

ASSIGNMENT004

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Research on Exploring the Influence of Customer's Openness to Experience on Online Purchase Intention

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Abstract: *Online shopping is growing rapidly in 21st century, as compared with brick and mortar stores electronic stores are offering more diverse products to the customers. Customers have more product choices, information and convenience for purchasing online. The aim of this study is to investigate the effect of openness to experience customers on online purchase intention. This is the first study that is going to check the effect of openness to experience on online purchase intention. A theoretical model is developed to check the causal effect among those variables. Data were collected through questionnaire from the students of different universities in Pakistan and analyzed through partial least square (PLS) method. The results show that openness to experience did not affect the online purchase intention of Pakistani customers. Openness personality trait affects the perceived usefulness and usefulness affect the online purchase intention. Perceived usefulness mediates the relationship between openness to experience and online purchase intention.*

Keywords: *Openness to Experience, Online Purchase Intention, Perceived Usefulness, Electronic Commerce*

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I. Introduction :

Information technology becomes important issue of our daily lives from last few years. Increasing use of information technology in business environment significantly changed the society and business life. Online shopping is increasing due to the advancement of information technology. In this year the global e commerce retail sales are expected 653 billion U.S dollar and it is projected to grow to 4.88 trillion US dollars in 2021 (Statista, 2018). Pakistan is in developing phase of e commerce and according to (Express Tribune, 2018) Pakistan's e commerce market will cross I billion dollar this year. Online shopping is growing rapidly in 21st century, as compared with brick and mortar stores electronic stores are offering more diverse products to the customers. Customers have more product choices, information and convenience for purchasing online.

The importance of online shopping research is undeniable. Various factors influence the online purchase intention of individuals. Many studies have been done on online purchase intention and dominant theories like Theory of Reasons Action (TRA), Theory of Planned Behavior (TPB) and Technology Acceptance Model (TAM) employed on those studies. With others, personality traits also have important effect on individual behavior [1]. Researches on customer's personality variables have not been extensively done. Limited studies discovered that personality traits also influence the individuals acceptance of technology [2].

So, this study aims to check the influence of openness to experience personality trait on online purchase intention while using the perceived usefulness as a mediator. This is the first study that is going to check the effect of openness to experience on online purchase intention. Openness to new experience trait individuals are creative, intellectual, sensitive, original, receptive to new ideas, broad minded curious, flexible and adventurous [3]. Individuals who are open to experience are assumed to be keen to try out new things. These personality trait individuals are innovative so they will be more related to online purchase intention. The research objective is to fill that gap.

II. Literature Review and Hypotheses Development:

2.1 Openness to Experience and Online Purchase Intention:

Openness personality positively influence the internet banking [4]. Past study on impulse buying behavior examined that openness personality trait affect the impulse buying [5]. Customers' personality positively affects the customers' online purchasing behavior or consumption choices [6]. Personality factors like reliable, charming, and imaginative affect the customer's evaluation [7]. While Openness to new experience trait individuals are creative, intellectual, sensitive, original, receptive to new ideas, broad minded curious, flexible and adventurous [3]. According to these studies openness to experience individuals affect the online purchase intention. So, according to above studies research posits the following hypothesis:

H1: Openness to Experience has a positive effect on online purchase intention.

2.2 Openness to Experience and Perceived Usefulness:

According to Devaraj, Easley [8] –An individual's personality is defined by a set of unique characteristics which can influence his/her perception and attitude. Five factor model is most known personality model that explore the personality traits [9]. Openness to experience individuals are creative, intellectual, sensitive, original, receptive to new ideas, broad minded curious, flexible and adventurous [3]. Openness to experience found significantly positively associated with users innovativeness in information technology [10]. Past studies determined the effect of openness to experience on the different technologies. Previous literature found that openness to experience customers significantly influenced the internet banking and have positive attitude for the acceptance of new technologies [4]. Openness to experience have a negative effect on perceived usefulness [11]. So, based on the above literature study proposes the following hypothesis:

H2: Openness to experience has a negative effect on perceived usefulness of online Purchase.

