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Understanding channel purchase intentions

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8 Discussion and Implications

8.1 Introduction

The purpose of this study is to develop and test a model that enhances our understanding of how consumers evaluate online and offline channels for their purchasing. The literature was reviewed to reveal the determinants of channel choice from a consumer perspective. E-Commerce literature largely neglected the issue of channel choice, and merely focused on explaining online channel adoption and online purchasing. Hence, it predominantly investigated the online channel in isolation of the offline channel, and thereby did not make explicit the choices consumers have and the tradeoffs they make. There is, however, a stream of research that focuses on channel choice by investigating the determinants of channel preference. This stream argues that channel choice is rather complex and is influenced by an interplay of consumer, retailer, product, channel and situational factors (cf. Black et al. 2002). A downside of this type of research is that it often uses rather abstract factors and treats channels as such; neglecting the fact that retailers' offerings within a channel may differ. This study prolongs this type of research by investigating the motivations to use specific online and offline retail outlets in a side-by-side evaluation. It identified the criteria consumers consider when forming their online and offline purchase intentions at a *store* level rather than at a *channel* level. Channel factors influence the decision to buy online or offline, but consumers buy their products from retailers not from channels. As a consequence, this study focuses on the retailer and channel factors based on the notion that *what* and *how* the product is delivered largely explains consumer purchasing behavior (cf. Grönroos 1982; Parasuraman et al. 1985; 1988). To control for the influence of product-channel interactions, one product was chosen: books. For this product, consumers have a real option to choose between offline and online booksellers. The influence of consumer factors was expected to be captured by changes in the perceptions consumers have towards the channels. Consumers are expected to evaluate channels in

terms of their benefits and costs (Verhoef et al. 2005). The concept of perceived value is chosen, as it represents a tradeoff between all perceived costs and benefits, and therefore enables comparisons between the two seemingly different shopping experiences. Moreover, it has been shown that perceived value is capable of predicting purchase intentions for offline and online stores (e.g. Baker et al. 2002; Chen and Dubinsky 2003). The relative importance of the predictors of online and offline perceived value and purchase intentions are used to infer the main motivations to shop online or offline. Differences in the strength of relationships indicate whether certain factors play a more dominant role in either context. In addition to this, it is also investigated whether there are differences in the strength of online shopping motivations between experienced and less experienced online shoppers, as past research suggested that consumers' value construction changes with increasing experience (Parasuraman 1997) and that online shoppers differ from offline shoppers in their evaluative processes (Parasuraman et al. 2005).

The research questions are:

1. What are the antecedents of online and offline perceived value and purchase intentions?
2. Do the effects of the antecedents of perceived value and purchase intentions differ between channels?
3. Do the effects of the antecedents of perceived value and purchase intentions differ between experienced and less experienced online shoppers?

To answer the first research question, the well-known predictors of value and intentions are investigated. In contrast to past literature addressing the uniqueness of the Internet and online shopping (e.g. Chen and Dubinsky 2003; Lim and Dubinsky 2004), the current study claims that online and offline shopping are evaluated by the same criteria –when they are measured at the consequence level (see section 2.6). In other words, the criteria used in traditional value models are applicable to the online context. Based on a synopsis of the marketing, innovation/adoption (Chapter 2), and perceived value literature (Chapter 3), six purchase-related costs and benefits are identified that are likely to affect channel purchase intentions: service quality, merchandise quality, monetary price, psychological costs (perceived risk), time/effort costs and enjoyment. The conceptual framework (Chapter 4) models these factors and adds the construct value for money, which is hypothesized to be

determined by service quality, merchandise quality and price. The model is empirically tested in a main study and a replication study.

The results of the two studies show that in both contexts four factors play a dominant role in explaining online and offline purchase intentions: service quality, merchandise quality, enjoyment and time/effort costs. Perceived risk, price and value for money are of lesser importance in explaining channel purchase intentions. In both contexts, the construct of value for money, is largely determined by price and service quality but not by merchandise quality. Service quality and merchandise quality also have strong indirect effects through altering the shopping experience costs and benefits. Consumers associate higher service quality with lower risk perceptions and more enjoyment, whereas they associate higher merchandise quality with time/effort savings and more enjoyment.

The second research question addresses whether particular factors play a more profound role in either context. It is hypothesized that in the online context time/effort costs, perceived risk and merchandise quality have stronger direct effects on purchase intentions, and that enjoyment has a less pronounced direct effect on intentions relative to the effects in the offline context (see section 4.2.1). In both studies, the strengths of the tested relationships appear similar across contexts. For example, the construction of value is equal across contexts, and consumers consider the same criteria to form their online and offline value perceptions. Only two nonhypothesized relationships differ in strength across the online and offline context: in the online context, service quality more strongly reduces risk, and merchandise quality more strongly reduces time and effort costs. Apart from testing the invariance of structural relationships, this study also investigates the total (standardized) effects of the exogenous factors on the endogenous factors, incorporating both direct and indirect effects. There appear no clear differences in the factors' total effects between the online and offline context. The only exception is service quality, which has a slightly more pronounced effect in the online context; in both studies, service quality is the strongest influencer of online purchase intentions, whereas it is the second-strongest influencer of offline purchase intentions.

