

Role of trusting beliefs in predicting purchase intentions

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Role of trusting beliefs in predicting purchase intentions

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Role of trusting beliefs in predicting purchase intentions

ABSTRACT

Purpose: Using India as our research venue, our work empirically models trusting beliefs with purchase intention, uncertainty avoidance, a firm's reputation and price fairness.

Design/Methodology: Our work is based on a sample of more than 200 Internet customers in India. In understanding our data and the relationships that emerged, we use a range of tools including CFA and SEM. To validate our work we also examine alternative models.

Findings: Our study reveals that trusting beliefs are negatively influenced by an uncertainty avoidance culture and positively influenced by a firm's reputation and a customer's price fairness. Moreover, purchase intentions are significantly enhanced by trusting beliefs in an online environment.

Implications/Limitations: Trust is an important component in online situations, but today a lack of trust is cited as the main reason for not making an online purchase. This research extends our appreciation of trusting beliefs and its conceptual relationship with a number of important constructs.

Practical Implications: Our works shows how the Internet, as a channel, is influenced and thus how it can be managed. In making our contribution we provide guidance in terms of operational activity to engage with potential customers. By using a developing market for our empirical foundation, the findings are also applicable to markets displaying similar characteristics.

Originality: This article examines trusting beliefs when using the Internet as a channel to market and in doing so it makes a new contribution because it establishes links with culture and other factors.

Keywords: Internet, India, Retailing, Emerging Markets

INTRODUCTION

The Internet's emergence provides a compelling platform for undertaking business-to-customer transactions. As a distribution channel, it began to take off in a serious way during the 1990s as a result of innovative approaches to new market opportunities (Doherty and Ellis-Chadwick, 2010) and new business horizons (Alsajjan and Dennis, 2010). Now, as a channel to market it provides a high degree of data (Day, 2011). While in Western markets the challenges faced by the retailers are those often faced in mature markets, the challenge in developing markets, such as the BRICs and others with similar characteristics, is to develop market share through established and supporting channels (Reinartz *et al.*, 2011).

Within developing markets Internet purchasing presents new challenge to many customers because the channel is less established, and most customers have little embedded experience of using it (Dolatabadi and Ebrahimi, 2010). For customers there are challenges associated with online shopping (Dolatabadi and Ebrahimi, 2010), particularly in settings where the channel presents new opportunities such as those in developing markets and thus we estimate trust is an important component.

When using an online channel, trust is the confidence displayed by the trustor (i.e. the party making the trust decision) during the interaction. The higher the customer's trust towards an online vendor, the greater the intentions to purchase online (Pi *et al.*, 2012; McKnight *et al.*, 2002). McKnight *et al.* (1998, p. 474) defined trust as multi-dimensional construct consisting of trusting beliefs and trusting intentions and, in addition, trusting beliefs, i.e., integrity, benevolence, and competency and are also associated with intentions of a consumer to shop online. Considering this, if a customer has a belief in an online vendor's credibility, reliability, and trustworthiness then they are more likely to make a purchase using the Internet. Hence, trusting beliefs positively influence customers' online

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3 purchase intentions (Schlosser *et al.*, 2006). Moreover, trust does not influence intentions
4 directly, but through various factors such as an online vendor's reputation, their honesty,
5 competency, dispositional capacity of a consumer, risk perception of customers, etc. (Folake,
6 2014).
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12 Comparison of buyers' intentions towards an online mode of purchases between
13 developing and emerging economies is significantly distinct because of cultural differences
14 and perceptual mismatch (Gefen and Tsipi, 2006). Owing to infrastructural developments,
15 stringent legal norms, ethical practices and greater awareness among customers, the factors
16 influencing online purchase decisions are different in the Western economies (Gracia *et al.*,
17 2015). Online purchasing is a decision underpinned by uncertainty and whenever customers
18 switch, uncertainty avoidance is likely to be an important influencing factor. Uncertainty
19 avoidance is an important construct owing to its relationship with trusting beliefs because it
20 embraces prediction, purchase intentionality, capability and transference (Hwang and Lee,
21 2012). In this regard, uncertainty avoidance has been considered to be the primary factor in
22 generating a gap between the perceptions of customers toward online buying belonging to
23 different cultural backgrounds. In developing economies online buying is not preferred by
24 many customers namely because of distrust factor, which results from the risk-averse
25 behaviour of customers (Kailani and Kumar, 2011). Other than uncertainty avoidance in
26 those markets, customers are not confident about the prices charged by the online vendors.
27 Price is considered to be an important predictor of customer choice particularly in an e-
28 environment where the barriers to price comparisons are fairly low (Kim *et al.*, 2012). Past
29 practices regarding deceptive pricing have generated doubts in the minds of prospective
30 buyers of online shopping (Romain, 2010). Taking the aforementioned discussion together,
31 customers' perceived price fairness judgements are important, and their reaction to prices is
32 determined by fairness judgements because price fairness is part of a broader judgment of the
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3 overall merits of an offering (Varki and Colgate, 2001; Haws and Bearden, 2006). A Firm's
4 reputation helps to build trust towards online buying of the products (Van Der Merwe and
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6 Puth, 2014) and earlier Turilli *et al.*, (2010) identified reputation as one of the main criteria
7 used to assess an e-vendor's trustworthiness. The role of reputation is important because
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9 earlier studies, such as Eberl and Schwaiger (2005), also provide an evidential base for the
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11 compelling role played by reputation in accruing financial and non-financial benefits. Against
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13 this backdrop, research evaluating the factors for lower purchase intentions in an emerging
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15 economies context has been found to be rudimentary. The basic reason for lower purchase
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17 intentions through an Internet channel has been attributed to lack of trust in the online vendor
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19 (Lee *et al.*, 2011). Therefore, the present study proposes that uncertainty avoidant culture that
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21 prevails in developing nations, lack of price fairness and a firm's reputation jointly contribute
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23 towards gaining trusting belief for online vendor. Thus, the study proffers that a lack of
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25 complete faith in technology, distrust towards the prices charged and lack of information
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27 regarding the reputation of a firm, ultimately result into lack of trust in the online shopping,
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29 further weakening the purchase intentions to buy products through online.
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37 The aim of our research contribution is to empirically examine trusting beliefs in
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39 tandem with the Internet as a distribution channel. There is little dispute that the Internet is
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41 used for searching product options but as McKnight *et al.* (2002) contend there is a degree of
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43 distrust, thus we estimate that the question remains regarding converting those potential
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45 customers into purchasers. Thus, the primary objective of the study here is to examine the
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47 role of trusting beliefs as a tool for predicting purchase intentions congruent with a firm's
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49 reputation, uncertainty avoidance and price fairness within a developing market. In making a
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51 new contribution to retailing, the specific objectives of this study are to: (a) measure trusting
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53 beliefs in the context of online retailing in an emerging market; (b) investigate the influence
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55 of price fairness, a firm's reputation and uncertainty avoidance in predicting trusting beliefs;
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3 (c) analyse the role of trusting beliefs in predicting purchase intentions; and, (d) present
4 appropriate trust-building strategies to encourage increased online shopping among Indian
5 customers. By developing and testing our theoretical framework among Indian customers, we
6 are able to make a further contribution because of the developing nature of the Internet as a
7 distribution channel (less than 0.5% of transactions in India) in comparison to the Internet as
8 an established channel to market in the Western economies. In doing so, we complement
9 other retailing studies that have examined the role of Internet shopping in India (e.g. Gehrt *et*
10 *al.*, 2012) by presenting a single integrated study.
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21 The remainder of our study develops as follows. We start by providing an elaboration
22 of our conceptual framework, and background and theoretical development. Second, we
23 present, in detail, our research design and methodology, which is followed by our data
24 analyses and a discussion of the study's findings. The final parts of this article highlight the
25 study's implications for online vendors in the context of a developing market such as India
26 and we present directions for future research.
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36 **CONCEPTUAL FRAMEWORK**

