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Understanding channel purchase intentions

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2 Determinants of Online Purchasing

2.1 Introduction

To understand why consumers shop offline or online, it is required to understand consumers' motivations to use online and offline stores. A substantial body of research has explained the reasons to shop through offline stores (for a review, see Baker et al. 2002). Recently, the reasons to shop online have also been extensively investigated by dealing with questions such as: What drives consumers to shop online? What do consumers really want from their online shopping experiences? What attributes are most important in their judgments of e-quality, e-satisfaction, e-value and e-loyalty? (Childers et al. 2001; Nicholson et al. 2002; Monsuwé, Dellaert and De Ruyter 2004; Parasuraman, Zeithaml and Malhotra 2005; Wolfinbarger and Gilly 2001; Zeithaml, Parasuraman and Malhotra 2000; 2002).

The reasons to use the Internet for purchasing cannot be univocally defined due to its immense scope (e.g. retailer websites, comparison or review websites, auction sites, peer-to-peer networks) and the variety of purchasing goals consumers may have (e.g. type of product). Researchers used different perspectives with varying scopes to investigate how and to what degree the Internet affects online consumer behavior. For example, some researchers focus exclusively on a part of the website, i.e. the atmospherics of the website (De Haes, Lievens and Van Waterschoot 2004; Eroglu, Machleit and Davis 2003); whereas others investigate the website's interface and use (Ranganathan and Ganapathy 2002; Supphellen and Nysveen 2001); still others go beyond the website and attempt to measure the total shopping experience (e.g. Francis and White 2002; Parasuraman et al. 2005; Wolfinbarger and Gilly 2003). Scholars have developed attributes to predict website quality (Yoo and Donthu 2001), satisfaction with a website (e.g. Muylle, Moenaert and Despontin 2004), intention to return to the website (e.g. Supphellen and Nysveen 2001), intentions to buy from a website (Loiacono, Watson and Goodhue 2002; Wolfinbarger and Gilly 2003),

satisfaction with online shopping (Evanschitzky et al. 2004; Szymanski and Hise 2000), and e-loyalty intentions (Anderson and Srinivasan 2003; Srinivasan, Anderson and Ponnnavolu 2002). Some researchers focus on service providers (De Ruyter, Wetzels and Kleijnen 2001; Montoya-Weiss et al. 2003; Zeithaml et al. 2000), whereas others focus on e-tailers that offer merchandise (Chen and Dubinsky 2003; Wolfinger and Gilly 2003). These studies have all contributed to a better understanding of the motivations of consumers to use the Internet for their purchasing, but still authors call for more research on this topic (Black et al. 2002; Gupta et al. 2004; Inman et al. 2004; Nicholson et al. 2002; Schoenbachler and Gordon 2002). Appendix I shows the main findings of the literature review.

This chapter provides a background into the determinants of online purchasing, based on insights from the marketing and technology adoption/innovation diffusion literature. These research fields are used to reveal (1) the motivations and impediments to shop online, (2) the determinants of online channel adoption based on Davis' (1989) Technology Acceptance Model (TAM), (3) the determinants of e-quality, e-satisfaction, e-value and e-loyalty, and (4) the determinants of online channel use and preference. The first stream of research has a qualitative nature and often uses qualitative research techniques (e.g. focus groups) to provide an answer to what drives consumers to shop online. The second stream of research, the TAM literature, originates from the technology adoption and innovation diffusion literature; studies in this field explain the adoption of the Internet –as a technology or innovation– by relying heavily on the perceived characteristics of the Internet itself. The third stream originates from the marketing literature and elicits the antecedents of well-known prepurchase and postpurchase evaluations of online purchases (i.e. e-quality, e-satisfaction, e-value and e-loyalty). Here, the focus is less on the innovation itself, but rather on consumers' perceptions of what they receive from their shopping experiences. The last review puts the use of or preference for the Internet into a broader perspective; it considers why consumers use the Internet vis-à-vis other channels, given circumstances (situational factors), consumers' needs and capabilities (consumer factors), the online and offline offerings (retailer factors) and the type of product being purchased (product factors). The remainder of this chapter is as follows. The following four sections discuss each stream of research. Next, it is determined to what degree the online determinants are unique when compared to those found in the offline context. Finally, a summary is provided of the main determinants of online shopping.

2.2 Motivations (not) to shop online

Wolfenbarger and Gilly (2001) posed the important question what motivates consumers to shop online. As such, they conducted nine focus groups to investigate the attributes and experiences desired by (potential) online shoppers. They acknowledged that consumers shop differently depending on whether their motivations are primarily experiential or goal-oriented (cf. Babin, Darden and Griffin 1994). Next, they argued that online shopping is more likely to be goal-oriented than experiential; based on prior research they concluded that 66 to 80 percent of online purchases were goal-oriented. This high percentage can be explained, because online shoppers tend to be time-starved and want to shop efficiently with narrowly focused search actions (Wolfenbarger and Gilly 2001). Moreover, heavy users of the Internet tend to have a strong internal locus of control and thus have goal-oriented personalities (Hoffman, Novak and Schlosser 2002). Finally, the Internet facilitates utilitarian behavior as search costs are dramatically reduced (Alba et al. 1997; Bakos 1997; Lynch and Ariely 2000). Online shopping tends to be less hedonic, as the online shopping experience is still far less compelling than its offline counterpart (Wolfenbarger and Gilly 2001). Contrastingly, Childers et al. (2001) conclude that, while the instrumental aspects (saving time, shopping effectiveness) of the Internet are important predictors of attitude towards online shopping, hedonic aspects play at least an equal role.

Wolfenbarger and Gilly (2001) suggest that goal-oriented shoppers achieve greater freedom and control in the online environment, as they experience little pressure to purchase before they are absolutely ready. In the online environment, they are less committed because the investments made to visit the retailer are limited (e.g. no need for driving and parking). Moreover, they generally feel less pressured, due to the absence of salespeople. Online shoppers obtain more freedom and control through *convenience/accessibility, selection, availability of information, and lack of sociality*³. Convenience is mostly referred to as the ease of shopping and often includes elements of accessibility, comparison shopping and ease of shopping.

³ Prior research investigated the shopping orientations of online shoppers, which can be used to elicit the motivations to shop online (see section 2.5). The results of these studies confirm the above findings of consumers' motivations to shop online; online shoppers have a strong need for convenience, but do not have a strong need for social interaction, immediate possession of goods, and tactile information.

Despite some inconveniences (e.g. difficulty of assessing quality online, insecurity about payments and postponed gratification), online shoppers generally indicate that shopping online is easier than offline due to the ease of access and comparison shopping (e.g. Bobbitt and Dabholkar 2001; Childers et al. 2001; De Ruyter et al. 2001; Monsuwé et al. 2004; Wolfinbarger and Gilly 2001; Yoon 2002; Zeithaml et al. 2002). Online shoppers also address that the wide selection is a motivation to shop online (Srinivasan et al. 2002; Szymanski and Hise 2000; Wolfinbarger and Gilly 2001; Yoon 2002). For example, the number of books available at Amazon.com is more than 23 times larger than the number of books of a typical Barnes and Noble superstore (Brynjolfsson, Hu and Smith 2003). Next, the availability of relevant information is an important reason to shop online. The wide availability of relevant information helps buyers to make more informed decisions (cf. Chen and Dubinsky 2003; Loiacono et al. 2002; Szymanski and Hise 2000; Wolfinbarger and Gilly 2001; 2003; Zeithaml et al. 2002). With the help of online recommendation tools, consumers can drastically reduce their search costs and make better decisions (Häubl and Trifts 2000). Finally, online shoppers indicate that they sometimes prefer to shop online because of the lack of sociality (Dabholkar and Bagozzi 2002; Nicholson et al. 2002; Wolfinbarger and Gilly 2001). They may prefer online shopping, as they believe offline shopping is too slow due to the anticipated inefficiency of service employees or the unwanted verbal interactions that could take place. However, the lack of sociality is sometimes seen as an inhibitor to shop online; consumers may want to speak to an employee when a complex product is purchased (Black et al. 2002; Francis and White 2004), or want the opportunity to interact with family and friends when hedonic products are purchased (Nicholson et al. 2002). Wolfinbarger and Gilly (2001) argue that freedom and control is the superordinate goal that is being fulfilled by the underlying four motivating factors. Other authors (Francis and White 2004; Hoffman et al. 2002; Koufaris et al. 2001) address (perceived) control as a distinct motivator to shop online. The self-service nature of online shopping delivers a high level of control over the purchase environment (Francis and White 2004; Meuter et al. 2000).

