reading local news and online instant messages are about top three online activities (NielsenCompany, 2011).

This study has a number of potential benefits. First, this study aims to examine whether online security, protection, website credibility and previous after-sales experience influence the consumers' intention to use online shopping in Malaysia. By doing this, business organizations should be able to effectively plan and implement better strategies and improve the quality of their online shopping system in order to gain recognition and improved acceptance from customers. E-commerce can fully recognized its potential by providing education to the consumers to develop their trust on online shopping with this high level of credibility, protection and security of the online shopping stores in Malaysia.

By conducting a delve and detailed literature review , this study aims to gain a better understanding of consumer intention, whether it can create obstacles towards the adoption of online shopping as a method for their purchasing or not. This study will also conceptually analyze the impact of variables like online security, protection and website credibility on Malaysian consumer intention to purchase on the Internet.

E-COMMERCE

Due to variety of reasons e-commerce field has been growing unambiguously in last decade which include rapid financial development and education around the world, increase in consumer income, advancement in technology, and changes in consumer life styles. Internet use as shopping or buying vehicles has been remarkably growing in last decade. IT communication development, like internet, introduced the facility for marketers to collect feedback directly from website visitors and consumers with the facility of customized feedback. Additionally, marketers can get in touch directly with their targeted customers through e-commerce. E-commerce can be categorized as a new marketing channel by comparatively low organizational setup cost, easy access, interactivity, time independence, and global reach (Haque et al., 2007).

Most of the marketers are having same opinion that if E-Commerce and internet system is implemented properly then it will absolutely enhance customer loyalty and increase spending to both offline and online products and services. This is due to a big internet advantage of two-way communication as it is having capability of cheaper and quick transmission of information as compared to other different traditional means of one-way communication (Warrington et al., 2000).

Electronic commerce benefits for a new firm are in a number of ways. Fundamentally, a new firm gets a chance to fight and struggle against larger businesses at mass level. The scarcity of resources limits the ability of infant firms to reach ahead local marketers. Small firms primarily served a limited geographical area, whereas internet crosses geographical boundaries. Through e-commerce businesses can approach to their customers from anywhere. Early cash flow problems of any new firm can be eliminated by e-commerce by squeezing the cash cycle, for example, reducing the time between placing the order and receiving consignment and conversion of sale

into cash. Without any physical presence of human being, e-commerce facilitates in placing the order, authorize permission for credit card transaction, and contact a vendor within no time. E-commerce also permits small size firms to reinforce their strength such as customer relationship. Internet technology has brought new life in IT to develop traditional way of customer service (Moore & Longenecker, 2008).

TYPES OF E-COMMERCE

There are a variety of standard business models related to e-commerce, including consumer-to-consumer (C2C), business-to-government (B2G), business-to-consumer (B2C), consumer-to-consumer (C2C), and business-to-business, (B2B) (Morley, 2009).

a) Business-to-Consumer (B2C)

Business-to-consumer (B2C) model states that goods or services are sold by business to individual consumers. The B2C model is unique in its nature and one of the first major types of business models in e-commerce field which usually defined and implemented using the Web. Examples of B2C businesses include BestBuy.com, Overstock, Walmart.com and Amazon.com (Morley, et al., 2009).

b) Consumer-to-Consumer (C2C)

The consumer-to-consumer (C2C) or sometimes known as the person-to-person (P2P) model which more or less consists of online customer auction websites solely in which customers sell products to other customers. With thousands of product items uploaded for auction on websites at any time and online auction websites are situated in several different countries. For example, today eBay is considered as one of the largest (C2C) e-commerce businesses (Morley, et al., 2009).

c) Business-to-Business (B2B)

The business-to-business (B2B) model is one of the e-commerce business models which include those types of e-commerce business transactions which takes place between two online businesses. Possible transactions may include buying goods and services required for business operations, as well as purchase of manufacturing supplies and raw goods. Although B2C was initially expected to be the most prominent type of e-commerce business model, revenues from the B2B model are now expected to far surpass the B2C marketplace (Morley, et al., 2009).

d) Business-to-Government (B2G)

The model of business-to-government is becoming more important day by day. B2G business firms sell goods and services to domestic state and federal government customers. Generally, the government sector has been slower and lazy to hold and promote e-commerce than the private sector. This is slowly changing; but on the other hand, e-government initiatives consequently geared toward boosting government procurement and other actions online (Morley, et al., 2009).

