WEB USABILITY AND THE MEDIATING EFFECT OF PERSUASION TOWARDS ONLINE PURCHASE

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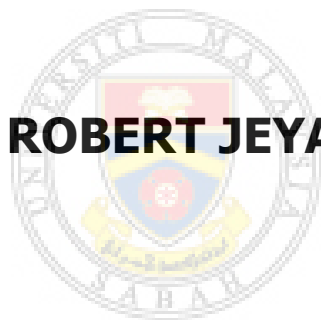## LABUAN FACULTY OF INTERNATIONAL FINANCE
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WEB USABILITY AND THE MEDIATING EFFECT OF PERSUASION TOWARDS ONLINE PURCHASE

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2015

DECLARATION

I hereby declare that the material in this thesis is my own except for quotations, excerpts, equations, summaries and references, which have been duly acknowledged.

11th March 2015

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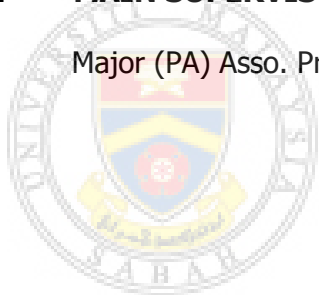Robert Jeyakumar A/L Plamel Nathan
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CERTIFICATION

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ABSTRACT

The propulsion of the business world into the new era of Information Communication Technology (ICT) has placed Internet marketing websites in the limelight, playing an important role in reaching specific focus groups comprising users who vary in many aspects. Having looked at some aspects pertaining to the usability of Internet marketing websites, and the challenges associated with good website designs incorporating usability factors, there is evidently a research gap in the understanding of the perceptions of Students Internet Users (SIUs) on Web usability and how this affects their online buying behaviour. General Internet-based studies have proposed web usability guidelines for all Internet users without focusing on a particular market segment, contrary to the science of marketing that advocates businesses to target, segment and position their products for their intended customers. Hence, this research is set forth to investigate the role of usability, design, credibility and persuasion to the purchase intention of SIUs towards Internet marketing websites from the perspective of SIUs from 24 industries of interest. Empirical results via Partial Least Square Structured Equation Modelling (PLS-SEM) revealed that all research variables were found to significantly contribute towards SIU's purchase intention towards websites from 24 industry categories. Industry is found to be a moderator, while 'Persuasion' is proven to have a strong mediation effect in the research framework. This research bridged existing gaps in empirical Internet marketing research devoid of a specific target market segment. The finding also addresses the gap in theory by including persuasion to the equation. In TAM Model, persuasion mediates the relationship between the "perceived ease of use" and "behavioural intention to use". As for ELM, the finding helps to extents the ELM model by linking "Persuasion Outcome" to purchase intention. Further, some research and practical implications are provided on specific guidelines for cyberpreneurs and technopreneurs in the design and presentation of usable and highly marketable websites to reach the market segment comprising SIUs who make up a formidable bulk of the millennials affected by online purchasing. Research limitations and direction for future research are also discussed.

ABSTRAK

**FAKTOR KEBOLEHGUNAAN WEB DAN PENGANTARAAN PUJUKAN YANG
MENYUMBANG KEPADA PEMBELIAN DI INTERNET**

Pendorongan dunia perniagaan ke era baru Teknologi Komunikasi Maklumat (ICT) telah meletakkan laman web pemasaran Internet mendapat perhatian. Setelah melihat beberapa aspek yang berkaitan dengan kebolehgunaan laman web pemasaran Internet, dan cabaran yang berkaitan dengan reka bentuk, laman web yang baik menggabungkan faktor kebolehgunaan, maka wujudnya jurang penyelidikan dalam memahami persepsi Pengguna Pelajar Internet (SIUs) pada kebolehgunaan web dan bagaimana ianya memberi kesan kepada tingkah laku pembeli dalam talian. Kajian berasaskan-Internet secara umumnya telah mencadangkan garis panduan kebolehgunaan web untuk semua pengguna Internet tanpa memberi tumpuan kepada segmen pasaran tertentu, bertentangan dengan sains pemasaran yang menyokong perniagaan untuk fokus kepada sasaran, segmen dan kedudukan produk mereka untuk pelanggan yang dimaksudkan. Oleh itu, kajian ini adalah ditetapkan untuk menyiasat peranan kebolehgunaan, reka bentuk, kredibiliti dan pujukan bagi niat pembelian SIUs terhadap laman web pemasaran Internet dari perspektif SIUs dari 24 industri berkepentingan. Hasil kajian melalui Separa Least Square Persamaan Permodelan berstruktur (PLS-SEM) menunjukkan bahawa semua pembolehubah penyelidikan didapati menyumbang secara signifikan terhadap niat pembelian SIU terhadap laman web dari 24 kategori industri. Industri merupakan moderator, manakala 'pujukan' terbukti mempunyai kesan pengantaraan yang kuat dalam kerangka penyelidikan. Kajian ini dapat mengurangkan jurang yang sedia ada dalam kajian empirikal pemasaran Internet terhadap penyelidikan segmen sasaran tertentu. Selanjutnya, beberapa implikasi kajian dan praktikal disediakan pada garis panduan khusus untuk cyberpreneurs dan usahawan teknologi dalam reka bentuk dan persembahan laman web boleh guna dan yang mudah untuk memasuki pasaran bagi mencapai segmen pasaran yang terdiri daripada SIUs yang membentuk sebahagian besar Millennials yang terjejas oleh pembelian dalam talian. Batasan penyelidikan dan hala tuju untuk kajian akan datang juga dibincangkan.