The factors that prevent consumers to shop online particularly refer to the increased levels of risk. It has been shown that the level of social, performance, physical, financial and psychological risks vary with the shopping channel (Cox and Rich 1964; Gillett 1976; Spence et al. 1970). In the online environment, the physical and temporal distance between

consumers and retailers create additional uncertainty, because product characteristics and retailer identity cannot be fully assessed during the transaction (Ba and Pavlou 2002; Jarvenpaa and Tractinsky 1999; Pavlou 2003) and because of the greater ease of cheating online (Einwiller 2003; Gefen 2000; Reichheld and Scheffer 2000). In online environments, consumers have fewer tangible and verifiable cues regarding the retailer's capabilities and intentions (Urban, Sultan and Qualls 2000), leading to higher risk perceptions. Although the transaction appears to be fast and convenient, the background processes such as order flow, price discovery and order execution remain largely inscrutable (Konana, Menon and Balasubramanian 2000). Not surprisingly, privacy and security concerns are frequently mentioned as inhibitors of online shopping (Swaminathan, Lepkowska-White and Rao 1999; Wolfenbarger and Gilly 2003; Zeithaml et al. 2000). In this respect, trust is often seen as a facilitator of online shopping (e.g. Jarvenpaa and Tractinsky 1999; Pavlou 2003), as it reduces perceptions of risk (cf. Ba and Pavlou 2002; Einwiller 2003).

Other inhibitors may become apparent when buying physical products. Not being able to see, feel or experience a product prior to purchase may inhibit certain consumers to shop online (Li, Kuo and Russel 1999; Zeithaml et al. 2000). Moreover, consumers have to wait before their product is delivered, attenuating the power of immediate gratification and discouraging impulse shopping (Francis and White 2004; Rohm and Swaminathan 2004; Wolfenbarger and Gilly 2001). Finally, increases in consumers' perceived expenditures in returning or exchanging products might prevent consumers to shop online (Seiders, Berry and Gresham 2000).

One of the early debates that still has not reached consensus is whether price is a motivator to shop online. Research on online pricing has focused on whether the prices, price dispersion and/or price sensitivity are higher online than offline. It has been hypothesized that the Internet lowers search costs, making price information available to buyers and the online markets more competitive than conventional markets (Bakos 1997). Websites that facilitate price comparisons make consumers more price sensitive for common products, and lowers demand for unique items (Lynch and Ariely 2000). When comparing online and offline prices, Brynjolfsson and Smith (2000) found that online prices were 9-16% lower than offline retailer prices for books and CDs. Pan, Ratchford and Shankar (2002) compared the price levels of pure-play e-tailers (retailers that only sell online) with

multichannel retailers (retailers that sell online and offline). The results show that prices are lower for pure-play e-tailers than for multichannel retailers for CDs, DVDs, and computers; prices are similar for PDAs and electronics and higher for books and software. In a similar vein, Ancarani and Shankar (2002) showed that when list prices are considered for books and CDs, offline retailers have the highest prices, followed first by multichannel retailers and then by pure-play e-tailers. However, when shipping costs are included, multichannel retailers have the highest prices, followed first by pure-play e-tailers and then by traditional retailers. Contrary to the expectation that price dispersion is lower online, studies found that price dispersion online is substantial and no narrower than in conventional markets (Clemons, Hann and Hitt 2002; Brynjolfsson and Smith 2000). Different prices for identical products can still be justified when, for example, service quality levels are different among e-tailers. However, even when controlling for the heterogeneity in retailers' offerings, price dispersion among e-tailers is still substantial (Pan et al. 2002). Another explanation for the larger price dispersion online is that consumers do not solely base their decision on price, but also on other information such as product information, service quality and product quality. Lynch and Ariely (2000) showed that designing the website to facilitate quality comparisons, decreases price sensitivity for unique items. Consequently, authors have claimed that consumers may become less price sensitive, which may lead to higher prices (Degeratu, Rangaswamy and Wu 2000). Online buyers may also be less price sensitive because of relative high perceived time costs; they are willing to accept high prices rather than incur additional search costs. Ratchford, Pan and Shankar (2003) provided a final explanation for the price dispersion. They argued that the wide price dispersion could be the result of the immaturity of the online channel; they examined online prices based on data collected from BizRate.com in November 2000 and November 2001 and found that price dispersion decreased substantially between these two periods. In general, the online price studies indicate that online prices may differ from offline prices; however, this is mainly due to differences in the dispersion of prices. Consumers that are very price conscious may be motivated to use the online medium to search for the lowest prices, whereas less price conscious shoppers may also be motivated to engage in online shopping as it is easier to compare nonprice information. Not surprisingly, shopping orientations studies did not find a relationship between consumers' price-consciousness and the likelihood of online shopping (Donthu and Garcia 1999; Girard et al. 2003).

To summarize past research, online shoppers are generally motivated by the online's *convenience* (i.e. accessibility, comfort of shopping and saving time and effort), *wide selection/specialty merchandise*, *availability of relevant information*, and *control*. Inconsistencies appear regarding the online price level and lack of sociality as a motivator to shop online. The inhibiting factors of online shopping relate to increased levels of *perceived risk*. For physical products, additional inhibitors are identified, including the *impossibility to physically examine the product prior to purchase*, *the additional delivery time*, and *difficulties in returning faulty merchandise*.

2.3 Technology Acceptance Model

Prior technology adoption and innovation diffusion research studied the adoption and use of the Internet. Most researchers in this field applied the Technology Acceptance Model (TAM), or a modification of it, to predict Internet adoption and use. Davis and his colleagues (Davis 1989; Davis, Bagozzi and Warshaw 1989) introduced TAM to predict the adoption and use of information technologies, such as computers and spreadsheet software programs. TAM is a parsimonious yet powerful model for predicting user acceptance of these technologies. Researchers use TAM to predict online channel adoption and use, because the E-Commerce environment is heavily technology-driven (Pavlou 2003). The findings of TAM-related studies provide insights into the determinants of E-Commerce adoption and use.

TAM proclaims that perceived usefulness and perceived ease of use of a technology influence user's attitude toward using the technology, which in turn affects behavioral intentions, which ultimately determine adoption and use (Davis 1989; Meuter et al. 2005). Perceived usefulness (PU) is defined as "the degree to which a user believes that using the system will enhance his or her performance," whereas perceived ease of use (PEOU) refers to "the degree to which the user believes that using the system will be free from effort" (Davis 1989). While PU refers to the perceptions regarding the outcome of the experience, PEOU refers to their perceptions regarding the process leading to these outcomes (Childers et al. 2001; Monsuwé et al. 2004). If consumers perceive the Internet easier to use and to be more useful, it will increase their likelihood of adoption and usage (Teo, Lim and Lai 1999). PEOU also positively affects PU, as the easier the system is to use, the more

useful it can be (Venkatesh and Davis 2000). The impact of other external variables on behavioral intention is fully mediated by these two beliefs (Davis et al. 1989).

