

The Effect of Perceived Risk on the Purchase Intention of Alternative Fuel Vehicles

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Abstract

The diffusion of AFV's is comparatively high in Sri Lanka, even though the uncertainties and negative consequences of owning them are perceived to be high. This contradicts the theory of perceived risk which postulates that when customers perceive the negative consequences of purchasing, goal driven purchase intention should weaken. Hence, the purpose of this paper is to examine the effect of perceived risk on the relationships between key purchasing determinants and purchase intention of alternative fuel vehicles in Sri Lanka. This study examines this unexpected local consumer behaviour through the lens of the Theory of Perceived Risk and the Unified Theory of the Acceptance and Use of Technology (UTAUT). The study employed structured questionnaires to gather primary data from the sample utilizing a convenience sampling technique. It employed two-step Partial Least Squares (PLS)-Structural Equation Modeling (SEM) to analyze the data, and the analysis revealed that performance expectancy (PE), effort expectancy (EE), social influence (SI), price value (PV) and facilitating conditions (FC) are the key determinants of the purchase intention of AFV customers in Sri Lanka. Furthermore, perceived risk was found to moderate the relationships between these determinants and the purchase intention of customers who plan to invest in AFVs.

Keywords: Alternative fuel vehicles, Perceived risk, Purchase intention, UTAUT, PLS.

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