Overall the results indicate that consumers consider the same factors to the same extent to determine their online and offline perceived value and purchase intentions, but they differ

in the scores they attribute to the channels. From the item analyses in Study 1, it became clear that *online buyers* perceive the online channel to outperform the offline channel mainly in terms of time/effort expenditures³⁶. When they shop online, they trade off the time/effort savings against lower service quality, less enjoyment, more risk, and higher prices. Next, the perceptual difference between the performance of the online and offline channel appeared much smaller for online buyers than for offline buyers. The reason why online buyers attribute higher scores to the website than offline buyers may originate from the direct experience itself (e.g. from prior positive experiences that enhance self-confidence and illustrate the rewards, through learning effects, by reducing cognitive dissonance) or arise from differences in customers' needs and capabilities (e.g. information processing, technology readiness). For example, with respect to information processing, some have a high need for personal interaction, whereas others prefer nonsocial information (cf. Alba et al. 1997; Meuter et al. 2005). Moreover, some are better capable of using the Internet as they are more technology ready (cf. Parasuraman 2000; Meuter et al. 2005). These needs and capabilities also affect customers' perceptions of using channels.

To answer the third research question, it is investigated whether there are differences between the strength of motivations of experienced and less experienced shoppers (i.e. between offline and online buyers). Parasuraman (1997) argued that value is a dynamic construct and that customers may differ in their evaluative criteria as they gain experience. Next, Parasuraman et al. (2005) suggested that online buyers may use different evaluative criteria to form perceptions of quality than offline buyers. Specific relationships are expected to differ in their strength between online and offline buyers for the online context (see section 4.2.2). Overall, the results suggest that the moderating influence of prior online experience on these relationships is limited. In the first study, buyers who had experience with shopping through the website rely less strongly on enjoyment, but they do not rely less on risk and more on time/effort costs compared with those that had no experience³⁷. For these less experienced online buyers, perceptions of the enjoyment in the online context are more dispersed, and a lack of enjoyment strongly attenuates their online

³⁶ In Study 2, the respondents indicated that the website, in addition, outperformed the store in terms of merchandise quality, price, and perceived value.

³⁷ The results indicate that online buyers are less affected by risk and more strongly rely on time/effort expenditures than offline buyers do. However, the differences in the strength of relationships are not significant (see section 6.6.2).

shopping intentions. The second study finds that those with more prior online shopping experience tend to rely less strongly on enjoyment; however, this difference was not statistically significant. On the other hand, the second study shows that more experienced online shoppers are more concerned with the time and effort costs in the online context than those with less online shopping experience. In addition to this, one relationship, which is not a priori hypothesized, differs between experienced and less experienced online buyers in both studies: compared with experienced online buyers, less experienced buyers are more strongly influenced by the level service quality in determining their intentions (see Appendix VII).

The base model is extended with three factors (ease of use, informativeness and reputation) which the E-Commerce literature identified as dominant predictors of online shopping. Ease of use and reputation clearly impact intentions in the online context, but also play a substantial role in explaining offline purchase intentions. When customers find the shopping process to be more convenient, it significantly reduces their risk perceptions (particularly in the online context) and time/effort costs, but also increases enjoyment. Reputation has strong effects on perceptions of merchandise and service quality in each context. In the online context, the website's reputation also has a strong direct impact on purchase intentions, confirming the importance of having a reputable website (Swaminathan et al. 1999). Informativeness does neither reduce risk perceptions, nor does it lead to time/effort savings. Note that although there is sufficient support for the proposed relationships, the results of the added factors remain tentative, as they are simply added to the existent perceived value model. It is desirable to test the effect of the three factors in less complex models.

8.2 Theoretical implications

As mentioned in Chapter 1, scholars still address the need to increase our understanding of how consumers evaluate channels for their purchasing. This research aims to enhance our understanding of channel choice by investigating the motivations to use specific online and offline retail outlets in a side-by-side evaluation. Particularly, the following findings of this study are noteworthy.

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Study uses side-by-side evaluation to reveal relative importance of criteria.

This is one of the first studies using a side-by-side evaluation of channels from a consumer perspective. Only a few of the most recent advances consider both channels simultaneously (Gehrt and Yan 2004; Keen et al. 2004; Montoya-Weiss et al. 2003; Shankar et al. 2003), as opposed to the adoption paradigm which treats the online channel in isolation of other channels. This side-by-side comparison contributes to a better understanding of channel choice, as it makes explicit the choices consumers have and the tradeoffs they make. Next, to the author's best knowledge, this is the first study that takes into account the *construction* of online and offline perceived value and purchase intentions in a side-by-side approach. In doing so, this study does not only determine the importance of the antecedents of perceived value and purchase intentions *within* each channel, but also *across* channels. As a result, it is possible to define which criteria play a more profound role in either channel. In sum, this approach provides researchers valuable information about the relative strengths of each channel and the (relative) importance of criteria.

Study measures customers' perceptions at store level to account for differences in retailers' offerings.