In their development of TAM, Davis et al. (1989) found evidence that attitudes predict intentions; however, subjective norm did not have a significant effect on behavioral intentions over and above PU and PEOU, and was therefore left out of the model. Some studies found support that subjective norm does not contribute to explaining behavioral intentions of using information technologies (e.g. Mathieson 1991; Keen et al. 2004), whereas other studies (e.g. Karahanna, Straub and Chervany 1999; Taylor and Todd 1995) show that subjective norm significantly alters intentions. Karahanna et al. (1999) more closely investigated this issue and found that the impact of subjective norms on behavioral intention is more profound for potential adopters than users. They explained this by the work of Triandis (1971) who suggested that social norms have a more pronounced effect in determining behavior when the behavior is new, as in adoption. With increasing direct experience, individuals are expected to rely less on others and more on their personal attitudes. Another explanation for the variation in findings is that subjective norm only seems to have a significant effect on intentions in mandatory settings, but not in voluntary settings (cf. Venkatesh and Davis 2000).

Self-Determination Theory and Motivation Theory (e.g. McGuire 1974) encouraged authors to extend the TAM to capture the more hedonic aspects, by including (perceived) enjoyment. According to these theories, consumers are motivated by extrinsic and intrinsic motivations. Extrinsic motivations relate to the drive to perform a behavior to achieve specific goals or rewards, while intrinsic motivations relate to perceptions of pleasure and satisfaction derived from performing the behavior itself (Deci and Ryan 1985; Vallerand 1997). The characterization of dual motivations is consistent with prior retail research, which has supported the presence of both utilitarian (extrinsic) and hedonic (intrinsic) motivations (Childers et al. 2001). In the utilitarian sense, consumers want to shop efficiently; thus, achieving their shopping tasks with a minimum of effort. On the other hand, consumers are also motivated by the hedonic aspects of shopping (Babin et al. 1994; Arnold and Reynolds 2003) referring to the aspects of fun and playfulness rather than task completion (Hirschman and Holbrook 1982). In TAM, extrinsic motivation is clearly captured by the PU construct (cf. Davis et al. 1989; 1992; Venkatesh and Davis 2000) as it

refers to saving time and increasing shopping effectiveness (Childers et al. 2001). PEOU refers to the process leading to the outcome and can be seen as an intrinsic motivator, but many authors (e.g. Childers et al. 2001; Davis et al. 1992; Monsuwé et al. 2004; Pavlou 2003) argue that PEOU does not fully capture intrinsic motivations. For obvious reasons, perceived enjoyment (or computer playfulness) is often added to capture the pleasure and satisfaction derived from performing the behavior, apart from any anticipated performance consequences (Davis et al. 1992).

Several studies tested TAM in the online context (e.g. Childers et al. 2001; Devaraj, Fan and Kohli 2002; Gefen, Karahanna and Straub 2003; Gefen and Straub 2000; Lederer et al. 2000). These studies confirm that user's beliefs, PEOU and PU, and enjoyment are key predictors of E-Commerce adoption and acceptance. Childers et al. (2001), for instance, found that each of the predictors positively affected consumers' attitudes towards online shopping. They also investigated the relative impact of PEOU, PU and enjoyment in both a utilitarian (i.e. grocery shopping) and hedonic (i.e. gift giving) context. Although the utilitarian aspects (i.e. PEOU, PU) of online shopping appeared to be important predictors of online shopping attitudes, the more immersive, hedonic aspects (i.e. enjoyment) played at least an equal role. Their final model explained 67% and 64% in the variance of the attitudes towards online shopping for the utilitarian and hedonic shopping context, respectively.

In search for a better understanding and prediction of E-Commerce adoption, many researchers included trust and/or risk with TAM. Trust and risk are essential in explaining E-Commerce adoption, as uncertainty is present in the technology-driven environment (e.g. Lee and Turban 2001; Gefen and Straub 2000; Gefen et al. 2003; Pavlou 2003; Swaminathan et al. 1999). Lee, Park and Ahn (2000) only incorporated risk in their TAM. They split perceived risk into transaction risk (i.e. the risk that consumers bear during purchasing) and product performance risk. Their findings indicate that transaction risk negatively affects PU and purchase behavior, whereas performance risk only negatively impacts purchase behavior, but not PU. Their model explains approximately 34% of the total variance in E-Commerce adoption. Pavlou (2003) integrated trust and perceived risk with TAM to predict online purchase intentions. The study predicted E-Commerce acceptance with help of the conceptual model, which is depicted in Figure 2.1. Two studies

(student and consumer sample) tested the model. A reasonable part (student sample: 64%, consumer sample: 37%) of the variance in self-reported purchase intentions is explained. Conclusively, the results show that apart from PEOU and PU, trust and risk appear to be major influencers of online purchase intentions.

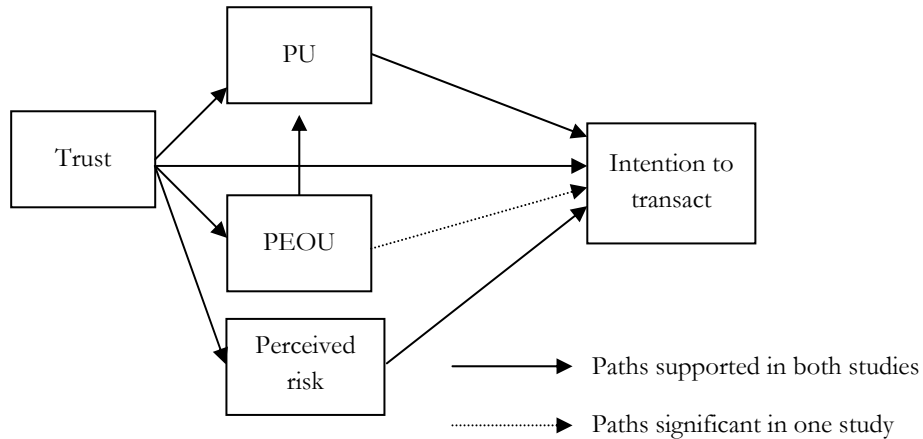


Figure 2.1: Integrating trust and risk with TAM (Pavlou 2003)

After analyzing the TAM literature, the following tentative conclusions can be drawn. First, when adapted to the online context, TAM is capable of explaining a substantial part of the variance in online shopping attitudes, intentions and behavior. This supports the general idea that the perceptions of the (expected) use of the innovation itself largely determine adoption and usage. The important role of enjoyment, as well as perceived risk and trust, necessitate the addition of these variables to capture online shopping intentions (Childers et al. 2001; Lee et al. 2000; Pavlou 2003). Second, the role of subjective norms in explaining online shopping attitudes and behavior seems to be rather small and is likely to become even smaller in the near future, as consumers become more familiar with the Internet and online shopping. With increasing online experience, consumers rely more on their own shopping experiences. Consequently, social norms are left out as potential explanatory variable. Next, this study does not adopt TAM, because of the following reasons. First, as TAM is designed to explain the adoption or use of a technology, it does not explicitly relate the technology to the competing alternatives from which consumers can choose. In this way, TAM deals with the Internet in isolation of the offline channel. Although PU refers to the *relative advantage* of using the Internet (i.e. the extent to which Internet shopping saves

time and increases shopping effectiveness) compared to an implicit standard, it does not make explicit the tradeoffs consumers have to make. Second, TAM focuses heavily on the perceptions of using the technology itself, underexposing the role of retailers. It implicitly assumes that e-tailers do not differ in their performance, when predicting online channel adoption. Third, the concept of PU is very broad (i.e. it actually refers to utility), and it does not distinguish between improving outcome quality and/or saving time and effort. Thus, it is unclear whether consumers perceive the Internet to be more useful because of superior products or assortments, better service, lower prices or time savings. Retail literature treated these elements as separate constructs (cf. Baker et al. 2002), providing retailers with more specific insights for improvement. Despite TAM predicts E-Commerce adoption and use to a large extent, it offers little insights in why consumers are motivated to shop online. Although a few studies explored the antecedents of TAM's key variables in the online context (Childers et al. 2001; Lee et al. 2000; Monsuwé et al. 2004; Pavlou 2003), relatively little is known about what constitutes PU, PEOU and enjoyment. Thus, TAM's strength particularly lies in its predicting power instead of its explaining power.

