

## Enhance Online Purchase Intentions: The Role of Perceived Value, Trust, and Commitment

Y.H. Lai<sup>1</sup>

### Abstract

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The market for online travel agencies is steadily increasing. Therefore, it is important to explore travelers' behavior as they choose online travel agencies. This study adopted the commitment-trust theory to examine the relations among trust, commitment, perceived value, and repurchase intentions. Results indicated that perceived value by travelers positively influenced trust and commitment. In addition, travelers' trust positively influenced commitment and travelers' commitment positively influenced repurchase intentions. However, travelers' trust was not found to positively influence repurchase intentions. A major finding is that the commitment-trust theory has been shown to be a good research model for predicting travelers' repurchases intentions. Thus, repurchase intentions serve as a good outcome variable in this model. Online travel agencies are growing faster than traditional travel agencies because of their numerous strengths, such as timely response and immediate and cost-effective information. Meanwhile, results suggest that managers could focus their marketing efforts on providing and promoting benefits.

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**Keywords:** online travel agencies, trust, perceived value, commitment

### 1. Introduction

Online shopping has rapidly expanded as a market. More than 80% of the US population has internet access (Pew Internet & American Life, 2012 ([Project., 2012](#))), and more than half of online shoppers reported having purchased travel-related services online (Pew Internet & American Life, 2012). In addition, the global online travel segment has comprised 30% of the travel market since 2010 ([WTTC, 2011](#)).

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<sup>1</sup> PhD. Assistant Professor, Department of Leisure Services Management, Chaoyang University of Technology, 168, Jifeng E. Rd., Wufeng District, Taichung, Taiwan. 41349

Statistics show that global online travel bookings have been growing rapidly ([WTTC, 2011](#)). Therefore, online travel agencies have become an important subject of study in the tourism field.

[Law, Leung, and Wong \(2004\)](#) asserted that the internet provides a new communication and distribution channel for both e-travelers and suppliers of travel services and products. Meanwhile, online travel agencies are predicted to grow rapidly and even replace traditional travel agencies ([Buhalis & Licata, 2002](#); [Law et al., 2004](#); [WTTC, 2011](#)). Unlike traditional travel agents, online travel agents can provide immediate and cost-effective information to consumers ([Petr, 2009](#)). Nevertheless, online travel services do provide consumers with a compelling experience and change consumer behaviors ([Nusair & Parsa, 2011](#)). [Berger et al. \(2007\)](#) found that travelers have adapted their behaviors and now use the internet for purchasing services and as their main source of information. This underlies the importance of exploring online travelers' behaviors.

Past research has shown that trust plays an essential role in the virtual business environment ([Hsin Chang & Wen Chen, 2008](#); [E. Kim & Tadisian, 2007](#); [M. J. Kim, Chung, & Lee, 2011](#); [Mukherjee & Nath, 2007](#)) as online shoppers do not physically experience the online travel agencies ([M. J. Kim et al., 2011](#); [Petr, 2009](#)). [Lauer and Deng \(2007\)](#) suggested that trust and repurchase intention have a positive relation, particularly for online shoppers. This study adopted the commitment–trust theory ([Morgan & Hunt, 1994](#)) to examine the relationships among trust, commitment, perceived value, and repurchase intentions.

## 1. Literature Review

### 2.1 Commitment–Trust Theory

The commitment–trust theory was proposed by [Morgan and Hunt \(1994\)](#) who suggested that commitment and trust are the essential variables in relationship marketing. [Berry \(1983\)](#) was the first to define relationship marketing, employing the term to refer to activities directed toward establishing, developing, and maintaining successful relationships. Relationship marketing emphasizes building satisfying long-term relationships with key parties rather than concentrating on short-term transactions ([Kotler, 1987](#)).

Furthermore, [Copulsky and Wolf \(1990\)](#) suggested that relationship marketing combines general advertising, sales promotion, public relations, and direct marketing to create more effective and efficient ways of reaching customers. Relationship marketing has been studied extensively, and its most common constructs are commitment, trust, and satisfaction ([Doney & Canon, 1997](#); [Gundlach & Cadotte, 1994](#); [Lusch & Brown, 1996](#); [Morgan & Hunt, 1994](#)).

[Morgan and Hunt \(1994\)](#) discovered that the relationship between commitment and trust is an important factor in long-term relationships. Commitment to a relationship is defined as “an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it” while trust is “a willingness to rely on an exchange partner in whom one has confidence” (p. 23).