2.3 Perceived Usefulness and Online Purchase Intention:

According to Lai, Wang [12] perceived usefulness is the degree to which customers think that online sites could contribute value to them when they will purchase through online. Perceived usefulness can be determined as an individual's opinion that through using the system would be better to performing the tasks [13]. Perceived usefulness has substantial consequence for online purchase intention in Spain [14]. While perceived usefulness have insignificant result on online purchase intention in Iran [15]. According to [16] it is due to different point of view of customers from developed & developing countries about the perceived usefulness that determine the online purchase intention. It was proved that perceived usefulness have a significant impact on online purchase intention [17] and customers anticipated to get valuable information and browse through merchandise easily for purchase. Other studies [18, 19] analyzed that perceived usefulness is an important element of purchase intention. Hence, the study proposes the following hypotheses:

H3: Perceived usefulness have a positive effect on online purchase intention.

H4: Perceived usefulness mediates the relationship among openness to experience and online purchase intention.

III. Theoretical Model:

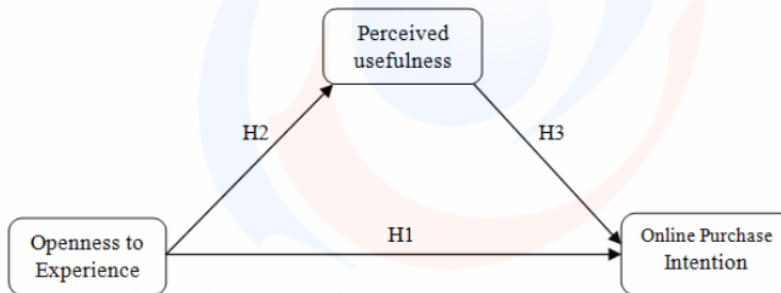


Figure 1: Proposed Research Model

IV. Methodology

4.1 Data Collection:

For this study, data is gathered from the students of the universities in Pakistan by using the questionnaire in which constructs of the theoretical model is evaluated by multi-item scale to ensure their validity and reliability. Seven points Likert scale is used to get responses from respondents. Openness to experience with six items were adopted from [20], PU with seven items and online purchase intention with three items were adopted from Chiu et al. (2005). This research used cross-sectional survey. Most of the consumer behavior related studies employed the similar technique [21].

The questionnaire have two sections: the first section is about the demographics and mode of payment and the second section of the questionnaire obtained responses on online purchase intention and was measured by (1= Strongly Disagree; 2= Disagree; 3= Somewhat Disagree; 4= Neutral; 5= Somewhat Agree; 6= Agree and 7= Strongly Agree). Collection of the data took place in the period between 10 March and 15 April 2018. Total 145 respondents give their response, from which 127 responses were determined appropriate for the analysis. PLS 3.2.7 was used to examine the data with SEM using the partial least square technique.

4.2 Non-Response Bias:

Finding the nonresponse bias is an important step in the quantitative analysis, which is about to determine the variation in the view of different people those who respond to the survey and also those who did not answer. Many authors proposed that researcher should compare responses of early & late respondents, late respondents theoretically present the opinion of non-respondents [22]. To compare the means of constructs an independent sample t-test was conducted among the groups in which first group comprises of 105 in the early hour's respondents and 38 as of late respondents. The result showed that there is no significant difference in the means of two groups, which proposed that there is no existence of non response bias.

4.3 Reliability and Validity:

In this analysis, the proportion of variability (R^2) of the dependent variable online purchase intention is evaluate. A two stages approach recommended by [23] is used where review of measurement model is performed first. Reliability of variables is confirmed by composite reliability (CR) which values should be greater than 0.7 [24]. To confirm the convergent validity AVE values for the constructs should be higher than 0.5 [25]. Finally, discriminant validity evaluated by the technique proposed by [25] to affirm that AVE's square root is greater than correlation among variables. Table number 1 demonstrates all the measures fulfill the least standards with CR values of 0.899 to 0.934, AVE of 0.642 to 0.824. Also, the square root of AVE in table number 1 affirms the measures for DV. In the same way, all item loadings are greater than 0.6.