2.4 E-quality, E-value, E-satisfaction and E-loyalty

Marketing literature used the concepts of quality, value, satisfaction and loyalty to explain online behavior. The concepts of perceived quality (e.g. Parasuraman et al. 1985; 1988), perceived value (Bolton and Drew 1991), customer satisfaction (e.g. Oliver 1981), and customer loyalty (e.g. Morgan and Hunt 1994; Reichheld 1996; Sirohi, McLaughlin and Wittink 1998) have been identified as key influencers of purchase intentions and actual purchases (e.g. Taylor and Baker 1994) and as important indicators for offline retailers' success (e.g. Bolton 1998). These consumer judgments can be made before, during or after purchase and consumption and are likely to be important in the online context as well. Perceived quality refers to the performance, excellence or superiority of the product or service (e.g. Zeithaml 1988). Translating it to online retailers, perceived quality refers to the extent to which the website facilitates effective and efficient shopping, purchasing and delivery (Parasuraman et al. 2005; Zeithaml et al. 2002). Perceived quality is often found to be a precursor of perceived value (e.g. Parasuraman et al. 2005; Bolton and Drew 1991) and, sometimes, satisfaction (cf. Cronin, Brady and Hult 2000; Oliver 1993; Spreng and

Mackoy 1996). Perceived value refers to the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given (Zeithaml 1988). It takes into account all perceived monetary and nonmonetary costs and benefits. Perceived value is more personal and individualistic than perceived quality (Zeithaml 1988). Customer satisfaction is the result of a comparison between consumer's prior expectations and the perception of what is actually received (Oliver 1980); it is universally agreed to be a postpurchase and/or postuse evaluation (e.g. Fornell 1992; Oliver 1981). Consequently, most authors agree that perceived value is an antecedent to satisfaction (Woodall 2003; Woodruff 1997), although some authors argue that satisfaction is an antecedent to perceived value (Bolton and Drew 1991). Satisfaction refers to the cognitive and affective response (favorable versus unfavorable) (Westbrook and Oliver 1991), whereas perceived quality and perceived value are more cognitive in nature (Woodall 2003). Recent studies on perceived value, however, included emotional aspects as well (cf. Sweeney and Soutar 2001), making it more difficult to distinguish between the concepts. Satisfaction and loyalty are also distinct concepts (Bloemer and Kasper 1995; Oliver 1999). It is possible for a consumer to be loyal without being highly satisfied (e.g. when limited alternatives are available). Customer loyalty refers to the attitudinal and behavioral response towards a store or a brand expressed over time by consumers (Bloemer and Kasper 1995; Dick and Basu 1994; Jacoby and Chestnut 1978). This study uses the term to indicate the loyalty towards specific online and offline outlets and not towards channels as a whole (cf. Gehrt and Yan 2004; Keen et al. 2004).

The marketing literature still has not reached consensus about the causal relationships between quality, satisfaction, perceived value, and repurchase/loyalty intentions (cf. Cronin et al. 2000; Dabholkar, Shepherd and Thorpe 2000; Duman 2002). Perceived value and satisfaction have both been found to be predictors of repurchase or loyalty intentions (e.g. Bolton and Drew 1991; Dabholkar et al. 2000; Grewal, Monroe and Krishnan 1998). Next, some authors argue that satisfaction is an antecedent of perceived value (e.g. Bolton and Drew 1991; Naylor 1996) by arguing that perceived value is a higher-order variable that results from post-purchase evaluations, whereas others argue that satisfaction is more strongly related to future behavior and perceived value only acts as a predictor of satisfaction (e.g. Cronin et al. 2000). Based on the work of Oliver (1999) and Woodall (2003), it can be assumed that satisfaction and perceived value affect each other through

the more or less parallel and/or transmutant existence of both constructs in the consumers' evaluation process.

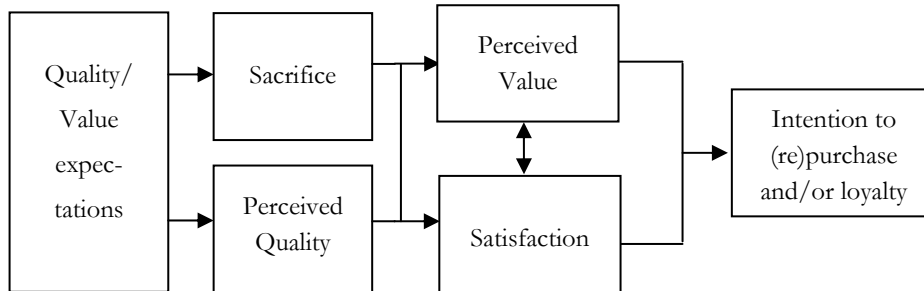


Figure 2.2: Relationships between quality, value, satisfaction and loyalty

Marketing researchers have attempted to measure (the antecedents of) quality and value perceptions, satisfaction and loyalty in online settings. Some authors argued that online and offline environments present different shopping experiences and that existing concepts and antecedents need to be adapted to the online context (Wolfenbarger and Gilly 2003). To better understand the underlying forces that determine online purchase intentions, this study reviews the e-quality, e-satisfaction, and e-loyalty literature with regarding purchasing.

2.4.1 Determinants of E-quality

Researchers used different connotations for defining e-quality. This section reviews the literature to identify the components and/or antecedents of e-quality. In doing so, the criteria emerge that consumers use to form their evaluations of e-quality. Although Loiacono et al. (2002) mainly focused on the quality of the interactions with the website rather than predicting purchase intentions, they included elements that refer to the relative performance of the website compared to other channels in delivering services online (i.e. online completeness, better than alternative channels). They use Fishbein and Ajzen's (1975) Theory of Reasoned action and Davis' (1989) TAM as a starting point. Customer service was initially identified as important influencer of website quality, but it was dropped because the sample was expected to have problems in expressing their thoughts, due to the absence of multiple interactions with the e-tailer. Their final website quality measure, WebQual™ contains twelve dimensions that relate to four overlapping constructs: ease of use, usefulness, entertainment, and complementary relationship (consistent image, better

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than alternative channel, online completeness). The results showed that WebQual™ is highly correlated with intention to revisit the website ($\rho=.53$) and intention to purchase ($\rho=.56$).

Wolfenbarger and Gilly (2003) developed a reliable and valid scale of e-tail quality: eTailQ. They define e-quality as the perceived quality derived from the beginning to the end of the transaction, including information search, website navigation, ordering, customer service interactions, delivery and satisfaction with the ordered product. They excluded price, as it was not seen as part of the quality of the online experience. The analysis suggests four underlying factors: website design, fulfillment/reliability, privacy/security, and customer service. The four factors are defined as follows:

- *Fulfillment/reliability* is (a) the accurate display and description of a product so that what consumers receive is what they thought they ordered, and (b) delivery of the right product within the time frame promised.
- *Website design* includes all elements of the consumer's experience at the website (except for customer service), including navigation, information search, order processing, appropriate personalization and product selection.
- *Customer service* is responsive, helpful, willing service that responds to consumer inquiries quickly.
- *Security/privacy* is security of credit card payments and privacy of shared information.