[McDonald \(1981\)](#) stated that “mistrust breeds mistrust and as such would also serve to decrease commitment in the relationship and shift the transaction to one of more direct short-term exchanges” (p. 834). In other words, trust influences relationship commitment ([Dwyer, Sehurr, & Oh, 1987](#); [Mukherjee & Nath, 2007](#); [Smith, Jr., & Ferguson, 2014](#)).

[Mukherjee and Nath \(2007\)](#) re-examined the commitment–trust theory of relationship marketing in the online retailing context and suggested that “behavioral intention” was a consequence of both trust and commitment. Behavioral intentions consist of word-of-mouth communication, purchase intentions, and continued interactions. Results show that both commitment and trust positively influence behavioral intentions. [Ulaga and Eggert \(2006\)](#) explored the relationship among perceived value, trust, and commitment, asserting that perceived value positively influences both trust and commitment.

### **3. A Conceptual Model and Hypotheses**

#### **3.1 Model Overview**

We propose a model that builds on the foundation of the commitment–trust theory. Based on past research, we added two variables, perceived value and purchase intention ([Mukherjee & Nath, 2007](#); [Ulaga & Eggert, 2006](#)) (Figure 1).

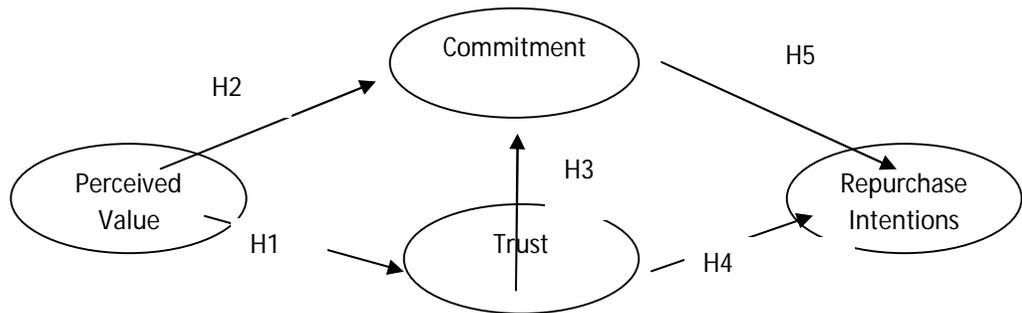


Figure 1 The proposed conceptual model

### 3.2 Perceived Value

Zeithaml (1988) defined perceived value as “the consumer’s overall assessment of the utility of a product based on perceptions of what is received and what is given” (p. 14). Based on this definition, perceived value is a result of consumers’ pre-purchase perceptions, evaluation during the transaction, and post-purchase assessment. According to Parasuraman, Zeithaml, and Berry (1988), expectations are defined as “predictions made by consumers about what is likely to happen during an impending transaction or exchange” (p. 17).

Butz and Goodstein (1996) suggest that perceived value could be viewed as “the emotional bond established between a customer and a service provider after the customer has used a salient product or service produced by that supplier and found the product or provide an added value ...” (p. 63). Moliner et al. (2007) define customer value as “a dynamic variable that is also experienced after consumption” (p. 199); they further suggest that subjective or emotional reactions should be considered as well. Woodruff (1997) recommends that measuring perceived value could contribute to understanding customer satisfaction.

Past literature has linked perceived value to loyalty either directly or indirectly (Agustin & Singh, 2005; Anderson & Srinivasan, 2003; Carpenter, 2008; Chen & Tsai, 2008; Chiou, 2004; Chiou & Pan, 2009; Gallarza et al., 2011; Huddleston et al., 2009; Lam et al., 2004; Li & Green, 2011). Kim et al. (2008) examined the relationship between perceived value, satisfaction, trust, and loyalty in electronic commerce. They adopted Oliver’s (1997) four stages of loyalty, and their results showed perceived value influenced satisfaction and trust. They also found that perceived value indirectly affected loyalty through trust.

The main purpose of this study is to apply Morgan & Hunt's (2004) research model to the examination of the relationships between perceived value, trust, commitment, and willingness to repurchase. Mukherjee and Nath (2007) suggest that repurchase intentions can be viewed as the outcome of trust and commitment. Therefore, the study is guided by the following hypotheses:

- H1: Travelers' perceived value will positively influence trust.
- H2: Travelers' perceived value will positively influence commitment.
- H3: Travelers' trust will positively influence commitment.
- H4: Travelers' trust will positively influence repurchase intentions.
- H5: Travelers' commitment will positively influence repurchase intentions.