There are many types of E-commerce business models as mentioned above but this study will focus on B2C only. The B2C model involves transactions between business organizations and consumers. It applies to any business organization that sells its products or services to consumers over the Internet.

ONLINE SHOPPING

Lim and Dubinsky (2004), online shopping or e-shopping or e-store is defined as “a commercial web site on which consumers can shop and make a purchase”. E-stores can be operated by either a pure player (i.e. a retailer who has only an online outlet) or a traditional retailer (i.e. a retailer who owns both brick-and-mortar stores as well as an online outlet) (Lim & Dubinsky, 2004). According to Park and Kim (2003), e-commerce and online shopping depend on consumers purchase behaviors and their evaluation about online shopping web sites (Park & Kim, 2003). Jun et al., (2009) conducted several studies on e-commerce and noted that in order to achieve successful online or electronic business, some features of web sites such as website characteristics, feedbacks and product lists are important for generating sales(Jun & Kim , 2009). The benefits of online shopping include the capacity to provide information to achieve a large number of consumers around the world in a shorter time period of time. In addition, factors such as the price, rich source of information and convenience via online shopping, offer benefits to consumers compared to conventional shopping (Chen & Cheng, 2003).

Benefits of online shopping

There are many benefits of shopping online. Currently, when consumers carry out transactions online, they reap some benefits like time saving and convenient shopping. Online consumers name convince and timesaving as the top reasons why they prefer shopping online. Buying online is viewed as significantly more convenient than any other mode of shopping, at least for some product categories. This is the primary reason for the success of E-business today (Windham & Orton, 2000).

Other frequently mentioned benefits of shopping online are that it is easier than other modes of shopping and it saves consumers' money. Online shopping is perceived to be easier because of how simple it is to locate products through the use of both general and site-specific search engines. There is no hassle of driving and parking. It is also interesting, however, to note that the “saving money” benefit of online shopping is mentioned much less frequently than convenience and timesaving (Windham & Orton, 2000)..

The problem with online shopping

Although online shopping has many advantages, there are also problems which may occur from time to time. Ordering the wrong product, receiving the wrong item and the needing to return a purchase can often be significant enough to make a potential online shopper reconsider the decision to purchase again. Traditional way of shopping in brick-and-mortar makes it difficult to accidentally buy wrong item as your physical presence is required in sale process, carrying and bringing the item to the sale counter and make payment for it (Pierre, 2007). It is possible to purchase wrong item in online shopping because customer never get the item physically unless the transaction is complete and item is successfully received. This usually happens when the customers do online purchase through website and select the wrong item or when customer contact customer services employees to place the order and tell them a different item code/number which is different from actual one. Sometimes it is also happen that customer select correct product item and gives an correct product code but he/she commit mistake when he was asked to select colours, size or

other product features on customized web form. This problem creates a lot of problem for customer because customer gets disappointed when he/she receive wrong product (Pierre, 2007).