This research contributes to the marketing literature by examining the issue of channel choice at a *store* level rather than at a *channel* level. Several studies investigated the issue of channel choice by treating channels in its entirety without accounting for differences in retail performance (Girard et al. 2003; Keen et al. 2004; Spence et al. 1970). The present study overcomes this limitation by investigating the consumers' perceptions of specific websites and stores. Next, this study uses actual customers; a number of studies focusing on perceived value used students in experimental settings (e.g. Baker et al. 2002; Dodds et al. 1991). Consequently, more realistic and natural settings are created, which are critical for understanding consumers behavior (cf. Sweeney et al. 1999).

Study includes the moderating effect of prior online shopping experience.

This study extends current E-Commerce studies by investigating the moderating influence of prior online shopping experience. As such, it investigates the differences in the strength of motivations to shop online between experienced and less experienced online buyers. Drawing upon insights from prior perceived value research (Parasuraman 1997; Woodruff 1997) and E-Commerce studies (Einwiller 2003; Hoffman et al. 2000; Lohse et al. 2000; Wolfenbarger and Gilly 2001), the importance of several criteria are hypothesized to

change with increasing experience. Only a few studies (e.g. Anderson and Srinivasan 2003; Einwiller 2003) empirically tested the moderating effect of prior online experience. Although this study finds a moderate influence of the level of prior online on the strength of relationships in the online context, it provides meaningful insights for researchers and practitioners.

The concept of perceived value can be successfully applied to explain channel purchase intentions.

This study also demonstrates that the *concept of perceived value* (i.e. tradeoff between all salient purchase-related costs and benefits) can be used to explain channel purchase intentions. The effect of the *construct value for money* on channel purchase intentions is, however, very limited. The research model explained a substantial part of the variance in channel purchase intentions. Additionally, this study confirms that consumers evaluate retailers on more aspects than just price and quality (e.g. Bolton and Drew 1991; Kerin et al. 1992). The perceived benefits and costs consumers consider include both cognitive and affective elements (Sweeney and Soutar 2001), and process and outcome elements (Grönroos 1982; Parasuraman et al. 1985; 1988). In conformance with earlier findings (Baker et al. 2002; Dodds et al. 1991; Sirohi et al. 1998), price appears to be the strongest predictor of the construct of value for money. As expected, service quality also proves to be a consistent predictor of value for money (Bolton and Drew 1991; Sweeney et al. 1999). Contrary to what the extant perceived value literature finds (e.g. Baker et al. 2002; Kerin et al. 1992; Sirohi et al. 1998), this study does not find a consistent relationship between merchandise quality and perceived value. Possible explanations for this finding are (1) that customers rely heavily on the tangible aspects of what they receive for the price they pay when making these value-for-money judgments and (2) that the retailer's merchandise in this study consists of undifferentiated products (i.e. the quality of books differ marginally across booksellers). For retailers that offer differentiated products, merchandise quality is more likely to be a predictor of the value for money customers receive from retailers. Retailers offering differentiated products have more opportunities to differentiate their assortment from competitors, and, consequently, are more likely to create additional value for customers through altering the assortment. Another somewhat surprising result is that consumers are not strongly concerned with the value for money they receive; in determining their online and offline purchase intentions, consumers tend to be

predominantly affected by service quality, merchandise quality, time/effort costs and enjoyment, but not by value for money.

Apart from the above findings, three empirical results stand out that provide new insights and/or contribute to a better understanding of how channel purchase intentions are constructed in each context.

- *Enjoyment is a distinct and important antecedent of purchase intentions.* The results show that enjoyment plays an important role in explaining intentions to buy books offline and online. Enjoyment is distinct from the shopping experience costs (time/effort and psychological costs), and has a genuine effect on purchase intentions in the online and offline context. Even though a majority of the perceived value studies has ignored enjoyment as important antecedent of intentions, the findings clearly show that it plays a prominent role for customers in their channel evaluation. This finding is consistent with recent research showing that the emotional aspects of the consumption play an important role in defining the value perceptions of consumers (Sweeney and Soutar 2001).
- *Merchandise quality and service quality have strong indirect effects.* An important finding is that service quality and merchandise quality have strong indirect effects in each context. Similar to prior studies (Baker 1987; Mitchell and McGoldrick 1996; Sweeney et al. 1999), service quality persistently and strongly reduces risk perceptions. In the offline context, seeking advice from salespersons is often found to be a risk reduction strategy (Sirdeshmukh et al. 2002; Sweeney et al. 1999), whereas in the online context service quality may reduce risk as the result of more favorable perceptions towards a retailer's reliability, return handling and problem solving (Wolfenbarger and Gilly 2003). The findings of this study confirm that service quality is an effective means to reduce customers' risk perceptions in the online and offline context. Next, the results offer new insights that service quality also indirectly impacts online and offline purchase intentions through altering perceptions of enjoyment. Although the relationship is not a priori hypothesized, strong empirical support is found for the positive effect of service quality on enjoyment. It is likely that customers find the shopping process more enjoyable when a retailer treats them well/courteously, keeps its promises and shows sincere interest in fulfilling their individual needs (cf. Parasuraman et al. 1985; Wolfenbarger and Gilly 2003). Even in the online context, where customers have

