



Enhancing E-commerce Adoption in Cambodia

Understanding Privacy Concerns and Building Consumer Trust

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ABSTRACT

This study examines into what influences the online purchasing behaviours of Cambodian customers. The study examines the perceived ease of use (PEOU), perceived usefulness (PU), and perceived trust (PT) as important factors influencing people's intentions to shop online using the Technology Acceptance Model (TAM) framework. The study emphasises the significance of TAM in comprehending the online behaviour of Cambodian customers by utilising secondary sources of data. The results imply that PU and PEOU have a beneficial influence on consumers' intentions to shop online. Perceived trust is also found to be another important factor influencing buying decisions. The study recognises the limitations resulting from its reliance on secondary data and suggests opportunities for future research, such as primary surveys or interviews with Cambodian customers to obtain a broader understanding of their concerns and motivations.

Keyword: E-commerce adoption Cambodia, Technology Acceptance Model (TAM), Perceived ease of use (PEOU), Perceived usefulness (PU), Perceived trust (PT), Online shopping platforms , Customer behavior.

1. Introduction

1.1. Background Study

E-commerce, as defined by Turban et al. (2018), is "the process of buying, selling, transferring, or exchanging products, services, or information via computer networks, including the internet." Online shopping platforms, including websites and social media, have been significant in people's lifestyles as it offers unique opportunities for SMEs in Cambodia. Therefore, this research paper focuses on factors influencing customer's behavior toward online shopping platforms and promotes business growth in the digital era.

Several factors influence online shopping platforms in Cambodia, making it essential to understand these dynamics for businesses aiming to enter this growing market. Firstly, the country's growing accessibility to the internet has made people more connected than ever,

providing them instant access to an extensive amount of information and options. This connectivity simplifies the process for customers to search for products and compare prices, ultimately encouraging more online shopping. Secondly, online shopping is essential in today's digital marketplace as it provides businesses with large-scale operations, allows them to operate 24/7, and offers customers a convenient way to shop whenever and wherever they want. This shift toward online platforms has given small and medium-sized enterprises more opportunities to reach a wider customer base and enhance their marketability.

Understanding these factors namely increased internet connectivity and the convenience of online shopping is crucial for businesses. These elements play a significant role in shaping customer behavior and driving online sales in Cambodia, highlighting the importance of e-commerce in the modern economic landscape.

1.2. Problem Statement

Despite the growing importance of e-commerce, the lower pace and level of acceptance of e-commerce in Emerging Asian Markets (EAMs) may pose significant challenges (Straub, Keil, & Brenner, 1997; Van Slyke et al., 2010). Moreover, online shopping is risky because customers can't physically see or try products before buying them (Pavlou, 2003). They worry about whether items will be good quality, fit properly, or work as expected since they rely solely on online descriptions (Pavlou, 2003).

According to the Consumer Report - Cambodia 2023 by Confluences, several concerns have been identified that bother Cambodians when considering online shopping platforms. One major issue is the lack of a robust customer protection policy, particularly regarding refunds and product returns. This concern reflects a significant gap in consumer confidence, as customers feel uncertain about the process and reliability of returning products and getting refunds. Additionally, there is a pervasive fear of false advertising. Customers are wary of deceptive marketing practices that misrepresent products, leading to distrust in online platforms. This highlights the necessity for transparent and honest marketing practices to build and maintain customer trust.

On the business side, starting an online business may provide challenges, such as limited internet penetration. Although internet usage is growing rapidly, a portion of people in Cambodia still do not have access to the internet or have connectivity problems, which can negatively impact the user experience as a whole. Most significantly, the level of awareness and adoption of

shifting from brick-and mortar to online shopping platforms are still relatively new for people to accustom with.

By addressing these concerns will be crucial for fostering a more reliable and customer-friendly online shopping platform in Cambodia. Besides, businesses can adjust their market strategies to meet the evolving needs and preferences of Cambodian customers, ultimately increasing the potential of the e-commerce sector in Cambodia.

1.3. Research Objectives

This research aims to uncover factors influencing customer's behavior toward online shopping platforms and to understand about the customer buying behavior. Additionally, the paper aims to propose effective strategies for technology implementation, incorporating the Technology Acceptance Model (TAM) alongside other predictive variables, to tackle the challenges associated with the slow adoption and acceptance of e-commerce. Ultimately, this initiative will not only expand the e-commerce sector in Cambodia but also promote greater adoption of online shopping practices.

1.4. Research Question

Main Research Question:

- What factors influence customer's behavior toward online shopping platforms?
- How can we leverage TAM framework to address the concerns that customer are facing with?

2. Literature Review

2.1. Theoretical Background of Technology Acceptance Model (TAM)

The rise of the Internet has paved the way for retails to go digital and media (Facebook, Instagram, etc) has gained a huge momentum in today's market. However, (Davis, 1989) in order to take advantage of these opportunities, it is important to have an understanding of how customers behave within a culture ,adoption stages, and are willing to adopt alternative exchange channels in order to predict their purchase intention. To further enhance this digital business

transformation, Technology Acceptance Model (TAM) can provide valuable insight into how customers interact within different cultures and their readiness to adopt a new digital technology.