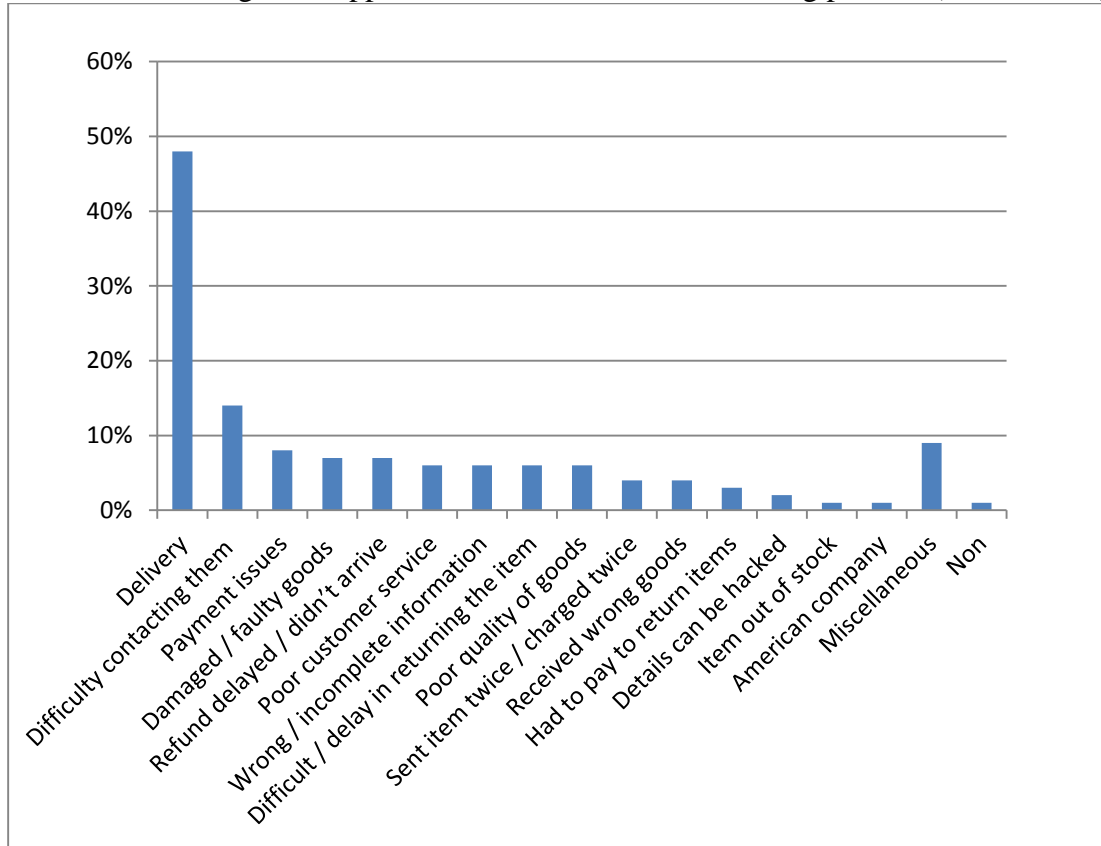


Figure1: Types of problems that online shopper’s experience according to Office Fair Trading (OFT) market study.

Figure 1 above explains the types of problems online shoppers’ experienced. Based on the Internet shopping survey conducted by the Office Fair Trading (2007), half or 48 percent of those who had experienced a problem shopping online in the past 12 months said the most recent problem is related to delivery. The second most frequently mentioned problem is related to communicating with the trader (14 percent). However, when combined, wrong, damaged, faulty or poor quality goods are also a typical cause of complaint, accounting for (17 percent) of the problems most recently experienced. Likewise, when combined, difficulties with refunds and returns accounted for 16 percent of problems consumers said they had experienced.

Factors that influence consumer purchase intention

Security

Roca, Garcia and de la Vega (2009) defined online security as “a threat that creates a circumstance, condition, or event with the potential to cause economic hardship to data or network resources in the form of destruction, disclosures, modification of data, denial of service, and/or fraud, waste and abuse”. Meanwhile, Román and Cuestas (2008) identified online security as important

concerns among consumers. It has been noticed that perception of consumers regarding online transaction security includes security of payment methods and also privacy of financial information from unofficial and unlawful access (Román, & Cuestas, 2008).

Online consumers are concerned about security issues when they deal with online shopping. The security in terms of privacy, personal details and financial information, are major concerns among consumers. When consumers feel insecure, especially when they have to deal with financial transaction fear of any fraudulent purposes, intention to purchase online becomes distorted (Roca et al., 2009). The security to use online shopping also depends on how trusted parties create reliable and comfortable situations for consumers dealing with the system (Salo&Karjaluo, 2007).

Protection

Asia Pacific Economic Cooperation (APEC) has started an E-commerce Steering Group (ECSG) programmer to maximize the benefits of e-commerce for business in the APEC region, which includes, work on data privacy, consumer protection, cyber-security, paperless trading, trade facilitation and Spam.