limited opportunities to interact with service personnel, it appears that an increase in service quality leads to more enjoyment. The results also provide additional insights about the indirect effects of merchandise quality. Merchandise quality indirectly impacts online and offline purchase intentions through altering perceptions of time/effort costs and enjoyment. Customers will save time and effort when retailers offer a better assortment of books. This effect is particularly pronounced in the online context. Merchandise quality is also positively associated with enjoyment in each context; the strength of this relationship is somewhat more articulated in the offline context (Study 1 $\beta=.31$ /Study 2 $\beta=.22$) than in the online context (Study 1 $\beta=.22$ /Study 2 $\beta=.13$), but the differences are not statistically significant. The former results suggest that offering the right assortment in the offline context particularly leads to hedonic benefits (fun browsing, inspiration, diversion), whereas in the online context it predominantly leads to utilitarian benefits (time/effort savings).

- *Information relevancy plays a minor role in explaining purchase intentions.* Much has been written about the importance of providing relevant information to customers, especially in the field of E-Commerce (Chen and Dubinsky 2003; Szymanski and Hise 2000; Wolfinbarger and Gilly 2001; Zeithaml et al. 2000). Montoya-Weiss et al. (2003) found that information content reduced security risk perceptions. This study does not find clear evidence that providing information that is more relevant has a profound impact on online or offline purchase intentions through risk reductions and time/effort savings. However, it is important to note that informativeness is highly correlated with ease of use ($\rho_{\text{offline}}=.62$, $\rho_{\text{online}}=.74$); it appears that ease of use explained most of the variance in the endogenous factors, but that the shared variance between the constructs of informativeness and ease of use is relatively high (in the range of 38%-55%). Thus, it seems that informativeness overlaps with search convenience (Seiders et al. 2000) and variations are captured by ease of use. Another reason for the limited role of informativeness in this study is the context-specific nature of information relevancy (Montoya-Weiss et al. 2003). In low-risk situations, customers are more likely to use simple heuristics, for example genre or author's reputation, to simplify their choice (cf. Gigerenzer et al. 1999; Simon 1976), and, hence, they do not rely heavily on the quality of information provided by either channel.

8.3 Comparison with other E-Commerce studies

As the online context is relatively new, it is interesting to compare the results of this study with other E-Commerce studies. The seminal papers of Parasuraman et al. (2005), and Wolfinbarger and Gilly (2003) will be predominantly used to compare the relative importance of the factors in explaining online purchase intentions. Parasuraman et al. (2005) developed a multiple-item scale for measuring the service quality delivered by transaction websites. The core scale consists of four dimensions: efficiency, fulfillment, system availability, and privacy. The authors related these four dimensions to quality, perceived value and loyalty intentions³⁸ and found that efficiency and fulfillment were the two dominant predictors for each endogenous construct. System availability and privacy played an insignificant role in explaining the endogenous constructs. Wolfinbarger and Gilly (2003) also found four factors that define online service quality, including website design (i.e. in-depth information, efficiency, personalization and selection), fulfillment/reliability, privacy/security, and customer service. They also related these dimensions to the well-known endogenous factors and found similar results. Website design and fulfillment/reliability had the strongest effects on overall quality, satisfaction and loyalty intentions, whereas customer service and privacy/security had less strong effects. The authors suggested that customer service was mildly related with the endogenous factors, as customers do not need customer service in each online transaction. To the extent that the concepts used overlap with this study³⁹, the results about the relative importance of dimensions of the two studies are similar to this study's findings. This study also finds evidence that service quality (including the reliability/fulfillment aspect) and time/effort costs⁴⁰ play a pivotal role in shaping online purchase intentions. Next, the

³⁸ The construct of loyalty intentions used in the study of Parasuraman et al. (2005) was similar to this study's construct of purchase intentions.

³⁹ This study, for instance, does not distinguish between reliability/fulfillment and customer service like in the study of Wolfinbarger and Gilly (2003), but –based on the exploratory factor analyses– treats them as one construct: service quality. Moreover, sometimes, different items are used to measure the same constructs; for example, in the study of Parasuraman et al. (2005) perceived value also included perceived control and perceived convenience, whereas this study more strictly uses the items of prior perceived value studies (cf. Sirohi et al. 1998; Sweeney et al. 1999).

⁴⁰ The construct of website design includes items referring to time/effort savings and easy transactions.

limited role of privacy/security is affirmed in this study by the limited effect of perceived risk. This study does find that risk significantly alters purchase intentions (especially for offline buyers), but its effect is not substantial relative to the other factors. In line with other studies, this study finds –to a certain extent– that the limited effect can be explained by the level of experience of the respondents; experience generally mitigates concerns about privacy and security, as customers become familiar with websites and the online shopping process (Montoya-Weiss et al. 2003; Parasuraman et al. 2005; Wolfinbarger and Gilly 2003). Next, the low-risk context may explain the low impact of risk (Montoya-Weiss et al. 2003). An alternative explanation is that retailers have improved their performance, reducing the chances that something might go wrong. For instance, privacy/security and system availability were initially dominant influencers (cf. Forsythe and Shi 2003), as websites in the early phases varied widely in their performance. Now, system availability does not seem to be as important anymore as companies have invested in their websites. The privacy/security and system availability may currently act as *hygiene* factors rather than as *motivators* (cf. Herzberg, Mausner and Snyderman 1959); when websites do not provide a minimum level of system reliability and privacy/security, it leads to dissatisfaction and prevents consumers from visiting and shopping through the website. They do not act as a motivational factors, i.e. an increase above the minimum level does not lead to satisfaction, more visits and higher purchase intentions.

