The Role of Perceived Risk in the Relationship between Perceived Service Quality and Intention to Buy through the Internet: A Study of Online Shopping in Hong Kong

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ABSTRACT

As the Internet has become an important medium for the majority of firms, there is a need to investigate the attitude of customers toward online shopping. In this study, perceived risk and perceived service quality were investigated since they are respectively the biggest obstacle to Internet shopping and the most important element of business success. However, measurement model suitable for investigating perceived risk in the Internet market is virtually non-existent. Therefore, the present study focuses on developing a perceived risk measurement model and investigating its influence on perceived service quality and purchase intention.

Both exploratory and descriptive research was employed. At the exploratory level, information from the literature and focus groups were collected to assist in establishing the measurement instrument. After this, a questionnaire survey utilizing a cross-sectional survey design was conducted. The data collection method was the personal interview with the aid of a structured questionnaire. Nonprobability quota sampling was used in selecting respondents.

A total of 349 usable questionnaires were collected for data analysis. The reliability, convergent validity, and discriminant validity of the measurement scale of perceived risk, perceived service quality, and purchase intention were ascertained through the use of a reliability test, exploratory factor analysis, and confirmatory factor analysis. After the assessment of the measurement models of perceived risk and perceived service quality, multiple regression analysis was applied to test the hypotheses. The results suggested that perceived risk negatively influences purchase intention, and that security risk is the most important dimension. A full mediating effect of perceived risk was also revealed in the relationship between perceived service quality and purchase intention. Additionally, it was found that two perceived service quality dimensions, ease of use and performance in control, directly impact purchase intention, and also influence purchase intention through the partial mediating effect of perceived risk.

The contribution of this study lies in the fact that (1) it further confirms the suitability of the two-component model possessing relevant dimensions and the use of indirect questioning, and (2) the results highlight the mediating role of perceived risk in the relationship between perceived service quality and purchase intention.
# TABLE OF CONTENTS

DECLARATION.......................................................................................................................... i

ABSTRACT .............................................................................................................................. ii

ACKNOWLEDGMENTS ............................................................................................................ iii

TABLE OF CONTENTS ........................................................................................................... iv

LIST OF TABLES .................................................................................................................... vii

LIST OF FIGURES .................................................................................................................. ix

CHAPTER 1. INTRODUCTION ................................................................................................... 1

1.1. Background ...................................................................................................................... 1

1.2. Significance of the Research .......................................................................................... 2

1.3. Research Objectives ...................................................................................................... 5

1.4. Outline of the Thesis ...................................................................................................... 7

CHAPTER 2. LITERATURE REVIEW ....................................................................................... 8

2.1. Overview of the Internet .................................................................................................. 8

2.2. Real Stores versus Virtual Stores .................................................................................. 9

2.3. Perceived Risk .............................................................................................................. 12

2.3.1. Previous Research on Perceived Risk .................................................................. 12

2.3.2. Debate on Perceived Risk ................................................................................... 15

2.3.3. Conceptualization of Perceived Risk .................................................................... 17

2.3.4. Model Specification ............................................................................................... 19

2.3.5. Dimensions of Perceived Risk .............................................................................. 22

2.3.6. Risk Relievers ....................................................................................................... 24

2.4. Perceived Service Quality of Online Shopping ............................................................ 25

2.4.1. Previous Research on Service Quality ................................................................ 25

2.4.2. Conceptualization of Service Quality .................................................................. 27

2.4.3. Service Quality of Online Shopping ..................................................................... 28

2.4.4. Dimensions of Service Quality ............................................................................ 28

2.5. Influence of Demographic Characteristics and Product Usage ...................................... 31

2.6. The Greatest Potential Product in the Internet Market – Books ..................................... 33

2.7. Chapter Summary ......................................................................................................... 34
CHAPTER 3. HYPOTHESES DEVELOPMENT ................................................. 35

3.1. Perceived Risk and Intention to Purchase through the Internet ............. 35
3.2. Perceived Service Quality, Perceived Risk, and Purchase Intention ........ 36
3.3. Various Dimensions of Service Quality Influence Purchase Intention through Perceived Risk .............................................................. 38
3.4. The Conceptual Model .................................................................. 39

CHAPTER 4. RESEARCH METHODOLOGY ............................................... 40

4.1. Research Design .................................................................... 40
4.1.1. Exploratory Research ....................................................... 40
4.1.1.1. Focus Group Interview ............................................. 41
4.1.2. Descriptive Research ..................................................... 42
4.1.2.1. Data Collection Method ........................................... 43
4.1.2.2. Mode of Administration ............................................ 43
4.2. Sampling ............................................................................. 45
4.2.1. The Population .............................................................. 45
4.2.2. Sampling Method .......................................................... 45
4.2.3. Sample Size .................................................................. 47
4.3. Measurement Instruments ...................................................... 47
4.4. Questionnaire Design ........................................................... 52
4.5. Data Collection Procedure .................................................... 53
4.6. Data Analysis ..................................................................... 54
4.6.1. Reliability Test .............................................................. 54
4.6.2. Factor Analysis .............................................................. 55
4.6.2.1. Exploratory Factor Analysis ................................. 55
4.6.2.2. Confirmatory Factor Analysis ............................. 56
4.6.3. Multiple Regression Analysis ....................................... 61
4.6.4. T-test and One-Way ANOVA ....................................... 63
4.7. Chapter Summary .................................................................. 64

CHAPTER 5. RESEARCH FINDINGS ......................................................... 65

5.1. Sample Characteristics .......................................................... 65
5.2. Measurement Validation ....................................................... 67
5.2.1. Reliability Test .............................................................. 68
5.2.2. Exploratory Factor Analysis ........................................ 69
5.2.3. Confirmatory Factor Analysis ....................................... 72
5.3. Hypotheses Testing.................................................................................................................... 92
  5.3.1. Effects of Overall Perceived Risk and Its Dimensions on Purchase Intention.................. 92
  5.3.2. Mediating Effect of Overall Perceived Risk ..................................................................... 94
  5.3.3. Mediating Effect of Perceived Risk Dimensions.............................................................. 96
  5.3.4. Influence of Perceived Service Quality Dimensions on Purchase Intention through Perceived Risk ................................................................. 101
  5.3.5. Summary of the Results of the Hypotheses Testing..................................................... 105
5.4. Influence of Demographic Characteristics......................................................................... 107
  5.4.1. Purchase Intention............................................................................................................ 107
  5.4.2. Perceived Risk ................................................................................................................. 108
  5.4.3. Perceived Service Quality................................................................................................ 109
5.5. Examination of High- and Low-Purchase Intention Customer Groups ......................... 113
5.6. Chapter Summary.................................................................................................................. 114

CHAPTER 6. CONCLUSIONS AND RECOMMENDATIONS ......................................................... 116
  6.1. Review of Research Objectives.......................................................................................... 116
  6.2. Summary and Discussion of Findings.............................................................................. 117
  6.3. Theoretical Implications.................................................................................................... 123
  6.4. Managerial Implications.................................................................................................... 126
  6.5. Limitations......................................................................................................................... 134
  6.6. Further Research............................................................................................................... 136
  6.7. Chapter Summary.............................................................................................................. 140

REFERENCES ................................................................................................................................ 141

APPENDIX I .................................................................................................................................. 157

APPENDIX II (ENGLISH VERSION QUESTIONNAIRE) .............................................................. 158

APPENDIX III (CHINESE VERSION QUESTIONNAIRE) ............................................................. 162

CURRICULUM VITAE ..................................................................................................................... 166