They also link these factors to overall quality of the purchase experience, satisfaction, loyalty intentions and attitude towards the website, and concluded that their scale is a good predictor of these constructs. It appears that website design and fulfillment/reliability generally have the strongest impact on these judgments, whereas security/privacy and customer service play a lesser role. However, the authors note that security/privacy is highly correlated with website design ($\rho=.82$); thus, it seems that security/privacy judgments are made on website elements, such as the professional look and feel of the website, as well as functionality of a website, and company reputation.

Zeithaml et al. (2000; 2002) conceptualized e-quality as “the extent to which a Web site facilitates efficient and effective shopping, purchasing, and delivery of products and services.” In their definition, they clearly underline the importance of the utilitarian aspects

of online shopping. These authors argued that compared to the original SERVQUAL (Parasuraman et al. 1985; 1988), additional dimensions were needed to fully explain consumer evaluations of e-services. Initially, they derived 11 factors that consumers consider when evaluating e-SQ: access, ease of navigation, efficiency, flexibility, reliability, personalization, security/privacy, responsiveness, assurance/trust, site aesthetics, and price knowledge (Zeithaml et al. 2000). In a later study, they synthesized the extant literature and concluded the following concepts to be important: ease of use, information availability and content, privacy/security, and other criteria (access, responsiveness and personalization) (Zeithaml et al 2002). Still later, Zeithaml and her colleagues (Parasuraman et al. 2005) derived four dimensions –efficiency, system reliability, fulfillment, and privacy– forming the core service scale. In addition, they address three dimensions that only become salient when online customers have questions or run into problems, including responsiveness, compensation, and contact. The more insecure online environment causes a strong emphasis on service recovery. The authors also link the core scale with the well-known customer judgments, and find that efficiency and fulfillment are the dominant predictors, whereas system reliability (correct functioning of website) and privacy are of less importance.

2.4.2 Determinants of E-value

Chen and Dubinsky (2003) developed a model based on the existent perceived value literature (Dodds, Monroe and Grewal 1991; Sweeney, Soutar and Johnson 1999; Zeithaml 1988) and specific factors that make up the online shopping experience, including ease of use, informativeness, and customer service. Moreover, they introduced e-tailer reputation as a reducer of perceived risk. Surprisingly, e-tailer reputation did not significantly reduce risk perceptions, but this was explained through the low-risk products (i.e. books) that were bought by the respondents. Perceptions of product quality, price and the online shopping experience all equally affected perceived value. Perceived value, in turn, strongly affected online purchase intentions. The proposed model explained 37% and 24% of the total variance in perceived value and purchase intentions. The authors demonstrated that the traditional predictors of perceived value were also applicable to the online context.

2.4.3 Determinants of E-satisfaction

Several researchers investigated the determinants of satisfaction with online purchasing (Balasubramanian, Konana and Menon 2003; Evanschitzky et al. 2004). Szymanski and Hise (2000) selected several key factors and determined their influence on e-satisfaction. They concluded that convenience, website design (i.e. website is fast, uncluttered, and easy to navigate) and security of financial transactions are the dominant contributors of e-satisfaction. Merchandise perceptions, i.e. product information and product offerings, are of lesser significance to e-satisfaction. In a replication study performed by Evanschitzky et al. (2004), convenience and website design again appeared to be the dominant drivers of satisfaction, underlining the importance of these factors in the online context.

Balasubramanian et al. (2003) investigated customer satisfaction for online investing. The investor's cumulative satisfaction with the online broker depends on perceptions of *price level*, *operational competence* (the online broker's ability to deliver high levels of day-to-day operational performance) and *trustworthiness* (reputation of and trust in the online broker). Trustworthiness of a particular broker, in turn, was determined by operational performance and environmental security (general trust in online brokers). The results showed, somewhat surprisingly, that general trust in online brokers had the biggest impact on e-satisfaction, followed by the online broker's operational excellence and trustworthiness. Price levels appeared to have the least impact on e-satisfaction. Online brokers can improve e-satisfaction by improving their individual performance and through collectively improving the general trust in online brokers.

2.4.4 Determinants of E-loyalty

Customer loyalty here refers to the attitudinal and behavioral responses customers have towards online and offline retail outlets (cf. Parasuraman et al. 2005). Srinivasan et al. (2002) identified eight antecedents that could potentially impact loyalty, including customization, contact interactivity, care, community, convenience, cultivation, choice and character. Results show that all these factors, except for convenience, impact loyalty. The eight factors are represented below:

- *Customization*: the ability of an e-tailer to tailor products, services and the transactional environment to its individual customers

- *Contact interactivity*: the availability and effectiveness of customer support tools on a website, and the degree to which two-way interactivity with customers is facilitated
- *Cultivation*: the extent to which an e-tailer provides relevant information and incentives to its customers in order to extend the breadth and depth of their purchases over time
- *Care*: the attention that an e-retailer pays to all the prepurchase and postpurchase customer interface activities designed to facilitate both immediate transactions and long-term relationships
- *Community*: the extent to which customers are provided the opportunity and ability to share opinions among themselves through comment links, buying circles and chat rooms sponsored by the e-tailer.
- *Choice*: the ability of an e-tailer to offer a wide range of product categories and a great variety of products to its customers
- *Character*: an overall image that the e-tailer projects to consumers through the use of inputs such as text, style, graphics, colors, logos, and the slogans on the website
- *Convenience*: the extent to which customers feel that the website is simple, intuitive and user friendly.

Although some of the factors are typical for the online context (e.g. community), most of these factors are also applicable to the offline context in order to stimulate loyalty. For example, employees can provide customized recommendations to customers stimulating customization and contact interactivity, while direct mailings can enhance care and cultivation. The factors that affect loyalty online and offline appear similar (cf. Reichheld and Scheffer 2000), although the cost-effectiveness of channels in stimulating customer loyalty may differ.

Prior research frequently identified satisfaction as a predictor of loyalty in the offline context (Bolton 1998; Hellier et al. 2003; Mittal and Kamakura 2001). Anderson and Srinivasan (2003) found that the relationship between satisfaction and loyalty holds for the online context as well. Shankar et al. (2003) also linked satisfaction with loyalty; they investigated the levels of satisfaction and loyalty for hotel visits for online and offline bookers. They performed two studies; the first study investigated a group of customers

who had used both the online and offline channels, whereas the second study investigated online versus offline bookers for the same hotel chain. They did not find any significant main effect of the online channel on the levels of satisfaction; thus, whether the service was booked online or offline did not affect satisfaction with their hotel visits. However, online bookers were more loyal than offline bookers. The authors reason that consumers who use the online channel gain greater control over information and choice, leading to higher loyalty online. With the use of hotel websites, it is expected that consumers can make more informed decisions with less surprises. As a result, customers' confidence in the retailer increases, which builds 'fortitude' that prevents encroachment by competitive forces (Oliver 1999). Verhoef and Donkers (2005) also found evidence that the online channel itself has a positive effect on customer loyalty.

Past research also identified perceived value as predictor of loyalty (Cronin et al. 2000; Sirohi et al. 1998) Chen, DeVaney and Liu (2003) investigated the relationships between perceived value components and e-loyalty. They addressed that perceived value consists of three components: (1) value for money (based on relative price, merchandise quality and customer service), (2) trust (based on merchandise quality, customer service, safety and order fulfillment), and (3) shopping efficiency (based on order fulfillment). These three components were related to e-loyalty intentions. Shopping efficiency had the strongest impact on e-loyalty intentions, followed by trust and value for money.

