

## MASTER'S THESIS

# The role of perceived risk in the relationship between perceived service quality and intention to buy through the Internet: a study of online shopping in Hong Kong

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*Date of Award:*  
2002

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The Role of Perceived Risk in the Relationship between Perceived  
Service Quality and Intention to Buy through the Internet:  
A Study of Online Shopping in Hong Kong

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A thesis submitted in partial fulfillment of the requirements

for the degree of

Master of Philosophy

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Hong Kong Baptist University

September 2002

## ABSTRACT

As the Internet has become an important medium for the majority of firms, there is a need to investigate the attitude of customers toward online shopping. In this study, perceived risk and perceived service quality were investigated since they are respectively the biggest obstacle to Internet shopping and the most important element of business success. However, measurement model suitable for investigating perceived risk in the Internet market is virtually non-existent. Therefore, the present study focuses on developing a perceived risk measurement model and investigating its influence on perceived service quality and purchase intention.

Both exploratory and descriptive research was employed. At the exploratory level, information from the literature and focus groups were collected to assist in establishing the measurement instrument. After this, a questionnaire survey utilizing a cross-sectional survey design was conducted. The data collection method was the personal interview with the aid of a structured questionnaire. Nonprobability quota sampling was used in selecting respondents.

A total of 349 usable questionnaires were collected for data analysis. The reliability, convergent validity, and discriminant validity of the measurement scale of perceived risk, perceived service quality, and purchase intention were ascertained through the use of a reliability test, exploratory factor analysis, and confirmatory factor analysis. After the assessment of the measurement models of perceived risk and perceived service quality, multiple regression analysis was applied to test the hypotheses. The results suggested that perceived risk negatively influences purchase intention, and that security risk is the most important dimension. A full mediating effect of perceived risk was also revealed in the relationship between perceived service quality and purchase intention. Additionally, it was found that two perceived service quality dimensions, ease of use and performance in control, directly impact purchase intention, and also influence purchase intention through the partial mediating effect of perceived risk.

The contribution of this study lies in the fact that (1) it further confirms the suitability of the two-component model possessing relevant dimensions and the use of indirect questioning, and (2) the results highlight the mediating role of perceived risk in the relationship between perceived service quality and purchase intention.

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