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THE EFFECT OF WEBSITE QUALITY ON PERCEIVED TRUST AND THE  
IMPACT ON PURCHASE INTENTION OF INTERNATIONAL  
FRANCHISE BUSINESS MANAGEMENT'S SERVICES

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**Rita Yohanes<sup>1</sup>, Melva Hermayanty Saragih<sup>2</sup>: The Effect of Website Quality on Perceived Trust and the Impact on Purchase Intention of International Franchise Business Management's Services-- Palarch's Journal Of Archaeology Of Egypt/Egyptology 17(7), ISSN 1567-214x**

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**ABSTRACT**

International Franchise Business Management Indonesia is a national company based in Indonesia that aims to educate and promote franchise as a mean of business expansion. Unfortunately, at about 2012 the company's sales started to decline steadily. The aim of this research is to determine the significant influence of website quality towards attaining a candid trust and its impact on purchase intention of International Franchise Business Management's services. The research utilizes a quantitative technique of questionnaire data collection distributed to 100 respondents who had previously experienced the company's services as well as performed transaction through the company website. Data processing utilizes the aid of an SPSS 21 program combined with a path analysis method. Based on the analytical results, a conclusion was drawn that website quality and perceived trust has a significant impact on purchase intention, both simultaneously or partially. In addition, another conclusion was drawn; the website quality has a significant impact on the International Franchise Business Management's services.

**INTRODUCTION**

The modern world is characterized by increasingly popular and growing services of management consulting. The first management consulting firm was founded by Arthur D. Little far back early 1886. Although at first, it offered only technical research before delving into providing professional management advice. After World War II, various management consulting

firms had grown and expanded vastly around the United States, and eventually reached Europe, Asia-Pacific, and South America. In Indonesia, the consulting business has been quite popular since 2007. Based on an e-article from SWA magazine Indonesia, the overall consulting business's revenue was rated about 4.6 Billion USD from the National's Budget (RAPBN). The article also indicated a steady increase of 20%-30% per year for the following years (SWA Online, 2007).

An old consulting franchise, the International Franchise Business Management (IFBM), has been offering franchise consultation and educational services to entrepreneurs and investors for over 20 years in Indonesia. Gathering knowledge and experience over the years, IFBM has acquired notable clients all across Indonesia such as Alfamart, Sour Sally, Alleira, and Antatours. The business has branched into owning subsidiary companies, such as Franchise Academy and Franchise Organizer. It was also appointed by World Franchise Association (WFA) as Indonesia's very own representative. The company has been selected for unit analysis of this research due to their business field and expertise relating to the author's field of study. Unfortunately, based on the secondary data provided by the company, IFBM has been experiencing a plunge in terms of sales in the past few years. A short discussion with the company's own consultant implied that this drawback may be caused by the lack of awareness and general knowledge of the franchising concept as a method of business expansion.

### IFBM Sales Trend Chart

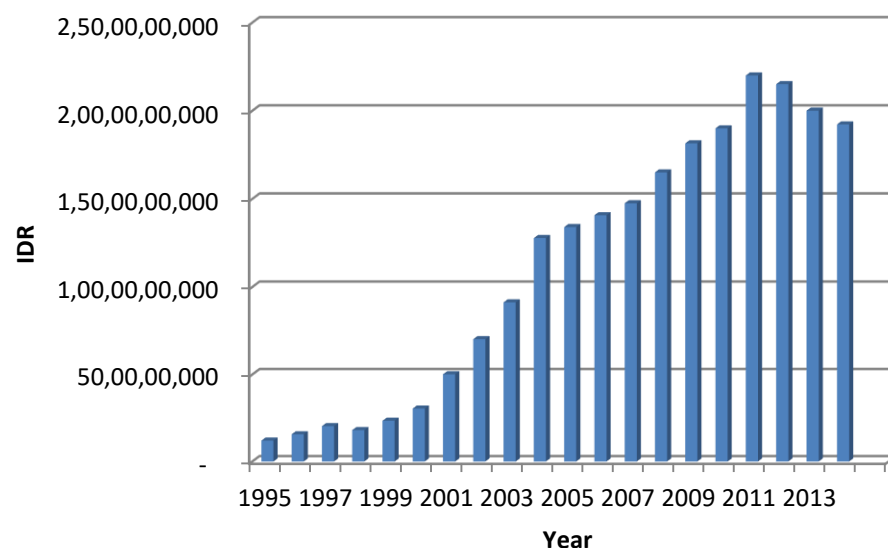


Figure 1. IFBM Sales Trend Chart 1995-2014  
Source: IFBM Database (2015)