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CHAPTER 1

INTRODUCTION

1.0   Introduction

This chapter presents the introduction to this research, which focuses on web usability factors that contribute to the success of Internet marketing. This study is aimed at unveiling crucial Web usability factors and determining how they affect the purchase intention of consumers in Internet marketing websites, specifically those targeting Student Internet Users (SIUs). Besides detailing usability, the study also analyses the effects of web design, credibility and persuasion on the success of marketing websites, and examines the moderating effect of website industries to consumer online purchase behaviour.

The main theme of the study is presented in the research background; the overview and major milestones of Internet marketing come thereafter, followed by a critical discourse of the research problems, research questions and the main objective of this research. Found within this chapter is also the significance of the study, which offers a vital link between academia and segments of society affected by Internet marketing, namely marketers, consumers, designers, the government and policy makers and so forth. This chapter ends with an outline of the rest of the chapters encompassed within this thesis.

1.1   Research Background

The Internet has become an important technological means of communicating and exchanging information allowing users to send and receive data through a worldwide system of computer networks. At the click of the mouse, information is obtained, goods and services purveyed and procured, decisions made and acted upon, greetings conveyed and received, and so forth. Following the launch of the world's first website in 1991 (Chaffey *et al.*, 2009: 3), the Internet has enabled individuals and organisations to view a host of issues from a global perspective,

and exchange a variety of information quickly and freely, thereby involving and affecting many public and private sectors encompassing governments, education, entertainment, businesses and other industries. It is no wonder therefore, that the Internet has amassed a huge following worldwide with a stark increase seen in the last decade or more.

In Malaysia alone, there were over 17.7 million Internet users in 2012, representing more than 60% of the population comprising 29.2 million; indicating a sharp increase from 3.7 million Internet users or 15% of the nation's population in the year 2000. The number of Internet users in Malaysia is estimated to reach 25 million by 2017 (Internet World Stats, 2014).

Despite the rise of Internet users, web developers and online marketing firms are still faced with questions regarding the ease of use and successful transactions completed from their online portals. Hence considering factors such as website usability, design, credibility and persuasiveness of websites are deemed important for online marketing efforts to be successful (Lindgreen and Wynstra, 2005; Ulaga and Eggert 2006; Bernard and Makienko, 2011).

While there are many aspects of the Internet affecting different facets of the society, one of the more popular uses of the Internet involves E-Commerce, which has increased steadily worldwide, indicated by the sharp rise in the number of Internet users searching for product information and purchasing online (Seock and Nortan, 2008). Within Malaysia, estimates as of 2012 predicted the E-Commerce market size to hit RM 5 billion in 2014, from a mere RM 1.8 billion in 2010 as seen in Figure 1.1, with further growth expected in the forthcoming years.

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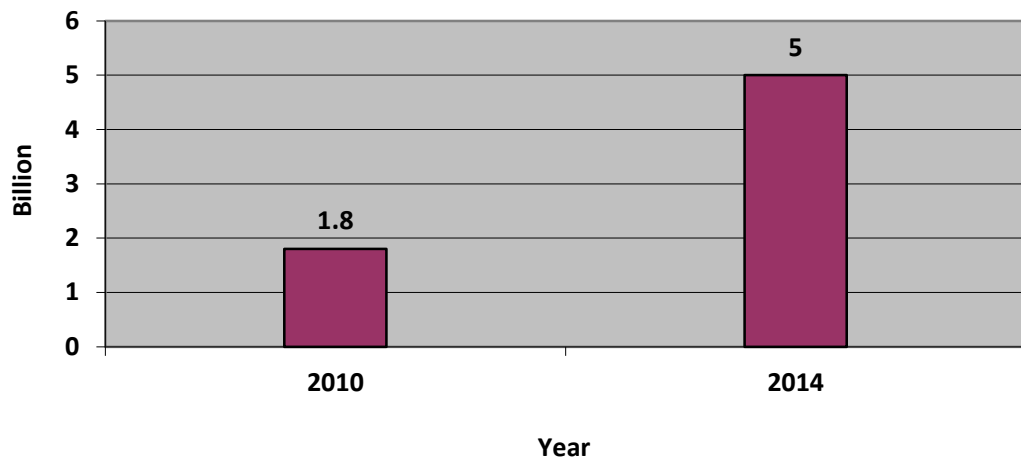
Figure 1.1: Malaysia's E-Commerce Market Size.