#### **4. Methodology**

This study adopted quantitative research methods and primarily measured unobserved variables such as perceived value, commitment, trust, and repurchase intentions. The target population for the questionnaire was consumers who purchased travel-related services through an online travel agency website. Respondents were US citizens above the age of 18 years. Once potential respondents were identified, they were asked to participate in the study. This study adopted structural equation modeling (SEM), a statistical methodology that takes a confirmatory approach to the analysis of a structural theory bearing on some phenomenon ([Byrne, 2001](#)), and 200 was considered to be the adequate minimum sample size ([Ullman, 2001](#)). The total useful sample size was 339, and the multiple imputation method was used to analyze ([Weisberg, 2005](#)). It is believed that multiple imputation method is advantageous when compared with other methods because of its ability to introduce randomness to the imputations and produce unbiased estimates of parameters ([Royston, 2004](#)).

#### **5. Findings**

Approximately half of the respondents were female (43.3%), and the average age of the respondents was 48.4 years. Respondents' ages ranged from 18 to 92 years old. The ethnic breakdown of the sample group was 82.8% Caucasian, 4.2% Hispanic, 3.9% African American, 3.0% Asian, and 0.3% Native American respondents. Among the respondents, more than one third (42.7%) had started or completed postgraduate work. Approximately one third (38.0%) reported that having a college degree. A majority of respondents were married (67.4%), 17.5% were single and never married, 8.3% were divorced, and 1.5% were separated or widowed. The median income range of the sampled group was from \$75,000 to under \$100,000 (Table 1).

**Table 1: Demographic characteristics of the sample**

Variable	Categories	Frequency	Percent (%)
Gender	Male	191	56.7%
	Female	146	43.3%
Age	18–29	38	11.3%
	30–44	92	27.3%
	45–60	124	36.8%
	>60	83	24.6%
Education	Less than high school	1	0.3%
	High school degree	13	3.9%
	Some college, not completed	51	15.1%
	Completed College	128	38.0%
	Post graduate work started or completed	144	42.7%
Ethnicity	African American	13	3.9%
	Native American	1	0.3%
	Caucasian	279	82.8%
	Hispanic	14	4.2%
	Asian	10	3.0%
	Prefer not to answer	11	3.3%
	Other	9	2.7%
Marital	Married	227	67.4%
	Single, never Married	59	17.5%
	Divorced	28	8.3%
	Separated	5	1.5%
	Widowed	5	1.5%
	Prefer not to answer	13	3.9%
Income	Less than \$20,000	5	1.5%
	\$20,000 to less than \$25,000	7	2.1%
	\$25,000 to less than \$30,000	7	2.1%
	\$30,000 to less than \$40,000	18	5.3%
	\$40,000 to less than \$50,000	19	5.6%
	\$50,000 to less than \$75,000	46	13.6%
	\$75,000 to less than \$100,000	55	16.3%
	\$100,000 to less than \$125,000	47	13.9%
	\$125,000 to less than \$150,000	36	10.7%
	\$150,000 to less than \$200,000	40	11.9%
	\$200,000 to less than \$250,000	10	3.0%
	\$250,000 or more	20	5.9%
Prefer not to answer	27	8.0%	

To determine if the current sample was a reasonable representation of the population of interest, respondents' demographic statistics were compared to the Travel Industry Association of America's (TIAA) Travelers' Use of the Internet (2009 Edition) (Table 2).

Approximately one third of respondents in the 2009 TIAA study were between 45 and 60 years old, more than half of the respondents were married, and approximately one third (38%) had college degrees.