As shown from the graph above, there has been a steady decline in sales from the past three years. Besides providing franchise consultation to established businesses as a main source of income, the company also organizes workshops and seminars trimonthly regarding franchising as a side income as well. However, it seems that IFBM has recently failed to attract potential clients alongside seminar enthusiasts despite the increased growth

rate of entrepreneurs in Indonesia from 2012 to 2014 (*source: <http://entrepreneur.bisnis.com/read/20120304/88/67018/jumlah-wirusaha-ri-naik-jadi-1-56-percent>*).

An initial testing research concerning the source of awareness for IFBM was performed to help determine the most effective marketing tool that has reached our target market so far. As stated in the business dictionary article online, brand awareness has a role to play for companies seeking to increase sales in the marketplace (*source: <http://www.businessdictionary.com/article/571/three-objectives-of-brand-awareness/>*). The result proved that the website has been the main source of awareness for IFBM.

The preliminary testing was conducted using a short survey, with three sample constructs taken from an appendix questionnaire of academic and business journals containing indicators for each website quality, perceived trust, and purchase intention tailored to IFBM's problem. Respondents of the pre-test were past customers of IFBM who had visited or contacted the company via website. The scale of answer would be from one to five with one being the most disagreed while five is the most agreed option. Starting from website quality, respondents were asked to rate IFBM's website based on easiness, information flow, and its services. As for its perceived trust, respondents were asked questions based the goodwill and competencies of the website. Lastly, respondents were asked if they would ultimately consider purchasing the services based on their websites attributes.

Website quality as "users' evaluations of whether a web site's features meet their users' needs and reflect the overall excellence of the web site"(Chang and Chen, 2008). The journal also included several dimensions of measurement indicators that can be used to help determine the website quality of IFBM. Nonetheless, a previous study was mentioned in the same journal which implied that improving website quality alone may not directly translate to an increased intention to purchase the service as there are probable trust issues that may arise when customers deal with unfamiliar merchants.

Trust is "customers' confidence or willingness to rely on a trustee's competence and reliability" (Chang and Chen, 2008). The same journal indicated the involvement of cognition and affection as trust in a psychological state that interlaces, such as for instance, when a consumer trusts a certain website due to its accurate information on display as well as the website's color choices and design that portrays a reliable image in their mind.

Previous research (Chang, Kuo, Hsu & Cheng, 2014) stated that "perceived trust works as a mediating variable in the relationship between website quality and purchase intention." That is to say that website quality will definitely influence a customer's purchase intention and this relationship will be mediated through perceived trust as a necessary mediator. As the ultimate goal of this research, website quality intervened with perceived trust is expected to pose correlations to consumer's purchase intention, ultimately increasing the sales of the firm on the long run.

## LITERATURE REVIEW

Previous researchers also emphasized the importance of website quality

for businesses. They stated the web storefront is the main user interface for internet-enabled businesses. It is important to assess the quality attributes of the website and what users expect from the website (Kuan, Bock, and Vathanophas, 2008).

Kuan, Bock, and Vathanophas (2008) used system quality as one of the dimensions for rating website quality. The following attributes are based on the author's past research; ease of use, ease of navigation, consistency of layout, visual appeal, fast checkout, and download delay. The authors also described system quality as the degree to which the user believes the website is easy to navigate (Palmer, 2002) and the consistency level of the interface (Vassilopoulou, Keeling, Macaulay, & McGoldrick, 2001; Ranganathan and Ganapathy, 2002).

The authors also stated the definition of information quality as the degree to which the user believes that the information at the website possesses the attributes of content, accuracy, format (Rai, Lang, and Welker, 2002), and timeliness (Doll and Torkzadeh, 1988).