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39 The present work envelops some meaningful concepts that have direct significant
40 influence on e-vending, i.e., integrity, benevolence and competency, firm's reputation, price
41 fairness, uncertainty avoidance, and purchase intentions. Where *integrity* refers to honesty,
42 reliability and promise keeping capacity of a vendor; *benevolence* includes belief of trustor
43 that the trustee will act in the best interest and *competency* signifies ability, skill and expertise
44 of the trustee to do what the trustor needs. *Firm's reputation* is a perceptual representation of
45 a company's past actions and future prospects that describe a firm's appearance to all of its
46 key constitutes (Fombrun, 1996, p. 165); *Purchase intentions* is defined as the decision to act
47 or physiological action that shows an individual's behaviour according to the product (Samin
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3 *et al.*, 2012, p. 206); *Uncertainty avoidance* is a personal value orientation of the extent to
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5 which a person avoids risk, danger, threat and creates security or safety for them (Doney *et*
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7 *al.*, 1998) and *Price fairness* has been defined as comparison of a price or procedure with a
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9 pertinent standard, reference or norms. It is a subjective judgment usually studied from
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11 buyer's perception (Xia *et al.*, 2004).
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13 14 15 **BACKGROUND and THEORETICAL DEVELOPMENT** 16

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18 In today's world the most critical factor an online vendor faces is trust (Rose *et al.*,
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20 2012; Shobeiri *et al.*, 2014) with McKnight *et al.* (1998, p. 487) positing trusting beliefs, i.e.,
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22 ability, benevolence, competency, and predictability, as the key components for creating
23
24 trust. Trusting beliefs are considered to be an essence of trust that facilitates perception about
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26 the ethical character or moral behaviour of any vendor (Ring and Van de Ven, 1994). Thus,
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28 trusting beliefs are an assurance that the trustee displays favourable traits to induce trusting
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30 intentions.
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35 One of the key premises materialising from prior work is that uncertainty avoidance is
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37 important in relation to future intentions (Doney and Cannon, 1997) and if an online vendor
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39 has a positive reputation then trust in the eyes of the customer increases (Koufaris and
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41 Hampton-Sosa, 2004), consequently reducing uncertainty. Further, a willingness to pay for a
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43 product is dependent on a customer's trust in relation to a firm's benevolent behaviour and
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45 credible character (Pavlou and Dimoka, 2006). Chen and Barnes (2007) highlighted the
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47 relationship between initial online trust and purchase intentions and suggested the insertion of
48
49 price change as a possible determinant. In addition, Becerra and Korgaoukar (2009)
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51 examined the simultaneous effects of product, brand, and vendor trusting beliefs on customer
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53 intentions and suggested future research on uncertainty avoidance. Furthermore, Hsiao *et al.*
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55 (2010) and White and Yuan (2011) posited that perceived ability and perceived benevolence
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3 are important antecedents of trust and examined the impact of low pricing policies on only
4 two components of trusting beliefs, i.e., ability and benevolence. Kim *et al.* (2012)
5 investigated the impact of price and trust on a consumer purchase decision, but the scope was
6 limited to the online 'Book store'.
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12 The pertinent literature revealed that studies have been conducted analysing the
13 relationship between trust and purchase intentions (e.g. Chen and Chang, 2012; Chen and
14 Barnes, 2007); uncertainty avoidance and Internet buying (e.g. Kailani and Kumar, 2011);
15 corporate image and behavioural intentions (e.g. Hsu *et al.*, 2010); and price perception and
16 customers' purchase intentions (Kalapurakal *et al.*, 1991). Along with the aforementioned,
17 there are studies enlightening the relationship between trusting beliefs and intentions (Becerra
18 and Korgaonkar, 2009). In addition, Salo and Karjaluoto (2007) explored internal and
19 external factors affecting trusting beliefs; however, they did not analyse the impact of price
20 on trusting beliefs. Given the shortcoming, a need emanates to examine other significant
21 factors that might have a considerable impact on trusting beliefs, particularly in an emergent
22 market. Therefore, the present study fills this research gap by taking into consideration
23 uncertainty avoidance, a firm's reputation and price fairness as predictors of trusting beliefs.
24 Moreover, the study presented here analyses the role of trusting beliefs in relation to purchase
25 intentions.
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Trusting Beliefs and Uncertainty Avoidance

Culture has an overarching influence on individuals and customer behaviour (Steenkamp *et al.*, 1999), and is a collective programming of the mind with the corollary of distinguishing members of one group or category of people from those of another (Hofstede, 2004). When evaluating various cultures, high uncertainty avoidance (UA) cultures embody stability, predictability, risk avoidance, resistance to change, strict control systems, and discomfort with unknown features, while, as the antithesis, a low uncertainty avoidance culture demonstrates risk taking, tolerance to innovation and new ideas, willingness to change and adjust, ease with unknown situations, and optimism about the future (Hofstede, 1985). Hofstede (2004) proposed that customers from high uncertainty avoidance cultures tend to be hesitant towards new products and information.