Prior studies performed on the determinants of e-quality, e-value, e-satisfaction and e-loyalty provide useful insights into the factors that influence consumers' online shopping intentions. Studies on e-quality show that website design (navigation, layout, system reliability), efficiency (convenience, efficiency) and fulfillment/reliability are very important in explaining online intentions. Next, informativeness, security/privacy, and customer service (responsiveness, contact, compensation) are also of importance, albeit to a smaller extent. E-value literature identified similar determinants for explaining perceived value, including valence of the online shopping experience (ease of use, informativeness, customer service and efficiency), price and product quality. E-satisfaction studies showed that website design and ease of use were the dominant predictors of satisfaction, whereas security and merchandise perceptions (product information and product offerings) were of less significance. In another study, the general trust in e-tailers and the e-tailer's operational

competence largely determined satisfaction. E-loyalty literature also provided useful insights, but mainly confirmed the positive relationship between e-satisfaction and e-loyalty. All customer judgments are predominantly based on perceptions of the performance of the retailer (trust, reputation, price, service quality, merchandise quality) and the quality of the website interaction (ease of use, navigation, graphic style, informativeness). Note that some factors (e.g. informativeness, ease of use, and risk) are jointly determined by channel factors and retailer factors.

Despite some authors have stressed the unique capabilities of the Internet (e.g. Chen and Dubinsky 2003; Srinivasan et al. 2002), most studies find evidence that traditional evaluation criteria (e.g. convenience, information provision, price, merchandise quality, service quality, trust, and risk) also –to a large extent– explain online behavior. The Internet’s unique capabilities to effectively build communities, provide interactivity through e-mail and chat, and apply personalization on a mass scale at low costs have not yet caused a dramatic shift in consumer behavior (cf. Wolfinbarger and Gilly 2003).

2.5 Determinants of channel use and channel preference

Apart from studying the determinants of online attitudes and shopping behavior, other studies have focused on the predictors of the use of and preference for the online channel versus other retail formats (e.g. catalog, stores). This field of research is more in line with this study, as it does not deal with the online channel in isolation of other channels. Moreover, this field of research proclaims that online shopping should be seen in the light of other general variables that are distinct from the channel itself. Most authors in this field agree that channel choice depends on *consumer factors* (e.g. socio-demographics, shopping orientations, lifestyle, past behavior), *retailer factors* (e.g. trust/reputation, merchandise, service), *product factors* (e.g. complexity, product risk), *channel factors* (e.g. ease of use, accessibility, channel risk), and *situational factors* (e.g. time availability, weather, mood) (e.g. Black et al. 2002; Gehrt and Yan 2004; Girard et al. 2003; Li et al. 1999). Table 2.1 shows the factors that were investigated in several studies performed in this field.

Table 2.1: General factors affecting channel preference

Study	Subject	Consumer factors	Retailer factors	Product factors	Channel factors	Situational factors
Black et al. (2002)	Influencers of channel choice	Demographics Shopping orientations Lifestyle Past behavior	Image Size Longevity Channel range	Complexity Price Product risk	Accessibility Channel costs Convenience Personal contact Channel risk	
Swaminathan et al. (1999)	Degree of online shopping	Shopping orientations	Reliability Convenience Price competitiveness Informativeness		Security Privacy	
Li et al. (1999)	Likelihood of online shopping	Demographics Shopping orientations Channel knowledge			Communication Distribution Accessibility	
Nicholson et al. (2002)	Preference for store, catalog and online shopping	Shopping orientations		Hedonic vs. functional	Accessibility Convenience Distribution Shopping experience	Shopping task
Girard et al. (2003)	Preference for online shopping	Demographics Shopping orientations		Search vs. Experience vs. Credence		
Gehrt and Yan (2004)	Channel preference for Internet, catalog, store	Demographics Past behavior	Transaction service Merchandise Retailer personality Price	Search vs. Experience		Time availability Shopping task

Consumer factors that have been studied to understand channel preference are classified according to socio-demographics, lifestyle/psychographics, past behavior and shopping orientations. The findings on socio-demographics initially showed that online shoppers tend to younger, wealthier, better educated, and are more likely to be male (Korgaonkar and Wolin 1999; Girard et al. 2003; Kwak, Fox and Zinkhan 2002; Li et al. 1999). Recent research, however, suggests that the online population is moving from elite to mainstream (Forsythe and Shi 2003; Gehrt and Yan 2004) and that demographics are less suited for explaining why consumers (do not) use channels (cf. Dabholkar and Bagozzi 2002; Gehrt and Yan 2004). Online shoppers have a ‘wired’ lifestyle with scarce leisure time (Lohse, Bellman and Johnson 2000; Swinyard and Smith 2003) and will prefer the more convenient, easily accessible online channel (Black et al. 2002). Additionally, online

shoppers possess an internal rather than an external locus of control (Hoffman et al. 2002), and act more goal-directed rather than experiential (Wolfenbarger and Gilly 2001). They have more experience with and knowledge of computers and the Internet (Bhatnagar, Misra and Rao 2000; Girard et al. 2003; Li et al. 1999), and are more technology ready (Parasuraman 2000). As a result, they are more confident in using the online channel for their purchasing (Black et al. 2002). Shopping orientations refer to the general predisposition toward buying behavior and may help explaining the preference for a shopping retailer format (Girard et al. 2003; Korgaonkar 1984). A number of shopping orientations have been used to distinguish between online and offline shoppers. These shopping orientations implicitly address the reasons why consumers shop, i.e. recreational shoppers seek fun, economic shoppers seek low price, and convenience shoppers seek time and effort savings. Table 2.2 shows the results of prior studies that investigated the influence of shopping orientations on online shopping. A positive relationship (+) shows that the shopping orientation positively affects the likelihood of online shopping or that it discriminates between online and offline shoppers. For example, Li et al. (1999) found that compared to offline shoppers, online shoppers were stronger motivated by convenience (column A), but had a less strong need for tactile information prior to purchase (column I). The need for recreational shopping and price consciousness did not explain differences between online and offline shoppers (columns B and C).

Prior studies show mixed results. It appears that online shoppers have a strong need for convenience, but do not have a strong need for social interaction, for the physical examination of the product prior to purchase, nor for the immediate possession of the product. Whether shoppers are motivated by variety (variety-seeking tendency), price (price consciousness), best buys (economic orientation), impulse buying (impulsiveness), shopping enjoyment (recreational orientation), brands (brand consciousness) does not consistently impact the likelihood of online shopping. Although shopping orientations studies provide useful insights into the motivations of online shoppers, they do not capture the richness of why people shop online, as the number of shopping orientations in empirical settings is often limited. Although it becomes clear which type of shoppers tend to prefer which channel, the tradeoffs consumers make are largely ignored. For example, convenience shoppers tend to use the Internet –predominantly- for its related time and effort savings, but it is not clear what they give up to attain these time and effort savings.