Table1. Statistical Quality Indicator

	AVE	CR	R ²	OPI	OPI	Openness	PU
OPI	0.824	0.934	0.747	OPI	0.908		
Openness	0.709	0.907		Openness	0.704	0.842	
PU	0.642	0.899	0.519	PU	0.695	0.720	0.801

V. Results:

Once reliability & validity confirmed by outer model, the next process is to examine the hypotheses by inner model evaluation. The value of path coefficient 0.20 and greater is presumed significant [26]. The next phase is about the assessment of inner model where bootstrapping method is advocated on a minimal sample size of 5000. For two-tailed test the values of 1.65, 1.96 & 2.58 at the significant point of 0.10,0.05 & 0.01 in that order are required [27]. The one-tail test was performed with a sample distribution of 5000 bootstrap at a significant point of 0.05. Results showed that standard coefficient value for direct relation of openness to experience and online purchase intention is 0.183 (t-value (1.852); $p > 0.05$) is insignificant while openness to experience-> perceived usefulness 0.720 (t-value 11.511; $p < 0.05$) are significant and perceived usefulness -> online purchase intention is 0.723 (t-value 8.822; $p < 0.05$) is also significant.

Table 2. Path Coefficients

	Original Sample	Sample Mean	STDEV	T Statistics	P Value
OP ->OPI	0.183	0.182	0.099	1.852	0.062
OP ->PU	0.720	0.725	0.063	11.511	0.000
PU ->OPI	0.723	0.725	0.082	8.822	0.000

Using Subsamples of 5000 bootstrap with 95% CI, collateral effect with CI value was assured for mediation effect. In the table number 3 values affirm the existence of mediator variable. The beta values of direct path between OP -> OPI 0.183 (t-value (1.852); $p > 0.05$) is insignificant while values between indirect path OP-> PU 0.720 (t-value 11.511; $p < 0.05$) and PU-> OPI 0.723 (t-value 8.822; $p < 0.05$) are significant, so hypothesis H4 is accepted and confirms full mediation. And the direct relationship between openness and perceived usefulness found positive while previous study found Openness to experience have a negative effect on perceived usefulness [11]. So, H2 is rejected in this study. Results showed that openness to experience did not affect the online purchase intention of Pakistani customers. Openness personality trait affects the perceived usefulness and usefulness affect the online purchase intention. Perceived usefulness mediates the relationship between openness to experience and online purchase intention. Customers think that if online sites will contribute value and give some benefits to them than they will purchase online.

Table3. Indirect Effect For Mediation Analysis

Hypothesis	Relationship	Indirect Effect	SE	t-value	5 % LL	95% UL	Decision
H4	OP->PU-> OPI	0.521	0.069	7.495	0.424	0.649	Supported

VI. Discussion, Limitations and Future Research:

The aim of this study was to explore the effect of openness to experience on online purchase intention and explore if mediating effect of perceived usefulness produces an impact on online purchase intention of the customers in Pakistan. The direct effect of openness on online purchase intention is found insignificant and

effect of openness to perceived usefulness found significant while previous study found Openness to experience have a negative effect on perceived usefulness [11]. So, H2 is rejected in this study. And perceived usefulness to online purchase intention is found significant. Results confirm the buying behavior of Pakistani customers that they believe on the usefulness and if online store will give value to them than they will purchase from online.

Every research has some limitations. An important limitation of this research is about the collection of the data. Researcher only surveyed the students of the universities not from the other citizens of Pakistan. Also, this study considered only openness to experience as a personality trait for online purchase intention.

This study also proposes certain future research directions. It would be great if the future researchers replicate this research in different countries and use other personality traits. Because in this research used only openness to experience as a personality trait for online purchase intention. The replication of the research with customers of diverse profile and of separate ethnic clumps can also apply to authenticate and increase the range of the consequences, as something appears is highly relevant for some individual while it can be irrelevant to others individuals. Outcome determined at this point apply to Pakistani customers only, it is likely that different individuals will show different opinion about the online purchase intention.

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