

## Investigating on Determinants of Cross-Border E-Commerce Purchase Intention

(Abstract Only)

Zhiyong Liu\*, Dalian University of Technology, China, leoliuzy@dlut.edu.cn

Yang Liu, Dalian University of Technology, China, lymissgod@163.com

### ABSTRACT

#### Research Background and Motivation

In recent years, cross-border e-commerce has risen and developed to be an important model in the rapidly expanding e-commerce market. According to Accenture's predictive report, the global market of cross-border e-commerce will increase in size to \$1 trillion in 2020, and obtain more than 900 million online consumers around the world (Feng et al., 2017). Due to the information asymmetry between online customers and retailers, reducing customers' uncertainty and building their trust become critical issues for e-commerce. Comparing with traditional e-commerce, cross-border e-commerce suffers more from customers' uncertainty, because of their limited knowledge and unfamiliarity of other countries, various image on the products and their original countries, and different attitude to cross-border e-commerce platform. These factors lead to the perceived risk in process of cross-border purchasing, and increase uncertainties which negatively affect their purchase intention. It is important to find out the mechanism of consumers' psychology and behavior under cross-border e-commerce context, and explain the influencing factors of customers' uncertainty and purchase intention.

#### Theoretical Foundation and Model Development

The country-of-origin image (COO) is considered as an important factor on reducing uncertainty and complexity of making purchase decisions in international business and cross-border commerce. COO can be described as a snapshot and a representation which business people and consumers link to the products of a particular country (Cervin˜o et al. 2005). Authors such as Lantz (1998) and Ahmed et al. (2005) introduce the concept of COO as the result of the country's stereotypes. Stereotypes affect consumers on categorizing information (Tat et al. 2012). The way consumers tend to categorize knowledge can be used to explain the relationship between COO and the product (Lee and Ganesh, 1999). Product category image (PCATI) means the image of products in a particular category from a country (Adamantios et al. 2011). Better country image lead to higher evaluation of the country's performance on the product category, then we make a hypothesis that COO will positively influence PCATI. Both COO and specific product category level (PCATI) are drivers of product image, and have positive impact on PCATI.

Trust plays an important role in all business relationships, especially cross-border e-commerce. The separation in both time and space in cross-border e-commerce brings information asymmetry to buyer which raises risks and uncertainty. Meanwhile it highlights the importance of trust. Trust is defined as the buyers have positive expectations of supplier' behavior and intention and are willing to accepting vulnerability in the process of purchasing (Rousseau et al. 1998, p. 295). Buyers are concerned with platform-level trustworthiness, which is divided into parts: ability, benevolence, and integrity (Mayer et al. 1995). Consumers really care about whether platform has the ability to satisfy their needs, show benevolence and integrity towards the buyer for their benefits. Trust in platform is measured as the trustworthiness of the cross-border e-commerce platform. However, in cross-border transactions, buyers are also concerned with country-level and product category-level characteristics. Consumers' trust in platform provides cues on the institutional assurance on the quality of product, and reduces their dependence on the characteristics of products like COO and PCATI. In other words, trust in platform negatively moderates the relationship between COO (PCATI) and product image.

Consumers' knowledge can change their perceptions of product image. Subjective knowledge highly influences consumers' decisions on choosing products according to their attributes (Phillips et al. 2013). Subjective knowledge is defined and measured as the amount of product related information which a consumer perceived as storing in their memory (Flynn and Goldsmith 1999). The consumers with subjective knowledge can clearly identify the product attributes they need, so they place a higher value on PCATI rather than COO when they perceive the product image. For example, an electronics enthusiast would be more concerned with the level of electronics in a given country than with the overall image of COO. Namely the more subjective knowledge consumers have, the less they will refer to COO to perceive product image. On the contrary, the more subjective knowledge consumers have, the more attention they will pay to PCATI to assess product image. We make hypothesis on the moderation effect of subjective knowledge on relationship of COO (PCATI) and product image: Subjective knowledge negatively moderates the relationship between COO and product image. Subjective knowledge positively moderates the relationship between PCATI and product image.

Uncertainty has always been an important issue for e-commerce purchase behavior. It comes from the unpredictable changes and information asymmetry due to nondisclosure or distortion of information (Devaraj et al. 2002). Consumers' willingness or reluctance to acquire products is mainly affected by the degree of consumers' familiarity with a product (Souiden et al. 2011).

Uncertainty is negatively associated to possibility of consumers' purchase decision. However, uncertainty can be reduced by subjective knowledge, product image and trust in the platform. The higher consumers' perceived products image (product image / trust in platform) is, the lower their uncertainty towards those products.

Fishbein and Ajzen (1975) defined purchase intentions as decisions to act, or psychological states which represent the individual's perception to engage in a purchase behavior (Wang and Yang, 2008). Consumers' purchase intention constitutes a long cognitive process (Haubl, 1996). The higher consumers' uncertainty to acquire high a product is, the lower is their purchase intention of this product.

### **Intended Contribution**

The objective of our study is to gain insights into the determinants of cross-border e-commerce purchase intention, and in particular to investigate the influencing factors of uncertainty in the cross-border purchasing. Base on the cross-border context, we study the effect of country image on building product image by consumers. We further classified the general concept of country image into COO and PCATI. We think COO is a cue that consumer utilized to build the image of a cross-border product. Additional consideration is given to the influence of PCATI on product image in this study, indicating PCATI is positively associated with product image.

Trust in platform and subjective knowledge are defined as moderators in the model. This study innovatively investigates their moderating effect on the relationships between COO/ PCATI and product image, and their negative impact on uncertainty.

In addition, this study further clarified the influencing factors of uncertainty, namely trust in platform, subjective knowledge and product image. All of these variables have negative effects on uncertainty. And both consumers and platform managers can benefit from our study and take actions to encourage purchase intention by reducing uncertainty in the cross-border e-commerce purchase process.

**Keywords:** Cross-border, e-commerce, country image

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\*Corresponding author

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