TAM is a theoretical framework developed to understand and predict individual's acceptance and adoption of technology. Specifically in this e-commerce context, TAM helps assess users' attitudes and behaviors towards using online platforms for shopping and other transactions. In 1989, Davis introduced the Technology Acceptance Model (TAM), a conceptual framework that has become foundational in understanding users' adoption and utilization of technology. Within the TAM framework, Davis identified several primary constructs that elucidate users' attitudes and behaviors towards technology adoption:

- Perceived Ease of Use (PEOU): PEOU encompasses users' perceptions of the simplicity and ease with which they can comprehend and interact with a technology or system. It reflects the extent to which users believe that using the technology will require minimal effort and cognitive load.
- Perceived Usefulness (PU): PU refers to users' perceptions of the utility and benefits derived from using the technology. It assesses the degree to which users believe that utilizing the technology will enhance their productivity, efficiency, or effectiveness in accomplishing tasks.
- Attitude Toward Using (ATU): ATU represents users' overall attitudes or predispositions towards accepting or rejecting the technology for use. It captures users' subjective evaluations of the technology's desirability and favorability, which influence their intentions and behaviors.

(Zhi Ji et al.) In this study, the TAM is implemented to understand users' continued usage intentions for online learning applications by using this framework to analyze the relationship between variables such as social influence, characteristics, and individual differences in order to better capture their behavior pattern toward online learning applications. Additionally, Singh et al. (2006) applies this TAM framework to understand customer acceptance of international websites in Brazil, Taiwan, and Germany. Their research focused on the critical role that "cultural adaptation," or adjusting website designs to reflect for variations in culture, has in shaping how international websites are used.

2.2. Culture Shapes Online Customer Decisions and Trust

Customers' purchasing behavior is greatly influenced by cultural norms and beliefs, particularly when it comes to online purchasing. These factors affect how customers perceive things, behave, and make decisions whether to make purchases or accept digital online

transactions. Culture, which includes language, beliefs, customs, and norms, is a major influence on consumer behavior. Individuals from different cultures could have particular preferences that are shaped by their cultural upbringing.

For instance, dietary preferences shaped by cultural norms can influence the selection of food products. Furthermore, McCort and Malhotra (1993) stressed how crucial culture is to customers' creativeness and decision-making, assuming that culture has a big impact on how people behave, perceive things, and make decisions in every country. Moreover, Customer's trust is heavily influenced by cultural factors, especially in the context of customer behavior and e-commerce.

One of the key reasons customers use the internet but do not actually buy is due to the lack of trust in e-retailer (Lynch and Ariely 200). For example, in Cambodia, a culture's trust in online shopping may be heavily influenced by family and friends' recommendations rather than just online reviews or ratings. In the context of this study, we define trust as the degree to which customers believe an e-retailer will fulfill their transactional expectations and refrain from acting in an opportunistic manner.

Several frameworks and models are utilized to measure the cultural influence on consumers' purchasing intentions. However, Hofstede's (1980, 1991) framework is widely used, focusing on four cultural dimensions, including:

- Individualism: This dimension refers to the extent to which a culture emphasizes personal achievement over group goals. For example, in the United States, there is a strong emphasis on personal rights, and individuals are expected to make their own choices and decisions.
- Uncertainty Avoidance: refers to how comfortable a culture is with uncertainty and ambiguity like in Japan where it has a high uncertainty avoidance culture. The majority of people may prefer clear instructions and structured rules to reduce the uncertainty.
- Power Distance: relates to how a culture views and accepts unequal distribution of power.
- Masculinity: the degree to which distinct social gender roles characterize culture.

3. Research Methodologies

This study is conducted using a qualitative method, solely focused on secondary data collection from journal articles, research reports and papers to understand the customer behavior when it comes to online-purchasing, by using other researchers' hypotheses that have been conducted in their paper.

As mentioned earlier, The TAM concepts uses TRA (Theory of Reasoned Action) to specify the relationship between two key beliefs about a new technology in general, PU(Perceived Usefulness) and PEOU(Perceived Ease of Use). However, to fully exploit these opportunities, it's crucial to understand how customers across cultures and stages of adoption perceive different business paths, as well as their readiness to adopt them. It has been suggested by researchers that people are more inclined to utilize a technology if they perceive it to be practical and user-friendly (Davis 1989).

PU and PEOU

According to (Davis 1989) PU and PEOU has been shown as a strong determinant factor of user acceptance, and adoption of new technology in order to analyze user's behavior pattern. Perceived usefulness refers to how an individual believes using a given device will improve performance at work (Davis, 1989). In this context, it refers to how customers believe using these online platformhance their shopping performance or activity. Similarly, PEOU refers to the level of customer confidence that using online shopping platforms is convenient to use. Additionally, it was claimed by [Venkatesh and Davis \(1996\)](#) that identifying PU and PEOU is critical from a theoretical standpoint for deciding adoption and usage.