Apart from the similarities, there are several important differences between this study and the two other studies. Most notably, this study focuses on the more generic determinants of online (and offline) purchase intentions, such as merchandise quality, service quality, price, whereas the other two studies focus on the more specific attributes pertaining to the website. This study is interested in the more general and rather enduring attributes that define offline and online shopping intentions. Concrete attributes (e.g. privacy, system availability) provide more specific insights into what constitutes e-quality, but they also tend to be more time-specific and may need to be replaced by new attributes (e.g. personalization). Next, the aim of the other two studies was to investigate the factors that define online service quality. Hence, both studies did not include price, as it was not seen as being part of e-quality. This study considers price and finds that it does not alter customers'

intentions to shop online⁴¹. Prior research also found mixed findings whether consumers are motivated to shop online for price savings (see section 2.2). Additionally, enjoyment was explicitly excluded in the study of Parasuraman et al. (2005, p. 229), as they argued that experiential aspects do not fall within the conceptual domain of service quality and because these aspects are distinct benefits that may not be relevant in all contexts. Wolfinbarger and Gilly (2003), on the other hand, did include experiential aspects (e.g. shopping fun, website attractiveness), which were subsumed under the broad and influential factor website design. Similar to the findings of Childers et al. (2001), this study finds that while the instrumental aspects are important, the more immersive, hedonic aspects play at least an equal role. Another difference with the study of Parasuraman et al. (2005) is that this study tests for the moderating effect of prior online experience. Wolfinbarger and Gilly (2003) did investigate the importance of criteria for different groups of buyers (e.g. experiential vs. goal-directed buyers, frequent vs. non-frequent buyers); however, they did not propose or formally test any moderating effects.

A final comparison is made with the study of Montoya-Weiss et al. (2003). They examined the determinants of online channel use with a multichannel service provider by addressing the relative channel assessment customers make (i.e. service quality in online channel versus service quality in alternative channel). They demonstrated that multiple channel evaluations can lead to competitive effects (higher service quality offline leads to lower online channel use) and complementary effects (offline and online service quality have positive effects on overall satisfaction). Together with the study of Montoya-Weiss et al. (2003), this study tried to measure customers' evaluations of using the online and offline channel simultaneously. Next, in accordance with the study of Montoya-Weiss et al. (2003), this study does not treat the channels in their entirety, but measures customers' evaluations for specific online and offline retailer outlets. Yet, the current study has some differences with the study of Montoya-Weiss et al. (2003). First, although perceived value from the competing channel is conceptualized to have a negative impact on purchase intentions in the corresponding channel, this study is not capable of modeling the effect (see section 6.4.2 and 7.4.2); therefore, the relative channel assessment was not possible in the current

⁴¹ The respondents in the second study believe that the website delivers the books against lower prices than the store. However, these lower prices (leading to higher perceptions of value) are not associated with higher online purchase intentions.

study. Second, Montoya-Weiss et al. (2003) used a very limited set of explanatory variables (i.e. online/offline service quality, channel risk, and general Internet expertise) to explain channel use. They, for instance, omit the important shopping experience costs and benefits. Third, they only investigated the construction of online service quality, whereas this study investigates the construction of perceived value and purchase intentions in both contexts. As such, this study is able to elicit the relative importance of the predictors of value and intentions across contexts. Fourth, Montoya-Weiss et al. (2003) modeled and found that the level of prior Internet experience, being a distinct factor from the customers' channel evaluations, was a direct influencer of risk perceptions and online channel use. Similar to other studies (e.g. Dabholkar and Bagozzi 2002; Einwiller 2003; Mittal and Kamakura 2001), the current study assumes that the personal trait, level of prior online experience, acts as a moderator variable rather than as an independent predictor.

8.4 Managerial implications

Researchers and marketers have recognized the importance of consumers' value perceptions, and their influence on purchase intentions, actual purchases and the achievement of a sustainable competitive advantage (e.g. Bolton and Drew 1991; Cronin et al. 2000; Dodds et al. 1991; Holbrook 1994; 1996; Woodruff and Gardial 1996; Woodruff 1997; Zeithaml 1988). To better fulfill the consumers' needs to shop offline or online, it is necessary to understand what defines value (i.e. a tradeoff between all salient costs and benefits) and purchase intentions in each context. This study builds upon existent perceived value literature and brought about important findings that can help practitioners to increase customers' purchase intentions in the offline and online context. Marketers can benefit from this research by considering the following practical implications.