Further, Hwang (2009) contends that uncertainty avoidance influences benevolent behaviours and the ability dimensions of online trust while neglecting integrity, thus trust in online vendors reduces risk, which, in turn, reduces social complexity and uncertainty in an online transaction. In a similar context, Kailani and Kumar (2010) propose that there is congruence between uncertainty avoidance and perceived risk and Internet buying, and found that individuals from a culture with high uncertainty avoidance levels are more likely to experience elevated levels of perceived risk when making purchases via an Internet platform. The findings from the cultures that score high on uncertainty avoidance reveal that individuals within those cultures are less likely to make a purchase via the Internet. Likewise, Vance *et al.* (2008) highlighted a significant influence of an UA culture on trusting beliefs. Thus, on the basis of this preceding argument we propose that:

H1: Uncertainty avoidance is negatively related to trusting beliefs.

Trusting Beliefs and Price Fairness

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3 For the purpose of this article we propose that price fairness is assessment of whether
4 the difference between a seller's price and other party's price is reasonable and justified
5 (Vaidyanathan and Aggarwal, 2003). Thus, price fairness is essentially a comparative
6 judgment (Xia *et al.*, 2004) as a key component for predicting customer choice, and online
7 marketers provide great opportunities to compare prices across vendors (Kim *et al.*, 2012),
8 which creates fair perceptions regarding price fluctuations. To this extent, most companies,
9 especially in the service sector, use price as a promotional tool to motivate the sale of a
10 specific product (Campo and Yague, 2007).
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22 Behavioural researchers posit that customers' perceived unfairness of dynamic pricing
23 has a negative effect on consumer trust and re-purchase intentions (Garbarino and Lee, 2003;
24 Grewal *et al.*, 2004). Likewise, previous research has shown that unfair price perceptions
25 influence customer satisfaction and purchase intentions (Campbell, 1999). Thus, customers
26 who prefer the dollar off and cash coupon approach to pricing generally have lower perceived
27 price unfairness and higher perceived value, trust, and re-purchase intentions than their
28 counterparts (Estelami, 2003; Xia and Monroe, 2004), as customers' perception of fairness
29 influences their reaction to price change (Vaidyanathan and Aggarwal, 2003). Furthermore,
30 Dodds *et al.* (1991) argued that there is a direct effect of perceived price on purchase
31 intentions and highlighted that higher prices deter customer from purchasing the product, thus
32 showing the negative relationship between pricing and intentions. In this regard, Grewal *et al.*
33 (2004) supported the relationship among perception of trust, price fairness and repurchase
34 intentions and revealed that consumers view larger price difference as more unfair. Similarly,
35 White and Yuan (2011) and Kim *et al.* (2012) put forward the relationship between price,
36 trust, trusting beliefs, and purchase intentions and posited that by reducing prices, perceived
37 trust may enhance the acquisition utility and transaction utility, which then leads to customer
38 purchase intentions. Thus, on the basis of the aforementioned literature we propose that:
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3 **H2: Price fairness is significantly related to trusting beliefs.**
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6 *Trusting Beliefs and Firm's Reputation*
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9 A firm's reputation is a perceptual representation of their past actions and future
10 prospects that describe a firm's appearance to its key constituents (Fombrun, 1996, p. 165). In
11 this regard, Fombrun (1996) regarded this intangible asset as reputational capital, which can
12 also be viewed as a valuable resource that should be managed by the firm (Dowling, 2001). If
13 a customer holds favourable perception of a vendor's reputation, the credibility of an online
14 vendor increases and ultimately, the trust in the online vendor also increases (Ganesan, 1994).
15 Furthermore, Mcknight *et al.* (2002) studied a positive relationship between reputation and
16 trust and found that perceived reputation has a significant positive effect on both trusting
17 beliefs, as well as on trusting intentions. There is also a relationship between strong
18 reputation and trust and it is this reputation that informs trust in an online vendor (Koufaris
19 and Hampton-Sosa, 2004; Fuller *et al.*, 2007). Given the various relationships, a strong
20 reputation has a positive impact when developing trust (Van Der Merwe and Puth, 2014;
21 Jarvenpaa *et al.*, 2000) and can help to develop loyalty and other associated benefits (Lange
22 *et al.*, 2011; Walsh and Bartikowski, 2013). Underpinned by the theoretical evidence, we
23 posit that a firm's reputation can be a cue to evaluate the trusting beliefs:
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43 **H3: A firm's reputation is significantly related to trusting beliefs.**
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46 *Trusting Beliefs and Purchase Intentions*
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49 When making an online purchase, trusting beliefs have a significant role for the online
50 vendor (Pan and Chiou, 2011). Mayer *et al.* (1995) suggest that the attributes of the
51 trustworthiness of a trustee are ability, benevolence, and integrity. Ability refers to the skills,
52 competencies, and characteristics of the trustee; benevolence is the extent to which a trustee
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3 is believed to do good to the trustor; and, integrity refers to the consistency of the trustee's
4 past actions and credible communication (Sekhon *et al.*, 2014). Further, Mayer *et al.* (1995)
5 and McKnight *et al.* (1998) validated ability, benevolence, and integrity as the underlying
6 dimensions of trustworthiness in the context of organisational behaviour while Gefen and
7 Straub (2004) validated a four dimensional scale of trust, i.e., integrity, benevolence,
8 competency, and predictability in relation to trusting intentions in the context of e-products
9 and revalidated it in the context of e-services. Their study revealed the influence of social
10 presence on these dimensions, especially on benevolence and its ultimate contribution to
11 online purchase intentions. Thus, trusting beliefs are perceptions of the trustworthiness, and a
12 trustee who possesses these traits is more desirable as an exchange partner because they will
13 behave fairly, kindly, proficiently, and consistently in the exchange transaction. For example,
14 an online vendor who is honest would fulfil agreements with the customer; a benevolent web
15 vendor would not intentionally harm the customer; and a competent vendor would do a good
16 job filling customer orders with the correct products (Akhlq and Ahmed, 2013). Indeed,
17 McKnight and Chervany (2001) highlighted trusting beliefs as the cognitive and affective
18 reactions that are generated after trustor and trustee interactions, and these reactions
19 determine trusting attitudes and behaviour. Thus, high trusting beliefs lead the consumer to
20 willingly depend on the vendor. Hence, we propose that:

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44 **H4:** *Trusting beliefs in the online vendor are positively related to purchase intentions.*

45 46 47 **RESEARCH DESIGN and METHODOLOGY**

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51 The focal point of this study was to understand trusting beliefs in tandem with a
52 number of subsidiary objectives and, thus, in this section, we provide an elaboration of
53 research design and methodology to meet our study's objectives. At this stage we would like
54 to clarify for the reader that we used English as the base language for our scale generation
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3 work and the subsequent fieldwork. This is because English is widely spoken in India among
4 potential online customers and it also negates the need to take into consideration locally
5 recognized dialects thus no need for forward and backward translation.
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10 **Scale Development**

11 *Step One – Item Generation*

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17 For the purpose of our study we treated the constructs as being latent. As such, in
18 order to measure our constructs we largely utilized existing items that we modified; the use of
19 existing items is an approach that Netemeyer *et al.* (2003) suggest is acceptable given the
20 investment required to develop new items. Even though we utilized existing items, we
21 undertook a systematic, structured approach to item selection. The items under each construct
22 were adapted from the previous literature to suit the context and the setting of the present
23 study. Not losing sight of the context of this study and the environment to which Indian
24 customers are exposed, the items were taken from existing literature were modified. Thus, in
25 order to ensure that each item in the instrument captures the real essence of the online buying
26 and respondents completely understand the meaning of each item, slight modifications were
27 introduced.
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42 To begin we completed a thorough review of the conceptual and empirical literature
43 on trusting beliefs, a firm's reputation, price fairness, and purchase intentions. This activity
44 was completed by the researchers in India because of the need to develop an instrument that
45 was suitable for our research venue. The initial item evaluation identified 79 potential items
46 that could be used to measure the constructs within our framework. After review by the India-
47 based researchers, duplicate items or those with similar item stems were identified and only
48 one item was retained for the next stage. As a further check, the identified items were
49 discussed with Faculty staff in India to ensure that there were no 'obvious errors' in item
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3 selection or in our model; these Faculty staff were unconnected with our research. Given the
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5 nature of the context specific development of the existing measures, we modified the item
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7 stems to fit with our research. To fully capture the price fairness construct during this phase
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9 of the research, we also developed new items. To complete this, qualitative discussions took
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11 place to identify potential item stems and these were then filtered/refined by the Indian
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13 research team before inclusion in the next stage.
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17 The next stage of pre-testing was interviews with 10 mature postgraduate Master of
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19 Computer Applications and Master of Business Administration students. The interviews
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21 served two purposes. First, the interviews helped us to validate our framework in terms of
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23 whether the relationships we proposed were relevant, and second, they allowed us to test the
24
25 developed items to assess their interpretation of item stems. At this stage, as part of a small
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27 qualitative exercise, the items, along with the basis of our theoretical model, were discussed
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29 with sample members. This aspect of our scale development also allowed us to evaluate the
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31 validity of our item scale: 1-5 ranging from strongly disagree to strongly agree. The
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33 interviews revealed that there were no issues associated with our item development. From
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35 this initial phase the survey instrument was developed for the next stage of testing.
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40 *Step Two – Pilot Study*

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44 As a further stage we pre-tested our survey instrument with 30 randomly selected
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46 students from the courses named previously. During the first stage of analyses we used
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48 correlation analysis and found that some items were perfectly correlated therefore we used
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50 this criterion to delete some items. After deletion of the items, for the second stage we used
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52 Exploratory Factor Analysis (EFA) to evaluate our data to judge the appropriateness of each
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54 item under its construct. The results of the EFA (not reported here in full for the sake of
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56 brevity) revealed that items pertaining to the seven constructs within our study fall onto their
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3 construct. However, one item each for benevolence, competency, and integrity was found to
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5 be an insignificant predictor of its construct (having factor loading less than 0.5), hence it was
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7 deleted from the final instrument. A complete list of our items with their individual sources is
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9 shown in Table 1.
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11 12 13 *Step Three – Final Data Collection*

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16 The data presented in this study were collected from students at a leading University
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18 in India and there are good reasons for doing so; there are precedents for the use of student
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20 samples (e.g. Compeau *et al.*, 2012). The selection of the student sample did not result in any
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22 adverse results because the purpose of our study was to examine trusting beliefs and there is
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24 no reason to assume that their behaviour would be too dissimilar from others in the general
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26 population likely to make purchase decisions. Furthermore, as younger customers are more
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28 likely to be in a position to use the Internet (for reasons of access, knowledge, and
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30 engagement) they provide the ideal basis from which to assess our framework. In addition,
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32 the profile of the Indian population is such that 55% is below 35 years old and they are more
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34 likely to engage with online vending in the long term than the older members of the
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36 population (www.economictimes.com), as the market matures. Therefore, it leads us to
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38 conclude that our sample is a homogenous sub-set of the general online buying public in
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40 India.
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46 In total, 226 survey instruments were distributed wherein 216 complete responses
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48 were obtained. Methodologically, the surveys were completed on a face-to-face basis by the
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50 researchers; hence the completion rate was 97.5%.
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53 Before applying any statistical tests, outliers were identified and deleted
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55 simultaneously, and after the deletion of outliers, data normality was established and biasness
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57 was also examined. Frequency distribution tests were extracted to gain information pertaining
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3 to fairness about online purchases and future purchase intentions of respondents. Our study
4 proposed relationships between five major constructs, namely uncertainty avoidance, price
5 fairness, firm's reputation, trusting beliefs and purchase intentions. We estimated the
6 measurement model for the concurrent assessments of reliability and validity of the data
7 (Landis *et al.*, 2000). Structural Equation Modelling (SEM) was used to test the hypotheses
8 of the study. In addition, a multi-modelling approach was used to validate the robustness of
9 our model.
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20 FINDINGS

