

THE EFFECT OF PRODUCT PORTFOLIO ON PURCHASE INTENTION IN E-COMMERCE WEB SITES

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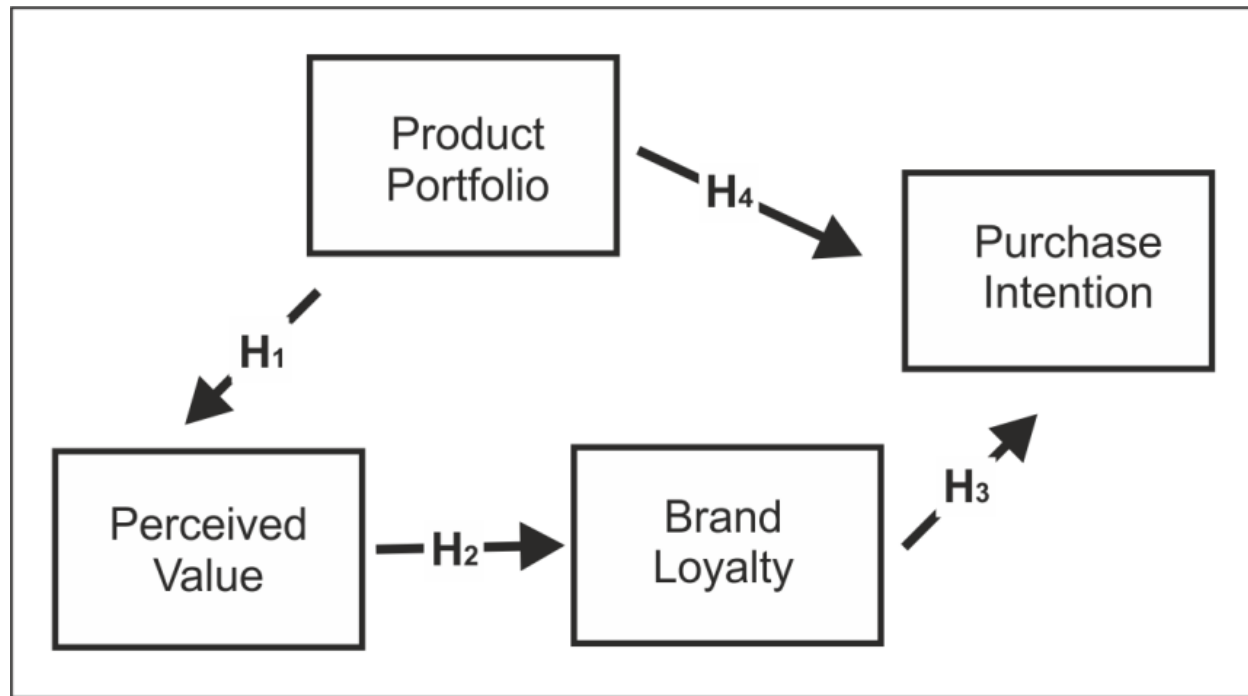
PROBLEM IDENTIFICATION

- This research attempted to demystify the underlying dynamics behind the **purchase intention of customers in B2C e-Commerce web sites**.
- Business-to-Consumer (**B2C**) e-commerce has crucial importance by enabling trade at individual level globally, by providing cheaper, faster and more convenient ways to conduct transactions.
- There are various factors involved in determining the **success or failure** of a B2C e-commerce web sites.
- Among those, this paper focuses on the effect of the **product portfolio** of the e-commerce web site.
- On the other hand, one of the most important factors in assessing performance of a B2C e-commerce web site is its ability to create **favorable perceptions** in target consumers' minds.

PROBLEM IDENTIFICATION

- A B2C e-commerce web site's performance is measured by its sales revenue. Therefore, **customer purchase decision** plays a critical role within the process.
- This study analyzes the direct and indirect effects of **product portfolio** on customers' **purchase intention** through **customer perceived value** and **loyalty** to the web sites.

CONCEPTUAL MODEL



HYPOTHESES

H₁: Product Portfolio has a positive effect on Perceived Value.

H₂: Perceived Value has a positive effect on Brand Loyalty.

H₃: Brand Loyalty has a positive effect on Purchase Intention.

H₄: Product Portfolio has a positive effect on Purchase Intention.

Product Portfolio

- Product portfolio refers to the **range** and **depth** of products found in e-commerce web sites.