Customers consider the same four factors –service quality, merchandise quality, enjoyment and time/effort costs– to form their offline and online purchase intentions. The consistency of the importance of the four factors underscores the need for retailers to place additional emphasis on improving these factors. Retailers logically need to improve upon the more concrete attributes that are linked with these more abstract factors. Enjoyment appears to be a strong predictor of online and offline purchase intentions. The level of enjoyment can in both contexts be increased by increasing service quality and

merchandise quality. Next, ease of use appears to be a strong predictor of enjoyment, especially in the online context. Offline buyers do not find the website easy to use, which seriously harms their expected level of enjoyment in the online context (see Appendix IV). There is still much to improve for the offline buyers, as they experience a considerable lack of enjoyment online. In order to increase enjoyment in the online context, it is not wise to invest in purely entertaining features (e.g. audio, streaming video) (cf. Wolfenbarger and Gilly 2003). Most online transactions are still goal-directed and customers do not want to be distracted from their intended purchase. In addition, Childers et al. (2001) demonstrated that enjoyment in the online context was largely determined by the functional aspects of navigation, ease of use, and the Internet's capability to substitute for the absence of sensory inputs. Customers often require convenient access to the information they need, easy order systems and hassle-free product deliveries in order to experience enjoyable online shopping experiences. Physical stores are still better capable of providing diversion from the routines of everyday life, sensory stimulation, and social experience outside the home (Alba et al. 1997; Moye and Kincaid 2002; Rosen and Howard 2000); they have the resources and opportunities to create purely enjoyable shopping experiences (cf. Pine and Gilmore 1999). Merchandise quality and service quality can first be improved in the online and offline context by investing in the reputation of the store and the website. Customers use reputation and other extrinsic cues to infer their perceptions of quality (Teas and Agarwal 2000; Zeithaml 1988); investments in websites to increase usability and professionalism will generally improve the website's reputation and inspire greater trust (Jarvenpaa and Tractinsky 1999), similar to investments in physical buildings and facilities engendering trust in the offline context (Doney and Cannon 1997). In the online context, merchandise quality is strongly tied with time/effort savings; there it is of concern to display the assortment in such a manner that consumers can find their book of interest quickly and comfortably. Search engines, an intuitive design, clear division of types of books (genres), and book recommendations/reviews may all enhance perceptions of merchandise quality leading to time/effort savings. In the offline context, merchandise quality seems to increase enjoyment through the stimulation of browsing behavior; the books need to be displayed so that customers can easily skim through their books of interest. Retailers should also invest in improving service quality –referring to the quality of the additional services, the retailer's willingness to help customers, and keeping promises– as it plays a substantial role in the offline context, and an even greater role in the online context. Evidenced by other

E-Commerce studies (Parasuraman and Grewal 2000; Parasuraman et al. 2005; Wolfinbarger and Gilly 2003), it is of major concern for online retailers to keep their promises. Especially, those with little online experience rely heavily on the retailer's reliability/fulfillment (see Table 6.13). If unexpectedly something goes wrong, retailers need to express their willingness to resolve problems, and customers need quick and easy access to service personnel (cf. Zeithaml et al. 2002). Finally, it is worthwhile to develop strategies to make the shopping process as convenient as possible, as time/effort costs are important predictors of intentions in each context. The results demonstrated that ease of use (i.e. convenience) is the dominant predictor of time/effort costs in each context (particularly in the online context). By delineating overall convenience in access, search, possession and transaction convenience more targeted strategies can be developed (Berry et al. 2002; Seiders et al. 2000).

Price and perceived value weakly influence online and offline purchase intentions. The results indicate that it is not worthwhile to motivate customers to use a particular channel by giving them financial incentives. This study does not want to make this point too strongly. At the point of sale (at the website or in the store), customers may be strongly motivated by a price reduction. This study conceptualized price as the retailer's general price level including sales promotions, but the additional value derived from getting a bargain –i.e. perceived transaction value– may not be fully captured by it. When the difference in price for a particular product exceeds a certain threshold, it is likely to affect customers' perceptions and behavior (Grewal et al. 1998a; Monroe 1990).

The survey can be used as a diagnostic tool to track customers' perceptions. Mono-channel retailers or e-tailers can investigate how well the website or store performs against competitors, while multichannel retailers may also determine how well the store performs vis-à-vis the website. As such, retailers are able to identify the relative strengths and weaknesses of their outlets. Next, retailers can simultaneously determine the relative importance of the criteria, which provide insights into how to effectively increase purchase intentions in each context. The relative strengths and relative importance of criteria together provide valuable information. In the second study, the specialist bookstore identified the relative advantage of having a superior assortment relative to the generalist bookstore. This superior assortment naturally acts as a unique selling proposition for the