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22 To begin, Table-1 reports the descriptive statistics from our study.
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35 At the outset, outliers were identified through box plot analysis and simultaneously
36 deleted from the datasheet and following deletion, normality of the data were established
37 through Q-Q plot, skewness, and kurtosis tests.
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42 To check variance, Harman's single factor technique was used, whereby all the
43 variables are loaded onto a single factor and the un-rotated factor solution examined
44 (Podsakoff *et al.*, 2003). The results revealed that the data were not biased, as total variance
45 explained by a single factor was 29%. Alternatively, we employed a common latent factor
46 test and found the fit indices of the single factor model to be inferior ($\chi^2/df = 11.02$, RMR=
47 .28, GFI= .553, AGFI=.525, NFI= .397, TLI= .521, CFI= .535 and RMSEA= .17). Based on
48 these two approaches, we concluded that common method bias is not a major concern in the
49 present study.
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3 To refine our scale we ran a measurement model comprising each of the latent
4 constructs. The model was found to qualify goodness-of-fit, given that the various fit indices
5 are within the prescribed limits (see Hu and Bentler, 1999), i.e. CMIN/df below 5; GFI,
6 AGFI, CFI, NFI and TLI close to the prescribed .90; while the RMR and RMSEA are below
7 .08. Composite reliability, convergent validity and discriminant validity were also assessed
8 using the CFA (Table 2).
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26 The rule of thumb for construct reliability estimate is .70 or higher (Fornell and
27 Larcker, 1981) and in the present study, it is above .90 for all scales, thus indicating the
28 data's internal consistency. The AVE examined the constructs, which were closer to .50, thus
29 providing support for the existence of convergent validity (Table 3). Further, discriminant
30 validity was assessed by comparing the AVE with the squared correlation between
31 constructs. The squared correlation between a pair of constructs was less than AVE in almost
32 all the cases, thereby suggesting discriminant validity (Table 4).
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51 Finally, SEM was conducted using AMOS (20.0) to assess fitness and to test the
52 hypothesized relationships in the model. The overall fit measures suggested that the data
53 provide a good fit for the hypothesized causal model (Bagozzi and Yi, 1998; Baumgartner
54 and Homburg, 1996). After running SEM, we examined significant relationships between the
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3 constructs. The literature supports the supposition that purchase intentions are affected by
4 integrity, benevolence, and competency (i.e., trusting beliefs) (Gefen and Straub, 2004; Gill
5 *et al.*, 2005; Mayer *et al.*, 1995); trusting beliefs are significantly influenced by a firm's
6 reputation (McKnight *et al.*, 2002) and uncertainty avoidance (Vance *et al.*, 2008). Thus,
7 online vendors who are honest, reliable, skilful and competent, focus more on customers'
8 wellbeing, and maintain a good reputation are always trusted by their customers. The
9 goodness-of-fit index (GFI=0.96), adjusted goodness-of-fit index (AGFI=0.90), root mean
10 square error of approximation (RMSEA=0.06), and standardized root mean square residual
11 (RMR=0.017) are within the acceptable range. The other indices like normed-fit index (NFI),
12 comparative-fit index (CFI) and Tucker-Lewis index (TLI) are above 0.90. As these values
13 are above 0.90, it can be concluded that the model exhibits a good fit to the data (Table 5).
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37 To check the robustness of our proposed model, three alternative models were tested.
38 For instance, to judge the overall fitness without price fairness (PF), the link between PF and
39 trusting beliefs was dropped (Table 5). On analysing all the four models, goodness-of-fit
40 results revealed that our proposed model is the best fit in comparison to the three alternative
41 models.
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49 **Results from Hypotheses Testing**

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52 On the basis of SEM results, the framed hypotheses have been tested. It was found
53 that H1, H3, and H4 are supported, because all these paths are above .50 and 'p' value is also
54 significant. However, H2 was rejected as 'p' is insignificant, i.e., above .05 (Figure 2).
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Take in Figure-2 about here

Emergent from the SEM results is that trusting beliefs are negatively influenced by uncertainty avoidance culture ($\beta = -.22$; $p < 0.05$), hence H1 is accepted. However, our result revealed that the direct influence of price fairness on trusting beliefs proved insignificant ($\beta = .38$, $p = 0.56$), thus H2 is rejected. Given this, irrespective of whether online vendors offer greater discounts, customer's trust does not increase. This may be because customers' visiting online stores frequently evaluate prices and are very much aware of price changes and competitive prices charged by different vendors, and if somewhere, customers find price inequality; their perception of price fairness automatically changes into unfairness, which leads to negative perceptions about trusting beliefs in the e-vendor. It is evident from the SEM results that a firm's reputation affects trusting beliefs significantly ($\beta = .75$; $p < 0.05$), therefore H3 stands accepted. McKnight *et al.* (2002) also showed that a firm's reputation has a significant positive effect on trusting beliefs in the company as well as trusting intentions towards the company for new customers.

Finally, the results confirm that purchase intentions are significantly influenced by trusting beliefs, i.e., integrity ($\beta = .73$), benevolence ($\beta = .78$), and competency ($\beta = .78$). Thus, H4 stands accepted ($\beta = .78$; $p < 0.05$). In this perspective, Gill *et al.* (2005), Gefen and Straub (2004), and Mayer *et al.* (1995) examined the same relationship between integrity, benevolence, competency, and purchase intentions and confirmed that as these trusting beliefs of online vendors' increase, the intention of customers to buy also increases.