Nations around the world have now realized that to take off the e-commerce, people's trust for online shopping is essential. The ECSG is trying to build people's trust in online business by protecting customers from deceptive and fraudulent practices during purchasing online goods and services. Work is in progress to help implementation of APEC's Voluntary Consumer Protection Guidelines for the online business environment, which were approved in October, 2002 by the Ministers. It covers resolution of consumer's disputes, online marketing and advertisement, private sector leadership, awareness and education and international cooperation (Kiranjit, 2005).

In online transactions, consumer protection is based on mix of existing laws specifically State and Territory Fair Trading legislation, Trade Practices Act (Commonwealth) 1974, self-regulatory and voluntary measures. Nationwide, the most significant of these voluntary methods is building consumer independence in e-commerce. A best practice model (BPM) for online business which place standards for consumer security and safety in e-commerce. E-commerce offers customers many advantages in terms of access and choice to products and services. Online transactions are increasing considerably over the past few years with \$4 billion spent in 2002 in comparison with \$1.9 billion in 2001 (Consumer Affairs - Victoria, 2004).

While the overall position for e-commerce business seems encouraging in the Asian Region, but accordingly, there are several challenges for Malaysia. Internet dispersion has not achieved a considerable growth in 2003, with only 37% of Malaysians are Internet users, compared to 24% and 25% in the year 2001 and 2000 respectively. Conversely, according to the survey of Taylor Nelson Sofres, only 3 percent of Internet users in Malaysia shopped online in 2002, compared to 4% in 2001. 38% of Malaysians felt that it is secure to buy products or services in a store but, contrary to this, 36 percent of them don't want to reveal their credit card details. Issues that are related to Security were cited as the major reason for not shopping online. The lack of trust and confidence of Malaysian consumers in e-commerce transactions is further highlighted by this

reality that the Consumer Protection Act particularly excludes protection in E-transactions, (Kiranjit , 2005).

Website Credibility

The reality is that in these days almost anyone could create anonymous website with little effort and knowledge. On the other hand, detecting how credible and reliable a site is quite a difficult task. Credibility is that variable which is not easily measured, if we were to discuss in terms that are more ‘technical’; on the contrary, people usually recognize how credible a site is by considering other factors (BogdanPopescu, 2007).

Tseng & Fogg (1999) mentioned that the sources of credibility are of four types. Presumed credibility appears from perceiver’s assumptions. Object Stereotypes, for example, or source, for example “car salesmen are generally dishonest,” can show the way to a credibility and reliability judgment, for example “don’t believe what the car salesman says,” in the nonexistence of any other indication. Reputed credibility depends upon source labels. For example, sources labeled “Doctor” or “Professor” are interpreted as reliable and credible by virtue of the label. As for as Surface credibility is concern, it is allocated based on a user’s easy and simple examination of superficial features, such as “judging a book by its cover.” Finally, credibility related to experience is depends on a one’s first-hand knowledge with a source over a period. But keeping in view, that this is deemed as the most reliable and complex way of credibility decision (Tseng&Fogg, 1999). Enhart, Simon and Grazzio (2001) found that 41 percent of teenagers “say they use email and instant messaging to contact teachers or classmates about school work. “One could well argue that this number is artificially low due to the strict controls schools impose on digital media”, (Lenhart, et al., 2001).

Credibility is necessary in order to resort to your service, download software, click on your ads, and eventually to make people register. Therefore, the credibility of a website can be identified somewhat with the idea of a flourishing business. Credibility is imperative in order to make users back to your web page. Very little people take credibility for a specific issue; they give their attention rather on factors like designing of a site, mostly for a credible website resulting in a failure to complete all the requirements (BogdanPopescu, 2007).