Table 2.2: Shopping orientations affecting likelihood of online shopping

Study	A	B	C	D	E	F	G	H	I	J
Donthu and Garcia (1999)	+		n.s.	+	n.s.	+	n.s.			
Eastlick and Lotz (1999)	+	-	n.s.			n.s.	n.s.			
Girard et al. (2003)	+		+	n.s.	n.s.	n.s.				
Li et al. (1999)	+	n.s.	n.s.						-	
Rohm and Swaminathan (2004)	+		n.s.	n.s.				-		-
Swaminathan et al. (1999)	+							-		

A Convenience orientation: shoppers prefer to shop with minimum amount of time and effort

B Economic orientation: shoppers prefer to comparison shop for best buys (good quality/price ratio, wide selection)

C Recreational orientation: shoppers prefer to shop for enjoyment

D Variety-seeking tendency: shoppers prefer to shop for different and new products

E Price-consciousness: shoppers have a strong need to get the lowest price

F Impulsiveness: shoppers have a strong need to purchase with no advance planning

G Brand consciousness: shoppers have a strong need to buy brand name products

H Social interaction orientation: shoppers have a strong need to socialize

I Tactile information orientation: shoppers have a strong need to experience (e.g. feel, see, touch) products before buying

J Immediate possession orientation: shoppers have a strong need to immediately possess the product purchased

Retailer factors (i.e. online and offline retailer’s offerings and competencies) also influence channel choice. The more positive the consumer’s perceptions are towards the online/offline retailer’s capabilities, the more likely the corresponding channel will be chosen. Prior studies identified the following influencers of channel choice: retailer’s reliability, convenience, price competitiveness, informativeness and merchandise (Black et al. 2002; Swaminathan et al. 1999; Gehrt and Yan 2004). Next, as the online channel is more novel and risky, consumers will use trust and reputation as risk relievers in channel selection. Consequently, the size, longevity and range of channels are seen as influencers of online channel preference (Black et al. 2002).

Product factors have a strong impact on channel choice and channel preference (Black et al. 2002; Gehrt and Yan 2004; Keen et al. 2004; Nicholson et al 2002). More expensive, risky and complex products are less amenable to be sold through the online channel, as these products often require personal interaction with employees (Black et al. 2002). The Internet is particularly preferred for relatively standardized products and repeat purchases (Nicholson et al. 2002). Hedonic products are more likely to be sold through the offline

channel, as this channel is better capable of addressing the need for a prolonged and social experience (Nicholson et al. 2002). Products that require physical examination are naturally more suited to be sold through the offline channel (Nicholson et al. 2002; Girard et al. 2003; Gehrt and Yan 2004). In this respect, the classification of search, experience and credence goods is often used (Girard et al. 2003; Gehrt and Yan 2004). For example, consumers who shop for clothing (experience good) tend to find the traditional store most appropriate, followed by the catalog and the Internet (Gehrt and Yan 2004).

Clearly, the performance of the channel itself impacts channel choice. *Channel factors* that have been proposed to influence channel choice include the channel's accessibility and convenience, communication utility, distribution utility, risk (privacy and security), ability to provide personal contact and shopping experience (Black et al. 2002, Li et al. 1999; Nicholson et al. 2002; Swaminathan et al. 1999). Online shopping is generally valued for its convenience and accessibility, and its time and effort savings. Nicholson et al. (2002) found that an increase in consumers' cognitive effort, however, balances these temporal benefits. A final reason for the online shopping preferences is to avoid sales personnel. Offline shopping preference was not strongly affected by the time and effort required when shopping for hedonic products, as "you go shopping to pass time, not to save it" (Nicholson et al. 2002). Catalog shopping was often preferred for its temporal convenience and the affective feelings derived from browsing the catalog and purchasing something special. The ease of browsing and the related feelings of escapism were the dominant drivers of catalog preference. Consumers did address that the delivery delays and errors were detrimental aspects of catalog shopping (Nicholson et al. 2002).

Situational factors impact channel choice through altering the relative importance of evaluation criteria. For example, consumers with limited time available are more concerned with transaction service (shopping convenience and reliability) and merchandise quality, than with retailer personality (shopping atmosphere and retailer familiarity) and are most likely to prefer catalogs, followed by the Internet and traditional stores (Gehrt and Yan 2004; Maher, Marks and Grimm 1997). Consumers tend to prefer to shop offline, when they feel a need to socialize and when the purchase is for themselves rather than for others (gift giving) (Gehrt and Yan 2004; Nicholson et al. 2002), whereas they prefer to shop online for the lack of social interaction when mood is low (Nicholson et al. 2002).

Prior studies suggest that consumers in general still prefer to shop through the physical stores rather than through the online channel and catalog (Gehrt and Yan 2004; Keen et al. 2004; Nicholson et al. 2002). However, in some circumstances other channels are preferred. Prior research also demonstrated that channel choice is a complex issue with multiple interactions (cf. Black et al. 2002). Product-channel interactions appear, as the type of product (e.g. search versus experience good) can strongly influence the preference for a channel. Consumer-channel interactions are present as the consumer's level of prior experience and expertise affects the channels suitability and preference. Retailer-channel factors may also be apparent; for example, consumers may prefer to shop online because they believe that e-tailers hold superior assortments, because of different cost-structures (cf. Brynjolfsson et al. 2003). Finally, situational factors can also impact the preference for channels; consumers with little time available often prefer the most convenient channel.

Although these studies on channel use and preference provide very useful information about why consumers adopt a channel, they are very general and mostly neglect the fact that retailers' performance within a channel can differ. They often compare channels in its own right rather than stores belonging to a channel. In other words, similar to the TAM studies, they implicitly assume that all retailers pertaining to one particular channel are alike in terms of their offerings. It might be true that consumers prefer a channel, because they like a particular retailer that happens to belong to that channel. Nicholson et al. (2002) controlled for this by analyzing consumers' motivations to buy via different channels for the same retailer. In a similar vein, Montoya-Weiss, Voss and Grewal (2003) investigated how consumers evaluate the use of the online and offline channel for the same retailer. They conducted two studies to investigate the determinants of online channel use with a multichannel service provider. They argue that consumers base their online channel use on the relative assessment of the service quality provided by the online and the alternative (offline) channel, and on online channel risk perceptions. In their model, online service quality is determined by the following website design criteria: navigation structure, information content and graphic style. Channel risk perceptions are influenced by information content and graphic style and general Internet expertise. The authors argue that offering multiple channels to consumers may have both competitive and complementary effects: competitive in that higher perceived service quality of one channel over another will lead to channel *preference*; complementary in that higher perceived service

quality will lead to higher overall *customer satisfaction* with the service provider. The results suggest that consumers' use of online channel and overall satisfaction is determined by three website design factors (navigation structure, information content, and graphic style) and two sets of consumer evaluations (relative service quality and risk). In addition, changes in the service quality in either channel impact online channel use and overall satisfaction. This result indicates that consumers partially base their online channel use on the performance of alternative channel. Figure 2.3 shows the model and the tested relationships.