Source   :   Malaysiacrunch.com (2014)

The rapid increase of Internet users annually in Malaysia has caused a rising trend and tendency for Malaysian consumers to purchase online (MalaysiaCrunch.com, 2014), with Figure 1.2 depicting the increasing number of Internet users in Malaysia and those purchasing online.

Figure 1.2 : Rising Number of Internet Users and Malaysians
Buying Online (in Million) .

Source   : Malaysiacrunch.com (2014)

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Internet marketing is viewed as a convergence of several disciplines. It is, essentially a convergence of the three conventional study of Social, Technology and Economics (refer to Figure 1.3), which forms 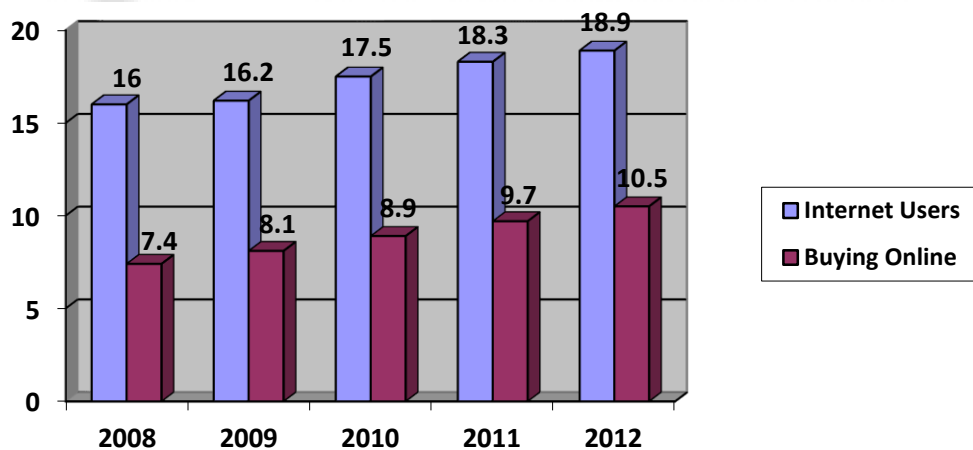the backdrop of this study, is therefore becoming more important as the growth of the Internet leads to rapid online activities, and the development of new and more innovative products offerings, attractive website designs, increases in e-services and online real-time customer support (Owyang, 2013).
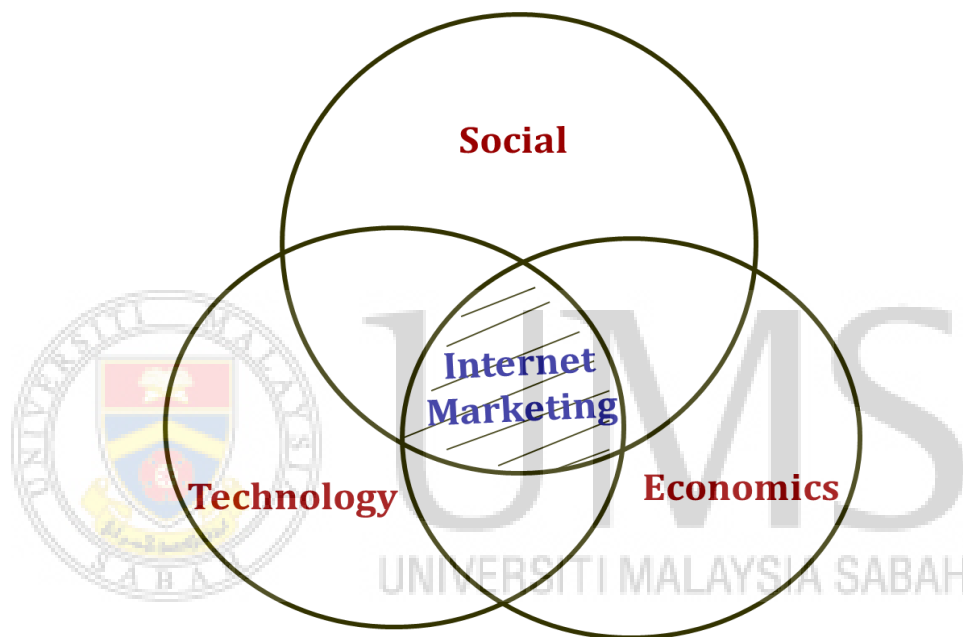

Figure 1.3: The Convergence of Multiple Disciplines that Creates Opportunity for Internet Marketing.

Source   :   Adapted from Owyang, 2013.

1.2   Internet Marketing Evolution

Internet marketing in the 21st century requires a multidisciplinary approach in terms of investigation as it includes elements of social, economics and technology, the most pervasive force among these being the dynamic and rapid change of technology (Owyang, 2013). While it is undeniable that technology has radically altered all facets of life within various segments of society, one area most affected by it is communication, which lies at the heart of any functional structure.