The Influence of Perceived Risk, Shopping Value and Opinion Leader to Explore Online Consumer Purchase Intention: Using Social Network Analysis

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ABSTRACT

Opinion leaders play important roles in interpersonal communication. Marketers can contact the opinion leaders and reduce costs and improve overall communication efficacy by communicating effectively with them. This study investigates the opportunity of consumers becoming opinion leaders and also investigates the effects of perceived risk and shopping value on online consumer purchase intention. This study surveyed college students in northern Taiwan (59 respondents) to explore college students’ online nail polish purchase intentions. This study applies social network analysis (SNA) and regression to examine hypotheses within a theoretical framework. The results showed that consumers feel a higher perceived risk and positive advice given by an opinion leader can enhance purchase intentions. The results further indicated that higher the consumers’ shopping value, higher their purchase intention. The findings of the study offer sales and management professionals methods for communicating with online shoppers more effectively. Thus, in addition to marketers’ focus on makeup markets above, they can also expand their vision to wider markets.

KEYWORDS
Opinion Leaders, Perceived Risk, Purchase Intention, Shopping Value, Social Network Analysis

1. INTRODUCTION

How to get consumers to know, love, and then purchase a product is an important issue for marketers. Consumers have access to many sources of product information the most important of which can be divided into two categories: manufacturer’s product advertising and word of mouth. Many studies have shown that word of mouth is the most important source of information for consumers (Kiel and Layton, 1981; Midgley and Dowling, 1993).

The cosmetics industry in Taiwan offers numerous business opportunities. However, this industry is also highly competitive in Taiwan because no one can hold the exclusive maker of mastership. As cosmetics market consumption trends are not constantly changing, making the whole change in the sales market, the cosmetics industry must take the pulse of the market and consumer habits. Innovation
and sustainable development can continue to enhance cosmetics manufacturers’ competitiveness. From the cosmetic industry point of view, nails are important. Maintaining perfect-looking can require a large number of nail cosmetics (Rich, 1999). Thus, many varieties of nail polish have been developed (Barnett and Scher, 1992).

Adolescents play a more important role in the market than previously thought. Adolescents are very important consumers in their own right, not just as potential adult consumers. Adolescents have substantial consumption power in many countries and are consumer market purchase decision makers in their own right. Therefore, adolescents have become a target market for marketers looking to promote their products. Like adults adolescents also have the same qualities peers, perhaps faster (Michael and Ben-Zur, 2007). Researchers have begun to concentrate on the subject of maturity in adolescents and young adults (Tilton-Weaver et al., 2001).

As a result, opinion leaders—because of their personal qualities, attractiveness or wealth of knowledge—can affect the preferences and purchase behavior of other consumers. According to traditional communications theory, there is a two-step flow of information: first from the mass media to opinion leaders, and then from opinion leaders to others (Lazarsfeld, Berelson and Gaudet, 1944).

According to the Taiwan Network Information Center’s (2013) “A Survey of Broadband Usage in Taiwan,” in 2012, Taiwan was estimated to have nearly 6.53 million households with network connection capability. Taiwan’s personal network penetration rate has showed steady growth, and network activity has also increased—for example, more people are using home networks. The internet has the following characteristics: it is without borders, without time limits, highly interactive, offers immediate responses, and is low cost, with low barriers to entry. For enterprises, these qualities make the internet a perfect medium for advertising, marketing, and online transactions. It also offers a global consumers base, thus giving, manufacturers and industries greatly expanded market potential (Quelch and Klein, 1996).

Many studies have found that virtual stores have a higher perceived risk than physical stores (Cox and Rich, 1964; Darian, 1987; Akkah and Korgaonkar, 1988). Many studies have indicated that the perceived risk of internet shopping is a major obstacle (Lee and Tan, 2003; Forsythe and Shi, 2003). Van den Poel and Leunis (1999) research shows that reducing consumers perceived risk can increase their willingness to buy.

Previous studies generally considered shopping value to be the ratio of costs to benefits (Zeithaml, 1988). Consumers perceived the quality of products as arising from the value from their intrinsic or extrinsic properties (Rao and Monroe, 1989). When consumers purchase products, they focus on their own shopping values, including hedonic value, utilitarian value, and purchase intention (Babin and Attaway, 2000).

Internet shopping is already a major trend and occupies its own place in the huge Taiwanese beauty-care marketplace. Consumers get information about products through advertising from manufacturers and word of mouth from other consumers. However, advertisers have very limited market data on consumers. Hence, consumers are beginning to ask their family members, friends, classmates, or colleagues to help them understand products, which eventually led to the emergence of opinion leaders.

Social network analysis can be applied to an individual, organization (Anderson, 2002), operation, management (Vasara et al., 2003), health care service (Wylie et al., 2007), or auction website (Wang and Chiu, 2008). To date, very few online marketing studies have specifically investigated the influence of opinion leaders using social network analysis and this study guides people to the product have a different view. The main purpose of this study is to explore the new generation of their and opinion leaders degree of influence on consumers.
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