Service quality is the last dimension used by Kuan, Bock, and Vathanophas (2008) to map the attributes of website quality. The following attributes include; effectiveness of product search and comparison, interactivity, responsiveness, clarity on security and privacy policies, assurance, empathy, and product tracking. The authors also stated the definition of system quality as the degree to which the user believes the website is responsive, interactive (Palmer, 2002), clear about security and privacy policies, and effective in its search and comparison capabilities (Vassilopoulou et al., 2001).

Perceived trust is defined by experts as customers' confidence or willingness to rely on a trustee's competence and reliability (Chang and Chen, 2008). Another definition from a different journal describes trust as a dimension of a business relationship that determines the level to which each party feels they can rely on the integrity of the promise offered by the other (Sam and Tahir, 2010).

Moreover, trust is characterized by uncertainty, vulnerability, and dependence. These characteristics are reflected in an online transaction, where customers cannot see the real appearance of the seller, physically examine the merchandise or collect the merchandise upon payment. Measurements of perceived trust used in the research journal (Chang and Chen, 2008) are; competency, service excellence, expectation of intentions, and expectation of goodwill.

In the literature research marketing, purchase intention is a variable that is usually used to measure and anticipate the behaviour of the consumer response (Li, Bailey, Kenrick & Linsenmeier, 2002). In this context, Nevin and Houston (2011) have shown that the purchase intention has been widely used as a determinant to predict the next purchase decisions of potential customers. Similarly, Monroe and Krishnan (1995) described it as the tendency of the behaviour and purchase intention of consumers to buy these products.

On the other hand, an international journal on online marketing titled "Impact of Electronic Word of Mouth Evaluation on Purchase Intention: The Mediating Role of Attitude toward the Product" (Hamouda & Tabbane, 2013), defined purchase intention as the probability of a consumer on their

willingness to purchase a product or service. Measurement of purchase intention used in a research journal (Jalilvand & Samiei, 2012) includes; purchasing the service opposed to competitors, willingness to recommend the service to others, intention to use the service more in future.

### Research Framework

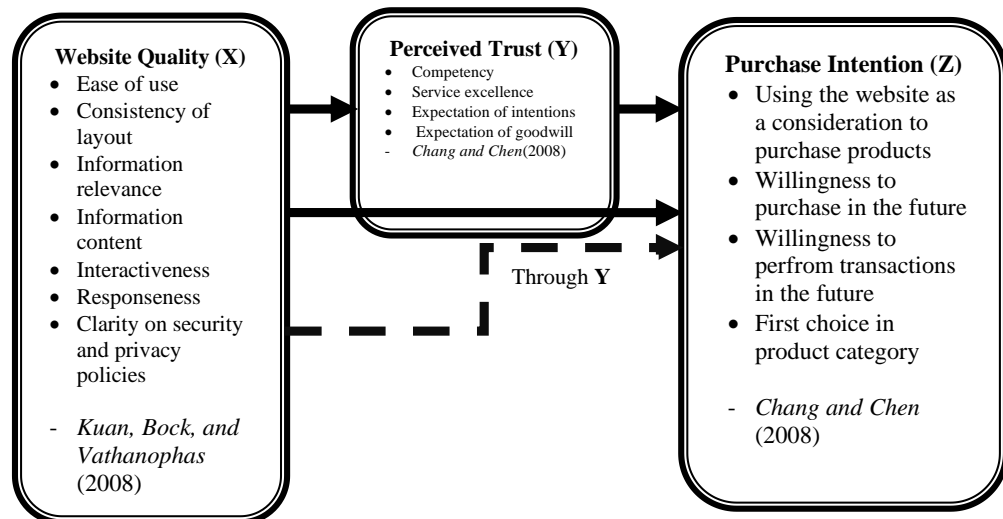


Figure 2. The Research Framework  
Source: Author's Framework (2015)

### Research Purpose

1. To analyze the effect of IFBM's Website Quality on consumer's Perceived Trust. (T-1)
2. To analyze the effect of IFBM's Website Quality on consumer's Purchase Intention. (T-2)
3. To analyze the effect of consumer's Perceived Trust on consumer's Purchase Intention. (T-3)
4. To analyze the effect of IFBM's Website Quality and consumer's Perceived Trust simultaneously on consumer's Purchase Intention. (T-4)

Figure 1 shows the effect of Website Quality (X) on consumer's Perceived Trust (Y) and the impact on Purchase Intention (Z).