CONCLUSION and MANAGERIAL IMPLICATIONS

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3 More than a decade ago, Basu and Muylle (2003) recognized the Internet as a
4 powerful distribution channel, one that provides a platform for maximizing new business
5 opportunities (Alsajjan and Dennis, 2010). Our research aimed to assess the interaction
6 between different facets of trusting beliefs when using the Internet as a retail support channel
7 in an emergent market, and thus making an incremental contribution.
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15 Trust is an important component in online situations, but today a lack of trust is cited
16 as the main reason for not making a purchase via an online platform (Lee and Jyh-Shen,
17 2011). Given our study, it is important for online vendors to provide safety indicators for
18 those who are not engaged in online purchases or are early in their buying behaviour's
19 lifecycle. The study presented here examined the impact of various constructs, i.e.,
20 uncertainty avoidance, a firm's reputation, and price fairness on trusting beliefs through
21 which customers' intentions to buy products online increase. Although previous research
22 analysed the dimensionality of trust in a context such as financial services (e.g. Sekhon *et al.*,
23 2014), the present study envisaged online purchase intentions of products through various
24 trusting beliefs and, further, the impact of some factors on trusting beliefs.
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38 The results of our study validated the relationship between purchase intentions (PI)
39 and trusting beliefs. Specifically, our study found that uncertainty avoidance (UA) negatively
40 affects a firm's reputation (FR) and positively affects trusting beliefs. Further, our study
41 demonstrated that price fairness (PF) does not affect trusting beliefs. However, our model
42 revealed a direct relationship between trusting beliefs and purchase intentions. In this regard,
43 similar to other studies (e.g. Yu *et al.*, 2015) our study supports the notion that honesty,
44 reliability, shared values, expertise, ability, and an online vendor's consistency enhances
45 customers' intentions to trust the online vendor and buy products from them. The findings
46 demonstrate that trusting beliefs are negatively influenced by uncertainty avoidance culture.
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3 Kailani and Kumar (2011) concluded that individuals residing in a high uncertainty
4 avoidance culture have a lesser intention to favour Internet buying. Our study also confirms a
5
6 avoidance culture have a lesser intention to favour Internet buying. Our study also confirms a
7 direct and positive impact of a firm's reputation on trusting beliefs, similar to McKnight *et al.*
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9 (2002). Therefore, on the basis of these relationships, it is conceptualized that if an online
10 vendor follows trusting beliefs, customers' intentions to buy online increase, leading to a net
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12 outcome of purchase decision (Oh *et al.*, 2009).
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17 The study presented here demonstrates that lower cost product, high quality product
18 with more security, and free and fast delivery of products affect consumers' future intentions
19 to buy. Thus, it can also be concluded that positive intentions can be enhanced if online
20 vendors follow various trust beliefs, i.e., integrity, benevolence, and competency, with
21 positive attitudes and for the interest of customers. It is also evident that appropriate pricing
22 policies, pricing strategies, and goodwill of the company affect consumers' intentions to trust
23 and purchase online products.
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33 **Managerial Implications**

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37 When it was at an embryonic stage as a channel to market, it was predicted that the
38 Internet would significantly alter consumer behaviour (Doherty and Ellis-Chadwick, 2010).
39 However, one of the reasons cited for a slower than expected adoption of online purchasing is
40 a lack of trust among potential customers (Lee *et al.*, 2011). While many customers have
41 engaged with online purchasing others remain hesitant about buying online. In this respect,
42 the results of our study present some important implications for online vendors to increase
43 customers' intentions to buy online, particularly in markets where the use of the Internet to
44 make a purchase is at an earlier development stage. Some specific implications from our
45 study are discussed next.
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3 At its early stage of development, online shopping customers were sceptical about the
4 distribution channel (Grabner-Kraeuter, 2002). Given the findings of our study this remains
5 the case for our context, thus similar to Grabner-Kraeuter (2002) we would recommend the
6 use of a money-back guarantee when unsuitable purchases have been made. Evidentially, the
7 use of a money-back guarantee has a role to play when building trust in developing markets
8 (Gaurav *et al.*, 2011).
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17 Given the early stages of market development, we would encourage online vendors to
18 avoid receiving orders via email only as it seems to be viewed as being less trustworthy, and
19 online buyers seem to be less willing to engage with this approach. Therefore, it is easier to
20 provide an option that says 'click here' to order and it takes the buyer to their shopping cart
21 where their entire purchase can be shown (Pan and Chiou, 2011). Further, there is a need for
22 billing information to be accurate and transparent without hidden charges. The online vendor
23 should be ready and willing to help customers in evaluating prices and, thus, act in the
24 customers' best interests (Li *et al.*, 2013).
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36 Elevated levels of confidence and trust among customers can be built by prominently
37 displaying clear policies, trust certificates, security badges, and contact information. This is
38 because customers might be cautious when asked for personal information, particularly given
39 the numerous cases of data security breaches via website information (Rane and Meshram,
40 2012). Confidence among customers can be infused by clarity and the timely communicating
41 of price changes, allowing considerable discounts, keeping their promises, valuing customer
42 needs, and so forth (Chandra and Sinha, 2013). Therefore, an online vendor can create
43 fairness among customers regarding price which may help reduce uncertainty and maintain
44 the good reputation of a firm.
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3 We suggest that online vendors must contact online buyers within 30 days through
4 email communication in order to gain feedback regarding the customer's experience related
5 to order and delivery process. This system is a service tool providing online buyers with the
6 possibility of solving disputes with online vendors through the Internet in a shorter span of
7 time (Chandra and Sinha, 2013). In our view, online vendors should place emphasis on three
8 aspects of fulfilment: (a) the timeliness of the order, (b) the order's accuracy, and (c) the
9 order's condition. Also, standardized operating procedures and purchase instructions in an
10 easy and understandable language reduce uncertainty avoidance culture to a great extent
11 (Sinha and Kim, 2012).
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24 For our study's venue it is a legal requirement that websites have a visible privacy
25 policy so that users have knowledge regarding how their personal information will be used
26 and handled (Kim *et al.*, 2008). Therefore, to increase customer engagement, it is advisable
27 for online vendors to post a clearly stated privacy policy, which can reduce customers'
28 perceptions of privacy-related risk, and reduce uncertainty from their mind that the online
29 vendor can cheat them (Niranjanamurthy and Dharmendra, 2013). In our estimation, to
30 engender trust, online vendors must display their contact details clearly on their checkout
31 page(s). At the very least, the checkout page should include a telephone contact number to
32 enable customers to make contact if they are experiencing any problems (Kim *et al.*, 2008).
33 The preceding approach helps to reduce risk and, thus, improves credibility and proves how
34 competent online vendors are.
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49 Online vendors may utilize both online and offline marketing tactics in order to create
50 fairness among consumers and make their websites easily accessible. Thus, online vendors
51 should design their websites carefully to meet customers' needs by increasing effectiveness
52 and productivity in searching and purchasing goods, and also for having fun when interacting
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3 with the website (Niranjanamurthy and Dharmendra, 2013). As part of their promotional
4 approach, we suggest that online vendors help customers to quickly find and discover
5 products by offering robust search functionality and navigation. In addition, appearance of
6 the product is also very important to attract more customers (Chen and Dibb, 2010).
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13 Online purchasers often become anxious about choosing passwords, entering payment
14 details, and revealing their personal information, especially if the brand or the website is
15 unknown to the buyer (Pan and Chiou, 2011). Thus, it is very important for online vendors to
16 have secured areas on their website which remind customers about safety of the information
17 provided by them. These practices of online vendors will enhance the propensity of the buyer
18 to trust an online vendor (Chen and Oh, 2009).
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27 On occasion when there may be a delay in shipment or some other problem exists,
28 blame for service deficiency should not be attached by the online vendor to the delivery
29 carrier (Ratnasingam, 2005). If an online vendor inadvertently leaves out an item while
30 shipping the package, they must do more than provide an apology, i.e., an online vendor must
31 offer a replacement because loyal customers result from a highly satisfying resolution to a
32 problem, which would show benevolent behaviour on the part of the online vendor (Zhu and
33 Chen, 2012).
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50 **Limitations and Future Research**