Perceived Value

- Perceived value can be defined as an overall assessment of the **risks** and **rewards** associated with a brand and its products and services.
- Customers in online medium want to feel equitably treated; that's, the exchange occurred should be believed to be fair and deserved. (Oliver et al., 1988).

Brand Loyalty

- Brand loyalty is known as the degree to which consumers are **committed to** a brand.

This commitment can be

- in the form of inner attitudes (bias)
- repeat purchase behavior
- inclination to recommend the brand to others

Purchase Intention

- Purchase intention is used as an dependent variable in predicting actual behavior.
- Purchase intention refers to purchase **decision** of customer made for a product.

MEASURES AND SAMPLING

- The scale adopted from **prior studies** were used to measure the dimensions.
- Scale adopted Jiang et al. were used to measure **product portfolio**, **customer loyalty** and **perceived value** (Jiang, Jun, Yang, 2016).
- Scale adopted from Chen et al. was used to measure **purchase intention** (Chen, Teng, 2013). .
- The data was collected through **survey**. More than 500 distributed, **464 valid questionnaires** were gathered from prominent cities throughout Turkey. 240 of the respondents are male and 224 are female.

RESEARCH METHODS

- In this research **quantitative** data was used and five point Likert scale survey was conducted.
- Confirmatory factor analysis (CFA) was used to analysis of the **convergent validity**. In order to assess **discriminant validity**, average variance extracted values (AVE) were calculated.
- Cronbach alpha and composite reliability (CR) values were found to analyse the **reliability** of the scales.
- **Structural equation model** which is a multi-variable statistical method was used to test the hypotheses put forward in the conceptual model.
- CB-SEM analysis method was used.
- AMOS statistics programs were used for analyses.

CONFIRMATORY FACTOR ANALYSIS

Variables	Items	Standardized Factor Loads	Unstandardized Factor Loads
Product Portfolio	Ppo0330	0.752	1
	Ppo0229	0.674	0.999
Perceived Value	Pva0434	0.695	1
	Pva0535	0.702	0.998
	Pva0333	0.508	0.839
	Pva0131	0.553	0.819
	Pva0232	0.693	1.052
Brand Loyalty	Bly0641	0.580	1
	Bly0136	0.831	1.544
	Bly0439	0.630	0.225
	Bly0237	0.864	0.512
	Bly0338	0.717	1.416
Purchase Intention	Pin0142	0.727	1
	Pin0344	0.840	1.115
	Pin0243	0.850	1.119

p<0.05 for all items

CONFIRMATORY FACTOR ANALYSIS

- After the data purification process 15 items were included in the confirmatory factor analysis.
- Confirmatory factor analysis was performed on the scales by using AMOS for **assessing convergent validity** .
- According to the confirmatory factor analysis results, the standardized factor loads of each item are larger than 0.5.
- These results confirmed the convergent validity of the scales.

CONSTRUCT DESCRIPTIVES, CORRELATION AND RELIABILITY

Variables	1	2	3	4
1.Product Portfolio	(0.714)			
2.Perceived Value	0.493*	(0.635)		
3.Brand Loyalty	0.427*	0.521*	(0.733)	
4.Purchase Intention	0.341*	0.414*	0.590*	(0.807)
Composite reliability	0.675	0.769	0.850	0.848
Average variance ext.	0.510	0.404	0.537	0.652
Cronbach α	0.670	0.785	0.846	0.844
Mean	3.98	3.74	3.82	3.98
Standard Deviation	0.77	0.65	0.74	0.75