### MATERIALS AND METHODS

In the analysis, the author uses both descriptive and associative methods. Descriptive research is used to define various criteria and the values of the variables studied, while the more associative studies are used for the analysis of the causal relationship where the independent variables affect the dependent variable.

The author uses qualitative data and sources derived from primary and secondary data. Here are the details in Table 1 below:

Table 1.  
Data and Sources

Data	Sources of Data
Measurement basis of variables	Secondary data of literature studies as well as primary data from preliminary research of IFBM's customer
Website quality data	Primary data from questionnaires distributed
Perceived trust data	Primary data from questionnaires distributed
Purchase Intention data	Primary data from questionnaires distributed

Source: Author's (2015)

Data collection was performed using several techniques which are:

- *Initial Testing*, prior to this study, initial testing was conducted to determine the main source of media awareness for International Franchise Business Management. The former business' clients were asked to indicate which media contributed most to their awareness. The choices for media were; website, printed ads, E-mail blast, and other media sources (social media, e-article, etc.).
  - *Preliminary research* was undertaken to confirm if the proposed variables were valid to be researched to solve the company's problem. Former business clients were asked to rate IFBM's website quality, their perceived trust on the company's site, and their Intention to purchase services based on their short visit to the company's website. The construction of the short survey for preliminary research was taken from the same sources of this research. However, not all constructions were used during the period
  - *The questionnaire* is a data collection by delivering or distributing a list of questions or statements to the respondents to obtain a collective response or answer (Umar, 2008).
  - *Literature study* is used to obtain information related to this research on a theoretical basis. The author conducted a literature study through books, journals, and articles on the internet.
  - *A short interview* with one of the company's consultant was done to determine the main problem that was yet to be tackled. The interview revealed the company's sales problem which dragged it on for years.
- The population in this research is from the company's database which consists of past consumers of International Franchise Business Management who experienced the company services and used the IFBM website as well as part of the IFBM Community Group which consists of 132 members. The sampling technique used will be the Simple Random Sampling which is a subset of a statistical population where each member of the subset has an equal probability of being chosen. The simple random sampling is meant to be an unbiased representation of a group. It means that each sample has an equal chance of participating.

After the data is collected, the validity-reliability test will be conducted and the normality test of the data afterward will be taken. Once the data is normal, valid, and reliable, then the analysis will be performed using analytical techniques. It can be seen in Table 2.

Table 2.: Method of Data Analysis

Research Purpose	Analysis Method	
	Research Type	Research Methods
T-1	Associative	Path Analysis and Pearson Correlation
T-2	Associative	Path Analysis and Pearson Correlation
T-3	Associative	Path Analysis and Pearson Correlation
T-4	Associative	Path Analysis and Pearson Correlation

Source: Secondary Data which has been developed (2015)

### RESULTS AND DISCUSSIONS

The result will feature coefficient sub-structure 1 and 2 as final output for the path analysis on the variable Website Quality, Perceived Trust, and Purchase Intention.

Table 3.  
Result of Sub-Structure 1

Variable	Coefficient line (beta)	Sig Value	Result	R Square	External Factors ( $\rho_z \epsilon_2$ )
X to Y	0.217	0.030	Ho rejected	0.047 = 4.7%	0.976

Source: Secondary Data which has been developed (2015)

Structural Equation for Sub-Structure 1:

$$Y = \rho_{yX}X + \rho_y \epsilon_1$$

$$Y = 0.217X + 0.976\epsilon_1 \text{ where } R^2 = 0.047$$

It can be inferred that:

- Perceived Trust (Y) is influenced by the Website Quality (X) by 4.7% and the remaining 95.3% is influenced by other variables outside the research.
- Any increase in Website Quality (X) by one, leads to an increase by 0.217 in the Perceived Trust (Y). Likewise, any decrease in Website Quality (X) equal to one, then Perceived Trust (Y) also will drop by 0.217.