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53 While we make an incremental contribution, there are limitations that we must
54 recognize. To begin, while the findings from our study are impactful for the Indian market,
55 and others with similar development characteristics, the findings are unlikely to be
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3 transportable to developed markets. Given this, we would urge other researchers to evaluate
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5 our findings in markets outside of India.
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8 Our study examined intentions to purchase and not the actual buying behaviour of
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10 respondents to understand post-purchase behaviour. Moreover, culture has an impact on
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12 technology adoption but the present work covers only one dimension of culture, i.e.,
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14 uncertainty avoidance. Also personality traits of customers affect intentions, which we did
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16 not examine.
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Table 1: Measurement items, Descriptive statistics of mean, factor loadings, alpha value, and standard deviation

Competence $\alpha = 0.84$	Mean	SD	Factor Loading
(Com1) ___ seems to be efficient (Modified from Sirdeshmukh et al., 2002).	2.39	.944	.807
(Com 2) ___ seems to be know what they are doing (Modified from Doney and Cannon, 1997).	2.32	.991	.736
(Com 3) ___ possesses the appropriate expertise to do its job properly (Modified from Sekhon et al., 2014).	2.27	1.00	.827
(Com 4) ___ is generally competent in what it does (Modified from Sekhon et al., 2014).	2.39	1.02	.722
(Com 5) ___ knows how to provide excellent services (Modified from Gefen, 2000).	2.54	1.05	.723
(Com 6) ___ provides 24 hour access (Modified from Yousafzai et al., 2007).	2.63	1.01	.799
(Com 7) ___ process transactions accurately and timely (Modified from Yousafzai et al., 2007).	2.46	1.00	.790
Integrity $\alpha = 0.83$			
(Int 8) ___ shows high integrity (Modified from Morgan and Hunt, 1994).	2.91	.996	.747
(Int 9) ___ seems to be honest in what it does (Modified from Sekhon et al., 2014).	2.69	1.02	.720
(Int 10) ___ seems to be consistent in what it does (Modified from Sekhon et al., 2014).	2.71	.955	.738
(Int 11) ___ seems to be ethical in dealing (Modified from Nor and Pearson, 2008).	2.73	.926	.692
(Int 12) ___ seems to be fair with customer (Modified from Yousafzai et al., 2007).	2.60	.919	.716
(Int 13) ___ keeps their commitment (Modified from Nor and Pearson, 2008).	2.63	.984	.699
(Int 14) It seems ___ follows online policies and practices very keenly (Modified from Yousafzai et al., 2007).	2.79	1.03	.875
Benevolence $\alpha = 0.76$			
(Ben 15) ___ puts customers' interest before its own (Modified from Sekhon et al., 2014).	.2.47	.935	.718
(Ben 16) It seems that ___ demonstrates its belief that "the customer is always right" and ___ are always willing to assist customers (Modified from Zhao et al., 2010).	2.67	1.00	.710
(Ben 17) ___ appears to be the best guide for customer (Modified from Schlosser et al., 2006).	2.51	1.00	.713
(Ben 18) The intentions of ___ appears to be benevolent (Modified from Gefen, 2000).	2.62	1.02	.864
(Ben 19) It seems that ___ repay the money if it is taken away from costumers account through unauthorized manner (Modified from Yousafzai et al., 2007).	2.80	1.03	.725
Firm's Reputation $\alpha = 0.83$			
(FR 20) As far as I am concerned ___ is very particular in keeping its promise (Modified from Koufaris and Hampton-Sosa, 2004).	2.73	.986	.720
(FR 21) For me ___ always provide trustworthy service (Modified from Doney and Cannon, 1997).	2.72	.938	.774
(FR 22) It seems ___ provides after sale service for more customer retention (Modified from Hsiao et al., 2010).	3.03	1.05	.677
(FR 23) It seems ___ is honest and trustworthy (Modified from Koufaris and Hampton-Sosa, 2004).	2.87	.996	.632
(FR 24) The management of ___ is robust (Modified from Lim et al., 2009).	2.69	1.03	.729
(FR 25) As per my perspective this ___ is considered as one of the best (Modified from Doney and Cannon, 1997).	2.70	.978	.810