specialist bookseller that may attract new buyers and motivate current buyers to shop online. However, based on the relative importance of criteria, merchandise quality was not identified as a key motivating factor to shop online; an improvement in merchandise quality would not lead to higher purchase intentions. To persuade customers with low online purchase intentions to shop online, it was necessary to improve other key influencers of purchase intentions –i.e. service quality, enjoyment, and time/effort costs. Thus, for the specialist bookseller, it seems appropriate to communicate its relative strengths, while improving on the other predictors. By tracking scores over time, it is possible to investigate whether the performance and importance of the criteria change. When performance falls, more specific studies may be necessary to pinpoint the deficiencies. Apart from the benefits of better understanding and addressing the customers' needs, surveying customers can result in additional benefits. The very act of measurement may increase the association between a consumer's intentions and behavior. Chandon, Morwitz and Reinartz (2005) found that, on average, the correlation between (latent) intentions and purchase behavior is 58% greater among surveyed consumers than it is among similar nonsurveyed consumers. In fact, it means that simply surveying customers can increase retailer's profitability over the long term (Dholakia and Morwitz 2002). Dholakia and Morwitz (2002) provide several explanations for the existence of the 'mere measurement' effect. First, surveys may appeal to the customers' desired to be heard or coddled, reinforcing positive feelings towards the retailer that may result in customers reciprocating by buying more products. Second, surveys may also increase the awareness of the retailer (or its distribution channels) thereby enhancing future purchases. Finally, asking customers to give their judgments can induce them to form judgments that otherwise would not occur to them. Especially, when habitual decision making is common, it seems useful to force customers to reflect upon their existent behavior.

The survey can also be used for market segmentation purposes. The first study shows that online and offline buyers significantly differ in their perceptions towards online and offline shopping; offline buyers clearly prefer offline shopping over online shopping, whereas online shoppers have a more balanced view. For e-tailers, it proves worthwhile to treat existent (experienced) online shoppers differently from new (inexperienced) shoppers. Offline buyers find the online shopping less convenient, resulting in higher perceptions of risk, higher time/effort costs, and less enjoyment. Multichannel retailers may take away

some of the mental stress from offline buyers by giving demonstrations; for example, when a book is out of stock in the physical store, employees can show customers how convenient it is to order a book online. Next, e-tailers can dedicate a special part of the website to first-time buyers, including FAQs and an easy to follow step-by-step process. Customers will better understand what is expected from them (role clarity) in the online shopping process, which will stimulate trial (Meuter et al. 2005). For current customers, the perceived benefits of using the online channel need to be reinforced; if they believe the website saves them time and effort and offers a better assortment, then the website should deliver and communicate this to strengthen their beliefs.

In general, it seems worthwhile to offer customers multiple transaction channels⁴². Using multiple channels potentially broadens the customer's exposure and access to the retailer's offering (Montoya-Weiss et al. 2003). Next, it gives customers greater control when they can pick the channel that fits their needs, given their situation (time availability, mood, gift giving versus personal purchase) (Hui and Bateson 1991; Meuter et al. 2000). The context-dependent nature of value indicates that individual customers may value the same thing differently at different times in different ways; the offering of multiple channels will increase the chance that customers find a suitable channel to fulfill their (temporary) needs. For multichannel retailers, it is a strategic decision to stimulate online and/or offline purchasing. For them, the financial costs need to be set off against its financial gains⁴³. Understanding how each channel provides value to customers is just a first step to optimize the channel mix. The challenge is to leverage and coordinate the strengths of online and offline channels to increase the overall value for customers (Montoya-Weiss et al. 2003). The creation of value to customers needs to be contrasted against its financial consequences. More sophisticated financial models may incorporate the acquisition and retention costs/revenues of individual customers using channels (cf. Bolton et al. 2004; Verhoef and Donkers 2005). Despite the high acquisition costs (i.e. costs of attracting a

⁴² This seems to be true when the type product is frequently sold on the Internet, and when no channel conflicts arise.

⁴³ Most multichannel retailers are still likely to prefer to generate store traffic over web traffic, as online conversion rates are still very low and unplanned purchases are higher offline (Wolfenbarger and Gilly 2001). Most online conversion rates are less than 2%, and typically vary from 1% to 4% (Cooperstein et al. 1999; Tedeschi 2000). However, when the detrimental effects of crowding prevent customers from purchasing offline, multichannel retailers may want to attract them to visit their website to generate online sales.

customer), the online channel may be preferred as it has been found that it attracts more loyal customers (Shankar et al. 2003; Verhoef and Donkers 2005).

8.5 Research limitations and future research

This study contributes to a better understanding of how consumers evaluate channels for their purchasing. There is a natural need for further research to deepen our understanding of what constitutes online and offline perceived value and intentions. The findings should be viewed as an additional step toward understanding channel choice from a consumer perspective. This study has some important research limitations. First, the empirical studies are only conducted among customers of booksellers. Thus, the generalizability of these findings to other product categories should be made with care. In line with this, the strong effect of enjoyment on online and offline purchase intentions might be explained by the hedonic nature of the product. There is a need to extend this study to other products and services to assess the importance of shopping enjoyment for other –less hedonically oriented– products⁴⁴. In addition, the relative small effect of risk in each context can be explained due to the selected relatively simple, low-risk product. The difference in the importance of risk between the online versus offline context (and between online and offline buyers) may be more pronounced for more complex products and for products that require more physical examination. In sum, future research should investigate the effect of different product categories on the importance of the predictors of value and intentions. Additionally, there is a need to determine whether the model is also applicable to other industries (e.g. pure services). Although the perceived value framework has been useful in explaining purchase intentions in multiple contexts, and seems to hold for a wide variety of products and services (Grewal et al. 1998a; Woodall 2003; Zeithaml 1988), additional factors may need to be incorporated to capture purchase intentions.