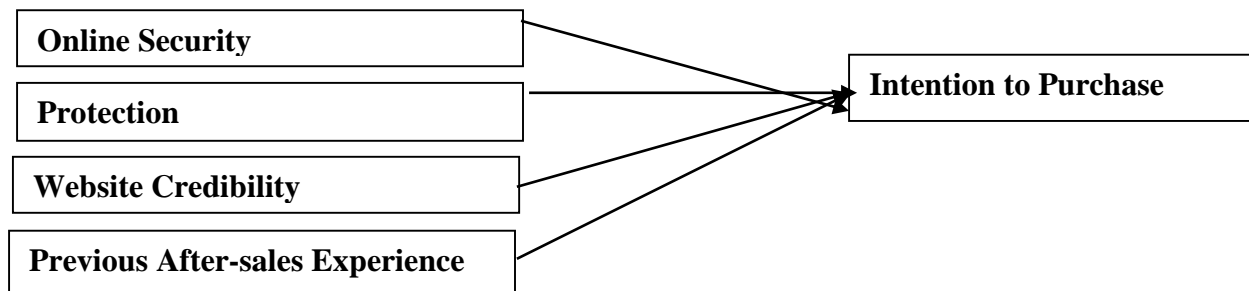
After-sale services experience

“After-sales services” has been used the most, to describe services that are provided to the customer after the products have been delivered (Rolstadaas, et al., 2008).

(Shaharudin .et al 2009) found in their study that there is a need to respond within acceptable and reasonable period of time to the consumer regarding the claim of warranty. The company should quickly respond the claim made by a customer and try to complete its promises, either by replacing or repairing with a new product. Finally, constant improvement is required throughout integrated functional activities with the purpose of produce high quality products items which consequently can lead to customers’ high confidence and satisfaction. All departments either they are human resource, marketing, finance or operations they must coordinate in order to achieve the vision, mission objectives of the enterprise.

Sparks and Legault(1993) summarised two types of services after the sale: anticipated services and unanticipated services. Anticipated services are those that the customer plans for, such as installation, training, written instructions, maintenance, and upgrading. The maintenance of the sold-out products such as repairs, returns, and replacements are the services that are categorized as unanticipated services. After-sales service is necessary to maintain customer satisfaction. When clients are satisfied with the quality of the services, they are more likely to be loyal to products or services of that particular website. Despite the fact that the sellers and buyers do not actually meet and there is no proof of authentication, effective after-sales service helps businesses sustain customer trust and satisfaction. Besides, good targeting and expansion to new markets are indispensable for the growth of e-businesses (Gordon et al., 1997).

Theoretical model of the study



Above theoretical model shows conceptual relationship between consumer purchase intention and various elements or factors that determine and foster the consumer purchase intention through E-Commerce or internet. Online security has been critical issue for consumers during internet transaction and if organizations want to glean benefits from consumers through internet they need to focus in online security system. Organizations must focus on technological sophistication and security system that can cater the consumers in better way. They must not be worried about their secret information that is crux of internet transaction. Organizations also need to focus on website credibility factor in order to strengthen consumer purchase intention. As mentioned above now a days it is very easy to make and upload fake websites which di fraudulent transaction with consumers and it hinder the consumers to make orders online. Organizations should develop confidence through various techniques to win consumer confidence that particular website in credible and they can make transactions. If consumers find website reliable it would enhance consumers purchase intention through E-Commerce. Another integral element of marketing to capture consumers purchase intention is after sale service experience. Organization must focus on various strategies and policies to make consumer after sale service experience better tha other organizations. Organizations must clearly formulate warranty and guarantee policies and build sophisticated reverse management system whithn the supply chain so that consumers feel easiness to change and get their products in time. These strategies and policies will reduce post purchase dissonance of consumers and consequently it will urge the consumers to shop online or through E-Commerce.

CONCLUSION AND RECOMMENDATION

Current study concludes that technology advancement and eagerness for convenience of consumers made this era most favorable for E-Commerce and internet business. Organizations need to reorient their business models and restructure their processes to satisfy the consumers. It needs paradigm shift in technology, structure, employee behavior, strategy and overall business models of organization that are indulge in E-Commerce. Emerging trends of E-Commerce reveal that organization should focus onto various factors like security, protection, website credibility and after sale experience of consumers to capture intention of consumers as for as E-Commerce and internet shopping and transaction is concerned. By focusing aforementioned factors Orgazation can reap value from customers through their optimum purchase intention through E-Commerce and above all in the form of customer satisfaction.

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