For instance, O'Cass and Fenech (2003) uses the TAM as a theoretical framework for investigating the impact of key customer preferences on the adoption of the online shopping platform for retail purposes. The findings show that PU and PEOU positively impact the relationship between crucial customer traits and customers' decisions to make purchases via the Internet. In general, research has shown that PU (Davis 1989) and PEOU (Venkatesh and Davis 2000) have a significant impact on consumers' desires to adopt new technology. As such, we suggest the following:

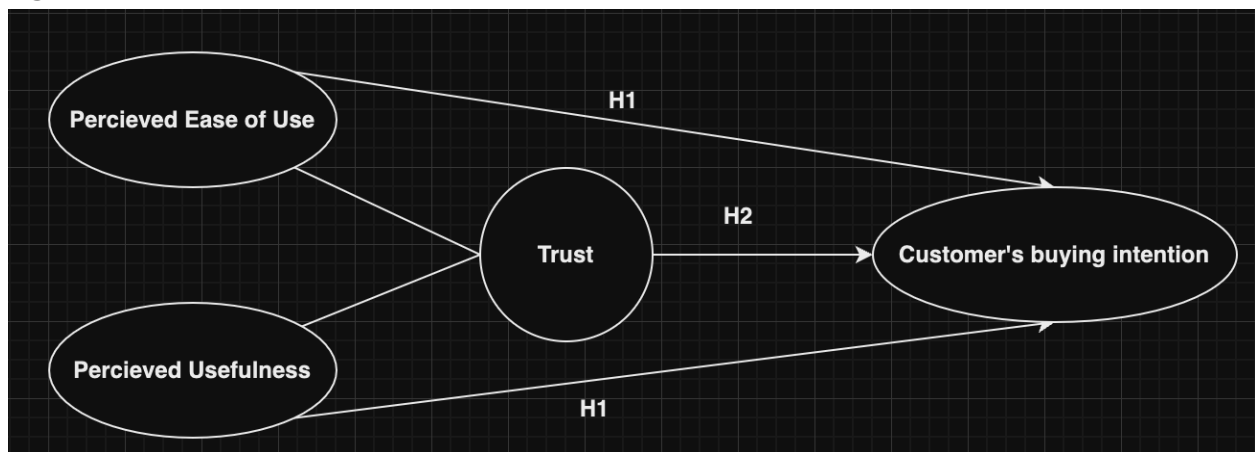
H1: (a) PU and (b) PEOU have a direct (positive) impact on customers' intentions to shop online.

Perceived Trust (PT)

As we have already hypothesized the relationship between PEOU and PU toward the customers' purchase intention, trust is also a vital matter that needs to be considered, especially in the context of online-based shopping platforms as well. For instance, Chircu, Davis, and Kauffman (2000, p. 712) note that trust has a beneficial impact on PU and PEOU because it eases the purchasing process by lowering the amount of work that customers must put in to "understand, monitor, and control the situation." Similarly, Pavlou (2003) contends that trust promotes e-commerce by lowering the need for customers to keep an eye on e-retailers' behavior and every step of the process; in contrast, low trust causes customers to expend a great deal of time and energy ensuring that every aspect of the purchase is carried out correctly. This reasoning supports the finding of Ring and Van de Ven (1994, p. 110) that "the lower the transaction costs (time and effort) required of parties, the greater the ability to rely on trust."

H2: Perceived Trust has a direct(positive) impact on customers' buying intention.

Figure 1



4. Result and Discussion

This study aimed to examine the factor influencing Cambodian people when making online-purchase within the TAM modification model which is used in the context of online purchasing. It offers an important theoretical tool, such as PEOU, PU, PT, and other variables, to predict customer behavior. However, we have now seen how significant it can be used in terms of predicting customer's behavior and other different settings. As a result, the hypotheses that have been stated above also validate the feasibility and effectiveness of using TAM and how impactful it can be to implement in

predicting Cambodian customer's behavior. Additionally, there were studies in Cambodia (Bora Ly and Romny Ly, 2022) conducted, and based on their findings, perceived usefulness (PU) has a **higher level of influence** than perceived ease of use (PE) on users' attitudes towards adopting Internet banking (IB).

In other words, when Cambodians consider using internet banking, they care more about whether it will be helpful to them in the long run than how easy it is to use in the short term. This suggests that Cambodians are looking for a service that can provide them with real benefits, such as saving time and money, rather than simply being a convenient option. Thus, these three variables significantly contribute to the customer's purchasing intention to adopt online shopping platforms.

5. Limitation

There are some limitations to the current study, and there is more room for further research. First, due to time constraints, this research relies solely on secondary data collection through existing research papers and reports. While this approach provided valuable insights, it may not capture the nuances of Cambodian consumers' current behavior and attitudes towards online shopping. Conducting primary research through surveys or interviews with Cambodian consumers could provide a more comprehensive understanding of their motivations and concerns.

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