Impact of Trust in Virtual Community members on actual purchase in B2C environment

By

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Doctor of Business Administration

Dissertation

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I hereby certify that the work embodied in this dissertation is the result of original research and has not been submitted for a university degree or other similar qualification to any other University or Institution.

Signature _________________________________________
Acknowledgement

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Synopsis

The objective of this study is to propose a similar framework developed by Lu, Zhao & Wang (2010) on the understanding of how trust in virtual community (thereafter VC) members and trust in vendors affect actual purchasing behaviour. The proposed research is to replicate part of the study carried out by Lu et al. (2010) and extend it within the context of Business to Consumer (thereafter B2C) environment for Small and Medium enterprises (thereafter SME) in China using China’s largest Consumer to Consumer (thereafter C2C) platform, TaoBao. Since trust is a signifying factor in transactions, the study only focuses on the impact of trust in virtual community members and trust in vendors on actual purchase. In this study, a positivist approach was adopted and quantitative method was used to test the proposed hypotheses. A questionnaire was adapted from Lu et al. (2010) and Barkhi, Belanger & Hicks (2008) for online survey. Prospective buyers of internet stores of TaoBao were invited to participate in the anonymous online survey. Non probability sampling method is used for collecting the data. Four hundred and twelve valid responses were collected for this study during the research period. The purpose is to find how the online buyers’ trust in virtual community members and trust in web vendor, affects actual purchase in a B2C environment in China. This will assist businesses to make better strategic planning approaches when launching products on the internet.

Results of the study support the hypothesis that only trust in member’s ability positively affects trust in vendor’s ability and vendor’s benevolence for actual purchase group. The results also support the hypothesis that trust in member’s integrity and benevolence is positively related to trust in vendor’s ability for actual purchase group. Finding further shows that only vendor’s ability trusting dimension has the effect on actual purchase and it is inconclusive for vendor’s integrity and vendor’s benevolence dimension. In addition, there seems to be no relationship between member’s ability, member’s integrity and benevolence trusting dimension on actual purchase. Detail discussion of the results, managerial implication, contributions as well as limitations and the need for future studies are included in the final chapter.
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