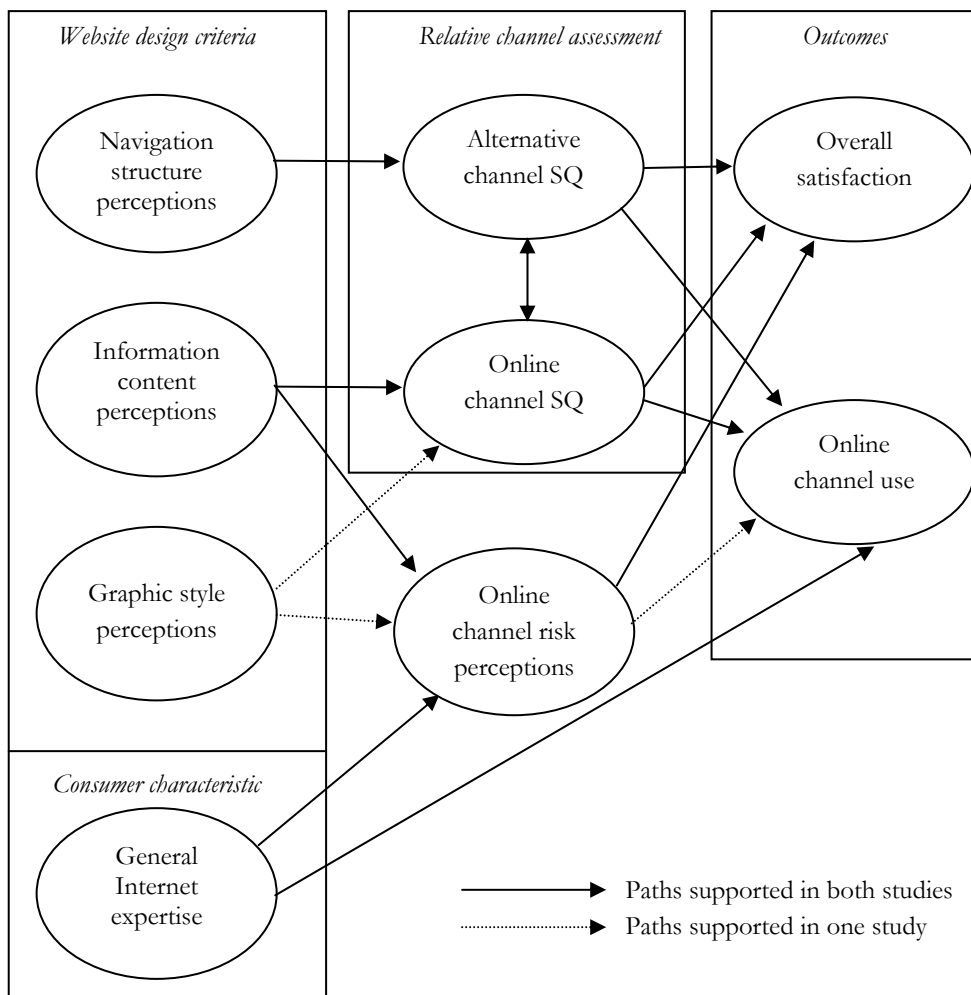


Figure 2.3: Determinants of online channel use (Montoya-Weiss et al. 2003, p. 450)

2.6 Common or unique determinants?

With the advent of the Internet, many authors were primarily interested in demonstrating the differences between online and offline shopping (Alba et al. 1997; Butler and Peppard 1998; Häubl and Trifts 2000). The decision to shop online or offline is the same as the decision to buy through an online or offline store. As such, scholars have investigated whether the evaluative criteria (i.e. store attributes) of offline retailers differ from those of online retailers. According to Chen and Dubinsky (2003) there are predictors of value that are unique to the online context, including ease of use, informativeness, and reputation. However, all of these variables have already been identified in the offline context as components of store image and influencers of consumer behavior (Berry 1969; Lindquist 1974). In a similar vein, Lim and Dubinsky (2004) argued that online stores have unique attributes vis-à-vis offline stores, such as navigation and interactivity (i.e. customer support, personal-choice helper, surfer postings). Again, a closer investigation shows that the attributes refer to traditional ones: navigation resembles store layout, which has long been identified as important store attribute in the offline retail context (Berry 1969), whereas customer support and personal choice helper relate to aspects of customer service (Dabholkar et al. 1996), and surfer postings could be interpreted as an information source similar to word-of-mouth. Wolfenbarger and Gilly (2002) attenuated the uniqueness by arguing that although some store attributes are common to the online and offline stores (e.g. merchandise assortment, service policies, layout and reputation), others are not (e.g. clientele). Based on a review of store attributes, Lohse and Spiller (1998; 1999) early identified that consumers to a great extent consider the same attributes to compare online stores with offline stores. This study questions the uniqueness of the store attributes and determinants of online shopping. Appendix II provides a classification of store attributes, which is based on prior offline studies, and inserts the store attributes found in online studies. Appendix II shows that online and offline retailers to a great extent share common evaluative criteria. Although the lower-level attributes may appear different (e.g. website interface versus physical store setting, navigation versus store layout), it is posed that consumers evaluate online and offline shopping on the same criteria at a slightly higher abstract level (i.e. store attribute level). Consumers may attribute different scores and different weights to online and offline store attributes, but the most relevant attributes for shopping are common to both channels (cf. Verhoef et al. 2005). For example, due to

higher risk perceptions, trust plays a more important role online. However, both risk and trust play a significant role offline (Doney and Cannon 1997; Sweeney et al. 1999).

2.7 Conclusion

This chapter reviewed the literature to investigate the determinants of online purchasing. The motivations and impediments to shop online were first discussed. On balance, online shoppers tend to shop online for reasons of ease of use/convenience, increased selection/specialty merchandise, availability of relevant information, lack of sociality which results in more control. The reasons not to shop online are mainly due to the higher risk levels. In this respect, reputation and trust are often mentioned as facilitators of online purchasing. For physical products, consumers may also refrain from online shopping because of the impossibility to physically examine the product prior to purchase, the additional delivery time, and difficulties in returning faulty merchandise. Next, a review of TAM literature showed that adaptations of TAM are well capable of predicting E-Commerce adoption, but are less capable of clearly explaining why consumers shop online. TAM studies demonstrated the importance of perceived enjoyment, risk and trust as important predictors of online purchase intentions. Subsequently, the predictors of e-quality, e-value, e-satisfaction, and e-loyalty were reviewed. These important consumer judgments addressed that evaluations of channel factors (interactions with the website), as well as retailer factors (offerings/capabilities of the retailer) explained purchase intentions. The predictors of these online consumer judgments largely resembled those found in offline studies. Then, the determinants of online channel use and preference were investigated. This field of research tries to understand online shopping at a more abstract level by relating it to other retail shopping formats and by incorporating consumer, retailer, product, and situational factors. Channel choice is by definition more complex than product and store choice and should be seen in the context of these variables. The studies conducted in this field, among other things, investigated the shopping orientations, which closely resemble the motivations to shop online. Online shoppers have a strong need for convenience, but do not have a strong need for social interaction, for the physical examination of products prior to purchase, nor for the immediate possession. The use of shopping orientations to explain channel purchase intentions is, however, limited as it does

not show the tradeoffs consumers make. Another limitation is that these studies frequently treat channels as a whole, neglecting the fact that retailers may significantly differ in their offerings within a channel. Retailer factors clearly influence channel choice, as they substantially influence what and how the product or service is delivered. Differences in the retail offerings online versus offline play a profound role in explaining why consumers intend to shop through an online or offline retailer (cf. Montoya-Weiss et al. 2003). As it is hardly possible to include all factors that influence channel purchase intentions, this study decides to focus on two relevant factors: channel factors and retailer factors. Given a particular product, channel factors and retailer factors are expected to largely explain the motivations to use a channel.

Although past research has been very beneficial in identifying the determinants of online buying behavior, it largely ignored the issue of channel choice. Most studies consider the Internet in isolation of other channels (e.g. Wolfinbarger and Gilly 2003; Szymanski and Hise 2000). As a result, the performance of the Internet vis-à-vis other channels is largely disregarded; it only elicits the motivations to adopt/use the online channel. To better understand channel purchase intentions, it is desired to make explicit the options consumers consider. Additionally, it is desired not to treat channels as such, as it neglects the differences between retailers within the same channel (see above). This study tries to overcome these deficiencies by measuring the perceptions of buying through specific online and offline stores. Based on a comparison of online and offline store attributes, this chapter concluded that consumers consider the same criteria to evaluate online and offline stores, but that they may differ in their scores and the weights they attribute to evaluation criteria. In this respect, the concept of perceived value is chosen as it represents a tradeoff between all *perceived* costs and benefits, enabling comparisons between online and offline shopping. The next chapter provides a background on perceived value.