**Table 2: A comparison of the demographic characteristics of the current respondents and American online travelers**

Variable	Categories	Current Study Percent (%)	2009 Online Travelers
Gender	Male	56.7%	47%
	Female	43.3%	53%
Age	18–29	11.3%	23%
	30–44	27.3%	19%
	45–60	36.8%	34%
	>60	24.6%	24%
Education	Less than high school	0.3%	1%
	High school degree	3.9%	19%
	Some college, not completed	15.1%	37%
	Completed College	38.0%	27%
	Post graduate work started or completed	42.7%	15%
Marital	Married	67.4%	51%
	Single, never Married	17.5%	24%
	Divorced/separated/widowed	11.3%	19%
Income	<40 K	5.7%	22%
	40–50 K	10.9%	27%
	50–100 K	29.9%	36%
	>100 K	33.5%	14%

Compared to the Travelers' Use of the Internet (2009 Edition), the current sample was skewed toward more middle-aged, highly educated, and married people. The analyses in this study consisted of two steps, a confirmatory factor analysis (CFA) to examine the constructs and a structural equation model (SEM) to examine the hypothesized relationships. Composite reliability (CR) has been recommended for measuring the factors for each construct, and also refers to the internal consistency of indicators of the underlying factors (Fornell & Larcker, 1981).

The results of the first step revealed that the four variables had adequate composite reliability (perceived value (CR = .918), trust (CR = .812), commitment (CR = .897), and repurchase intention (CR = .936)). The results of goodness-of-fit were likewise at acceptable levels: Chi-Square = 428.438, GFI = .873, CFI = .950, NNFI = .942, and RMSEA = .075.

Figure 2 shows the results from the measurement model. They revealed that perceived value by travelers positively influenced trust ( $B = .867, p < .05$ ) and commitment ( $B = .167, p < .05$ ). In addition, travelers' trust positively influenced commitment ( $B = .694, p < .05$ ), and travelers' commitment positively influenced repurchase intentions ( $B = .637, p < .05$ ). However, travelers' trust was not found to positively influence repurchase intentions ( $B = .089, p = .308$ ).

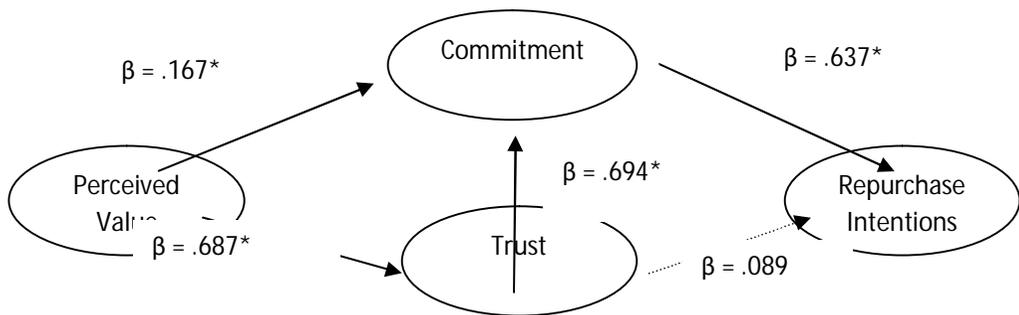


Figure 2: Results from the structure model (\* $p < 0.05$ )

## Conclusion

In conclusion, the current study presents preliminary research on the commitment–trust theory applied to tourism studies. A major finding is that the commitment–trust theory has been shown to be a good research model for predicting travelers' repurchase intentions. The results indicate that perceived value by travelers positively influences trust and commitment. Repurchase intentions serve as a good outcome variable in the commitment–trust model and this result supports Mukherjee & Nath's (2007) research. However, the relationship between trust and repurchase intentions was not proven.

## Implications

Online travel agencies are growing faster than traditional travel agencies because of their numerous strengths, such as timely response and immediate and cost-effective information for consumers. Thus, the current results have theoretical and managerial implications.

Perceived value was found to positively influence commitment and trust. This suggests that managers could focus their marketing efforts on providing and promoting benefits. For example, managers could promote the value of services or products as more important than price. This could help develop consumers' trust and commitment. This study also found that commitment was correlated with repurchase intentions. Commitment is part of satisfaction, and previous studies have shown a positive relationship between satisfactions and repurchase intentions. However, the non-significant relationship between trust and repurchase intentions should put managers on notice that consumers are not guaranteed to purchase anew from a familiar online travel agency, even if they believe it to be safe and reliable.

Recently, online travel agencies have been providing a core value to consumers: affordability. This already deeply influences online travelers' decisions, and travelers are willing to spend more time on the internet to compare prices. Hence, it is very difficult to keep online travelers loyal to one specific website, unless the site provides the cheapest or the most valuable tourism services/products to consumers. Managers should thus focus their efforts into promoting and marketing after-sales services to attract online travelers.

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