Table 4.

Result of Sub-Structure 2

Variable	Coefficient line (beta)	Sig Value	Result	R Square	External Factors ( $\rho_z \epsilon_2$ )
X towards Z	0.569	0.004	Ho rejected	0.504 = 50.4%	0.704
Y towards Z	0.229	0.000	Ho rejected		

Source: Secondary Data which has been developed (2015)

Structural Equation for Sub-Structure 2:

$$Z = \rho_{zx}X + \rho_{zy}Y + \rho_z \epsilon_2$$

$$Z = 0.569X + 0.229Y + 0.704\epsilon_2 \text{ where } R^2 = 0.504$$

It can be inferred that:

- Purchase Intention (Z) is affected by Website Quality (X) and Perceived Trust (Y) simultaneously at 50.4% and the remaining 49.6% is influenced by other variables outside of this research.
- Assuming that there is no influence from other variables, any increase in the value of Website Quality (X) by one, then the Purchase Intention (Z) will rise by 0.569. Likewise, any decrease in Website Quality (X) by one, then Purchase Intention (Z) will also decrease by 0.569.
- Assuming that there is no influence from other variables, any increase in the value of Perceived Trust (Y) by one will lead to an increase in the value of Purchase Intention (Z) by 0.229. Likewise, any reduction in Perceived Trust (Y) of the Purchase Intention (Z) will also decrease by 0.229.

Table 5.  
Summary of Empirical Causal Relationship X, Y and Z

Variable	Coefficient Line	Causal Effect			Simultaneous Effect
		Direct	Indirect Through Y	Total	
X	0.569	0.569	0.229	0.618	-
Y	0.229	0.229	-	0.229	-
$\epsilon_1$	0.976	$0.976^2=0.952$	-	-	-
$\epsilon_2$	0.504	$0.504^2=0.254$	-	-	-
X and Y	-	-	-	-	0.504

Source: Secondary Data which has been developed (2015)

Based on Table 5, the following information can be inferred:

1. The first hypothesis stating “There is a positive and significant effect of the variable Website Quality (X) towards Perceived Trust (Y) of International Franchise Business Management’s services,” has been accepted, because it is based on the path of coefficient testing sub-structure 1, the path of the coefficient variable X to variable Y is statistically significant. Thus, it can be inferred that Website Quality poses significant contributions to Perceived Trust. Website Quality contributed a direct influence to Perceived Trust in an amount of  $0.217^2 \times 100\% = 4.7\%$  and the remaining 95.3% were influenced by other factors outside this research.
2. The second hypothesis stating “There is a positive and significant effect of the variable Website Quality (X) towards Purchase Intention (Z) of International Franchise Business Management’s services,” has been accepted, because it is based on the path of coefficient testing sub-structure 2, the path of the coefficient variable X to variable Z is statistically significant. Thus, it can be inferred that Website Quality poses significant contributions to Purchase Intention. Website Quality contributed a direct influence to Purchase Intention in an amount of  $0.569^2 \times 100\% = 32.4\%$  and the remaining 67.6% are influenced by other factors outside the research.
3. The third hypothesis stating “There is a positive and significant effect of the variable Perceived Trust (Y) towards Purchase Intention (Z) of International Franchise Business Management’s services,” has been accepted, because it is based on the path of coefficient testing sub-structure



2, the path of the coefficient variable Y to variable Z is statistically significant. Thus, it can be inferred that Perceived Trust poses significant contributions to Purchase Intention. Perceived Trust reflected a direct influence to Purchase Intention in an amount of  $0.229^2 \times 100\% = 5.2\%$  and the remaining 94.8% were influenced by other factors outside this research.

4. The fourth hypothesis stating "There is a positive and significant effect of the variable Website Quality (X) and Perceived Trust (Y) simultaneously to Purchase Intention (Z) of International Franchise Business Management's services," has been accepted, because it is based on the path of coefficient testing sub-structure 2, the path of the coefficient of X, Y, and Z are statistically significant. Thus, it can be inferred that Website Quality and Perceived Trust simultaneously pose significant contributions to Purchase Intention. Website Quality and Perceived Trust contributed a direct influence to Purchase Intention in an amount of 50.4% and the remaining 49.6% were influenced by other factors outside this research.