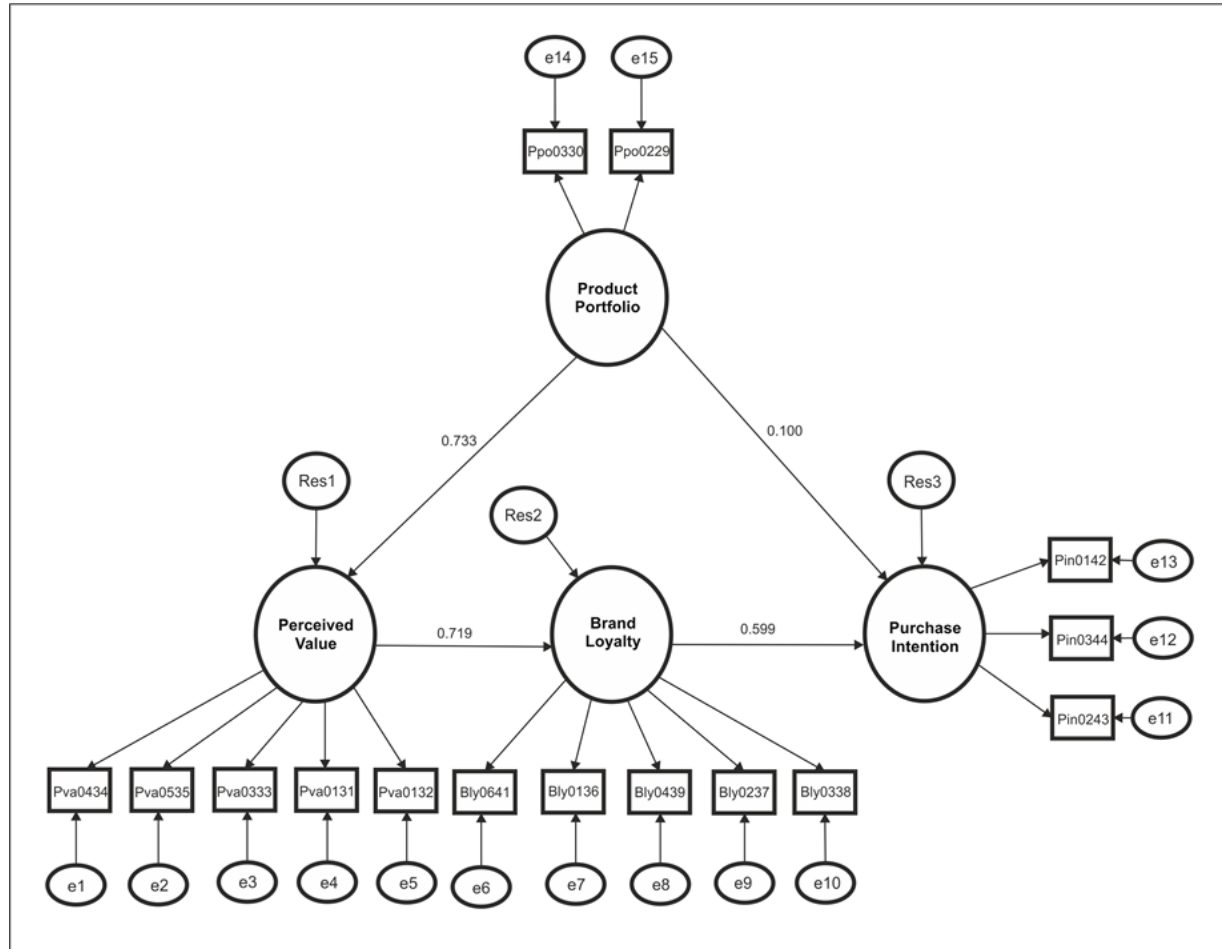
* $p < 0.01$

Note: Diagonals show the square root of AVEs.

CONSTRUCT DESCRIPTIVES, CORRELATION AND RELIABILITY

- To assess **discriminant validity**, average variance extracted values were calculated. Results are close to or beyond the threshold level (i.e. 0.5)
- Reliability of each construct individually calculated. **Composite reliability** and **Cronbach α** values are close to or beyond the threshold level (i.e. 0.7).

RESULTS OF SEM ANALYSIS



HYPOTHESES TEST RESULTS

Relationships	Standardized Coefficients	Unstandardized Coefficients
Product Portfolio → Perceived Value	0.733*	0.880*
Perceived Value → Brand Loyalty	0.719*	0.619*
Brand Loyalty → Purchase Intention	0.599*	0.754*
Product Portfolio → Purchase Intention	0.100	0.130

*p < 0.05

CONCLUSION

- The most prominent finding of this study is that, contrary to the previous literature, **product portfolio** does not directly effect **purchase intention** in B2C e-commerce context. **Product portfolio** does, however, affect **purchase intention** indirectly through **perceived value** and **brand loyalty**.
- Perceived value and brand loyalty **pave the way** to customers' purchase intention consequatively.
- These findings may help the practitioners take more educated steps in planning and execution of their e-commerce **web site strategies** and improving their **brands**.
- Consequently, rich product portfolio **is not enough** to create purchase intention on its own.

The background features a 3D effect of stacked rectangular blocks in teal, dark blue, and yellow, set against a white background with vertical grey lines. The teal block is at the top, the dark blue block is in the middle, and the yellow block is at the bottom. The blocks are arranged in a way that they appear to be receding into the distance.

THANKS