⁴⁴ In another study dealing with a utilitarian product (i.e. car insurances), enjoyment appeared to be a strong predictor of intentions underlining the importance of having an enjoyable shopping process (Broekhuizen 2005). Moreover, Childers et al. (2001) also found that enjoyment was a significant predictor of attitudes for the utilitarian online grocery-shopping context.

Second, this study does not investigate the *individual* motivations to shop online or offline, but rather measures the *collective* motivations for groups of buyers. For instance, it does not account for heterogeneity across online buyers; although there is evidence that multiple online shopper segments exist (cf. Swinyard et al. 2003). In measuring the collective motivations, retailers gain insights into how to improve intentions effectively for the group as a whole, but little is known about the motivations of smaller segments. It seems a fertile extension to use latent class models (e.g. GLIMMIX, Latent Gold) to accommodate for customer heterogeneity (i.e. discerning shopping motivations for smaller segments).

Third, this study determines the effect of prior online experience based on a two-group analysis. A more precise classification of the degree of direct experience was not possible due the required sample size. Future research can distinguish between first-time buyers, second-time buyers, and so on to see how the construction of value and purchase intentions evolves over time. It seems to be very fruitful to investigate how customers go through the initial stages of the adoption process and use, and why certain customers become regular buyers whereas others may stop using the online channel. More qualitative studies or simulation studies may be used to understand these processes.

Fourth, this study investigates customers' prepurchase evaluations of offline and online shopping rather than postpurchase evaluations. Prior research suggests that consumers may differ in their weights they attribute during the stages of the consumption process (Parasuraman 1997; Wolfinbarger and Gilly 2003). Future research could assess to what degree the relative weights of criteria (e.g. time/effort costs, merchandise quality) differ between customers who give their ratings prior to purchase and those who give them just after their purchase or after receiving the product.

Fifth, certain limitations regarding the measurement of the constructs also need to be addressed. Service quality is only measured as one factor, although past literature has discussed its multidimensional nature. Past literature distinguished between functional and technical service quality (Grönroos 1982; Sweeney et al. 1999), fulfillment/reliability and customer service (Wolfinbarger and Gilly 2003), and core service and recovery service (Parasuraman et al. 2005). These finer-grained constructs may offer better insights into the exact working of service quality elements, and the consequences each dimension may

produce. Next, this study uses the construct of time/effort costs to measure the effort and time required to shop, but this is distinct from the speed of ownership. Past research indicated that the impossibility to have the products immediately is an inhibiting factor for online shopping (Wolfenbarger and Gilly 2001) and that delivery time affect customers' tendency to switch from offline to online channels (Gupta, Su and Walter 2004). Future research could investigate the effect of the speed of ownership on channel purchase intentions. The scales used in this study are unbalanced, as they consist of only positive or negative worded items. This is likely to inflate the correlations between the latent constructs (Baumgartner and Steenkamp 2001). Finally, this study measures four constructs with only two items. Future research could incorporate additional items to ensure that the full domain of the rather complex constructs is captured.

Sixth, the study is based on self-reported purchase intentions, and not on actual purchase data. The predictive validity of this type of data is questioned, as the correlation between intentions and behavior may be low (e.g. Mittal and Kamakura 2001; Chandon et al. 2005). Next, the relationships between the exogenous constructs and channel purchase intentions tend to be overestimated due to the common method bias. Respondents, for example, indicate their channel purchase intentions in line with answers on prior questions in order to avoid cognitive dissonance (Straub, Boudreau and Gefen 2004). Although it might be difficult to link actual purchase behavior of customers with the perceptions of customers over time (Bolton et al. 2004), it is a fruitful extension; it makes it possible to assess the predictive validity of the research model.

Finally, the extended model includes reputation, ease of use and informativeness as additional predictors of channel purchase intentions. This study is one of the first studies that simply add these factors to the well-established perceived value model. Although for most relationships there is substantial support, the approach has a tentative nature; therefore there is a need for studies that retest the study's findings, preferably in less complex models in order to better understand the nature and effects of these variables.

Other future research possibilities are the following. Negative performance on attributes has been shown to have a greater impact on overall satisfaction and purchase intentions than positive performance (Mittal et al. 1998). This study finds evidence that this is also

true for customers evaluating channels (see section 7.6). This issue deserves further investigation.

The increase in multichannel behavior creates many opportunities and challenges for multichannel retailers to build lasting relationships with their customers (Rangaswamy and Van Bruggen 2005). However, the influence of using multiple channels on consumers' (overall) satisfaction, loyalty perceptions and behavior remains largely untested. As a result, there is a need to enhance our understanding of the effects of multichannel behavior before multichannel retailers can effectively manage their customer relationships when customers use different channels (cf. Bolton et al. 2004). In the early days e-tailers focused on acquisition and making transactions (Hoffman and Novak 2000); currently they focus on delivering (superior) service quality to satisfy their customers and differentiate themselves from the competition (Parasuraman et al. 2005); and for the near future –once e-tailers have built a steady customer base– it seems necessary to make the next step and focus on retention.

