

# **Psychological Distance and Online Purchasing Intention towards Big Ticket Electronics: A Mediating Effect of Trust Formulation and Moderating Effect of Perceived Risk**

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With the aggressive penetration of the internet , in the 90's decade many believed that it will spur a super highway for an aggressive growth in e-commerce. However, two decades later e-commerce still struggles to capture more than 10% of the total global retail value. Consumer distrust towards unfamiliar retailers over the cyber channel have created an impediment in the aggressive growth of this sector. As per the construal level theory , this distrust could be partially explained by way of a concept referred to as "psychological distance". This study depicts that pureplay e-tailers who lack a physical store or having a physically distant location altogether , contribute to psychological distance , impaired online trust and reluctance to procure big ticket electronics online in Sri Lanka. In turn, the study sets a strong platform for business managers of local e-tailers to devise economical but effective investment strategies , whereby through manipulating and interchanging the social and tangible dimensions (of psychological distance) , it is possible to offset the unfavorable effect caused by physical distance and thus reduce the psychological distance as a whole in comparison to a retailer with prominent physical presence (and favorable psychological distance).

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