(FR 26) _____ is reliable (Modified from Lim et al., 2009).	2.74	.944	.772
(FR 27) People in the community think highly of _____ (Modified from Koufaris and Hampton-Sosa, 2004).	2.58	.947	.820
(FR 28) _____ does not have good reputation (Modified from Doney and Cannon, 1997).	2.80	1.02	.798
Uncertainty Avoidance $\alpha = 0.84$			
(UA 29) It seems _____ uses standard operating procedure (Modified from Quintal et al., 2010).	4.04	.691	.793
(UA 30) It seems that customer behavior is modified by the standard operating procedure of _____ (Modified from Quintal et al., 2010).	4.13	.776	.796
(UA31) _____ always spelled purchase instructions in user friendly language (Modified from Dorfman and Howell, 1988).	4.06	.827	.772
(UA 32) _____ informs customer about selling practices (Modified from Dorfman and Howell, 1988).	3.62	.844	.782
Price Fairness $\alpha = 0.81$			
(PF 33) It appears that _____ properly communicates price fluctuations (Modified from Matzler et al., 2007).	2.89	1.00	.757
(PF 34) It appears that _____ timely communicates price fluctuations (Modified from Matzler et al., 2007).	3.52	.959	.675
(PF 35) As far as my _____ is concerned, it does not change price and conditions unexpectedly (Newly generated item).	3.07	1.00	.785
(PF 36) It seems _____ allows considerable discounts (Newly generated item).	3.02	1.00	.704
(PF 37) _____ guarantee lowest price (Newly generated item).	2.88	.984	.709
(PF 38) _____ does not take advantage of price ignorance (Newly generated item).	2.97	1.02	.624
(PF 39) Proper knowledge of what paid and what get (Modified from Matzler et al., 2006).	2.90	1.04	.817
(PF 40) _____ keeps all its promises regarding price change (Newly generated item).	2.91	1.02	.827
Purchase Intentions $\alpha = 0.88$			
(PI 41) I have positive intentions for _____ (Modified from Hsiao et al., 2010).	2.37	1.03	.724
(PI 42) I would often shop at this store in the next few months (Modified from Kaul et al., 2009).	2.37	.984	.794
(PI 43) I likely to visit e-store in the near future (Modified from Ganguly et al., 2010).	2.31	1.02	.781
(PI 44) I would strongly recommend others to use e-store (Modified from Suh and Han, 2003).	2.31	.940	.761
(PI 45) I shall not transact with e-store in the near future (Modified from Chen and Barns, 2007).	2.25	.957	.784
(PI 46) It is likely that I would use credit card to purchase from e-store (Modified from Gefen and Straub, 2003).	2.26	.974	.791
(PI 47) I am likely to provide _____ with the information _____ need to better serve my needs (Modified from Gefen and Straub, 2003).	2.40	1.00	.798
(PI 48) I expect to use e-store (Modified from Nor and Pearson, 2008).	2.77	1.01	.816
(PI 49) Given a chance, I predict, I will use e-store (Modified from Gefen and Straub, 2003).	2.25	.988	.826

Table 2: Measure fit statistics of measurement model

Fit Indices		Inter-construct Correlation	
CMIN/df	1.816	TB ↔ PI	.768
P	.019	TB ↔ UA	-.343
GFI	.919	TB ↔ FR	.780
AGFI	.945	TB ↔ PF	.761
NFI	.896	PI ↔ UA	-.373
CFI	.944	PI ↔ FR	.663
TLI	.876	PI ↔ PF	.609
RMSEA	.062	UA ↔ FR	-.202
SRMR	.041	PI ↔ UA	-.230
		FR ↔ PF	.713

Table 3: Reliability and validity of latent constructs

Construct	AVE	Composite Reliability	Cronbach Alpha
FR	0.56	0.89	0.83
UA	0.62	0.88	0.82
PF	0.55	0.90	0.81
PI	0.62	0.91	0.88
TB	0.57	0.92	0.87

Table 4: Discriminant validity of latent constructs

AVE/Alpha	TB	UA	FI	PA	PI
TB	(0.57)				
UA	0.01	(0.62)			
FR	0.37	0.00	(0.56)		
PF	0.38	0.00	0.28	(0.55)	
PI	0.47	0.02	0.28	0.27	(0.62)

Note: AVE is above the diagonal: Squared Correlation below the diagonal

Table 5: Results of structural model and alternative models

Constructs	CMIN/ df	<i>p</i>	GFI	AGFI	NFI	TLI	CFI	RMR	RMSEA
Final model	2.613	.000	.964	.909	.958	.949	.973	.017	.061
Alternate Model I UA and FR → TB → PI	2.726	.000	.962	.881	.8607	.915	.901	.069	.089
Alternate Model II UA and PF → TB → PI	3.933	.000	.951	.887	.870	.856	.900	.064	.117
Alternate Model III UA, FR and PF → TB	3.940	.000	.833	.855	.758	.880	.901	.081	.117

Figure 1: Theoretical Model

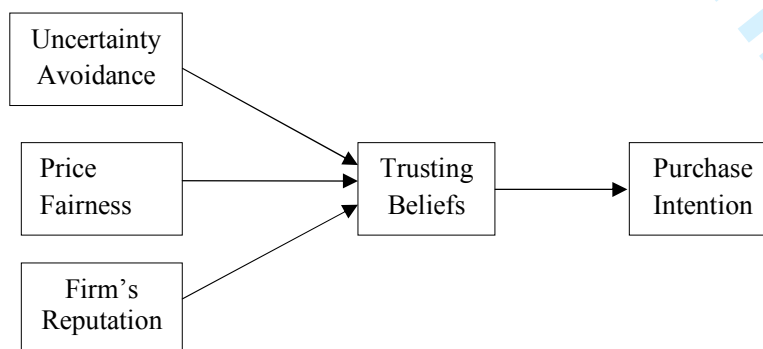


Figure 2: Final Structural Model