### **Implications of Results**

Based on the research results and path analysis computation conducted, the research implications are as follows:

- a. Website Quality does indeed display a significant contribution to the Perceived Trust of International Franchise Business Management's services. The relationship of both variables is linear, as well as marking up a weak and positive correlation partially. The lowest score obtained from the construct from the questionnaire was from construct 13 on the Perceived Trust category which stated "The IFBM Website is competent." The low score can be linked to the weak correlations of coefficient line between Website Quality and Perceived Trust. In turn, the company needs to improve attributes of the website that will bolster emotional judgment of competencies and trust.
- b. Website Quality does indeed pose a significant contribution to the Purchase Intention of International Franchise Business Management's services. The relationship of both variables is linear as well as marking up moderate and positive correlations, partially. The two highest scores of the constructs from the questionnaire was from construct 18 and 19 on the Purchased Intention category which stated "I expect to purchase through IFBM's website in the future" and "I will likely transact with the IFBM's website in near future." The result shows a direct contribution of the company's website quality that sparks consumer's intention to purchase their services as well as using the website to perform transactions.
- c. Perceived Trust does indeed pose a significant contribution to the Purchase Intention of International Franchise Business Management's services. The relationship of both variables is linear, as well as marking up moderate and positive correlations partially. The related construct to Perceived Trust and Purchase Intention from the questionnaire was from construct 20 on the Purchased Intention category stating "IFBM would be my first choice for a Franchise Consulting firm." The score of the construct was high enough to define the intended correlations of both variables.
- d. Website Quality and Perceived Trust simultaneously also poses a significant contribution to the Purchase Intention of International Franchise

Business Management's services. The company can definitely consider both the dependent and intervening variable in this study to stimulate an increase in the dependent variable.

## CONCLUSIONS

Based on the results of data processing in this study, the conclusions that can be drawn are as follows:

1. There is a positive and significant effect of the variable Website Quality towards Perceived Trust of International Franchise Business Management's services.
2. There is a positive and significant effect of the variable Website Quality towards Purchase Intention of International Franchise Business Management's services.
3. There is a positive and significant effect of the variable Perceived Trust towards Purchase Intention of International Franchise Business Management's services.
4. There is a positive and significant effect of the variable Website Quality and Perceived Trust simultaneously to Purchase Intention of International Franchise Business Management's services.

Based on the findings, there are some suggestions for International Franchise Business Management:

1. Due to the significant and positive contribution website quality relays to both consumer's perceived trust and the intention to purchase services, IFBM should consider utilizing the company's website further, for example by trying to implement additional e-marketing strategies as an actionable strategy as it is more economical than hiring a team of marketing operatives. Another initiative to improve the overall quality of website is due to a low mean score of construct from the questionnaire distributed; construct 1 states "The IFBM website is easy to use" and construct 5 rates the highest score concerning sufficient display of information. It seems like the website is not so easy to navigate through despite how informative it is to some consumers.
2. The second construct with a low score comes from the Perceived Trust variable which is construct 13 that displays a low competency of the website as rated by participants. Actionable strategy for the company would be to improve on content management, where the display of information is supplied with an outlook that matches the style of a commerce website.
3. From the perspective of Purchase Intention, construct 18 ranked the lowest mean score, displaying low desire for consumers to perform transactions via the website. Actionable strategy would be to offer promotional prices and offers for transactions performed specifically via website to encourage the increase of e-commerce activity.
4. A direct effect of contribution of 50.4% was given by Website Quality and Perceived Trust simultaneously to Purchase Intention. The result indicates that IFBM can indeed continue to improve the company's website attributes to impose perceived trust of the web visitor, which eventually would increase their intention to purchase services. However, as the magnitude of simultaneous contribution is only slightly more than half of other factors, it would be better if IFBM could implement further e-marketing and other marketing strategies such as the press media and search engine optimization(SEO).

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