

INTERNET SHOPPING - WHAT TENDS TO COME BACK FOR MORE?

R. DHIVYA¹, S. D. SIVAKUMAR² & S. SELAVANAYAKI³

¹Post Doctoral Fellow, Department of Agricultural and Rural Management, Tamil Nadu
Agricultural University, Coimbatore, India

²Professor (ARM), Department of Social Sciences, Anbil Dharma Lingam Agricultural College and
Research Institute, Tamil Nadu Agricultural University, Trichy, India

³Assistant Professor, Department of Agricultural and Rural Management, Tamil Nadu
Agricultural University Coimbatore, India

ABSTRACT

Continuance in online shopping is critical. Any online retailer should understand the factors that influence the consumers to return back for more. The Expectation-Confirmation Theory model (ECT model) with its four constructs (Expectation, Perceived performance, Confirmation/ disconfirmation and Satisfaction) best suited this research. The construct 'usage continuance' was added to the existing model and the results concluded that the marketing insights from the original ECT model does not cease at satisfaction but moves forward toward usage continuance.

KEYWORDS: Internet Shopping, Expectation-Confirmation Theory, Usage Continuance, Perceived Performance

INTRODUCTION

The use of computers and internet has been expanding significantly over the years. Presently internet has been used widely as a means of communication, as a potential source of information, as a means of entertainment and many more. Modern technology has been developed to the extent that even shopping made possible over the internet. The process of shopping done over the internet is called online shopping. Both products and services can be purchased by online shopping. Online shopping is used for business to business transactions or business to customer transactions with applications of electronic commerce (eshoppingindia).

India ranks third among the Asian countries with 81 million internet users. This has led to 6.9% penetration among the overall population in the nation (internetworldstats 2010). Among the internet users, 51 million are 'the active users' constituted by 40 million urban and 11 million rural users. Apart from browsing, the users surf the internet for window shopping as the number of internet retailers base is increasing over years. Proportion of online window shoppers fell significantly last year. This drop is due to significant decline in the 'searchers only' base. 'Online buyers' base actually increased by 2.5 million (33% growth) Nearly 40% online shoppers 'bought' online (+18% points over last year) indicates that mere 'window shoppers' are giving way to the 'serious' buying-intending shoppers. Net users make good 'marketing audience'. A major portion (3/4th) of them have 'responded' to some kind of 'marketing stimulus' when online (juxtconsult 2010).

Generally, consumers now have various online and offline options from which to choose, and without a compelling reason to choose one retailer over another. Despite impressive online purchasing growth rates, compelling

evidence indicates that many consumers who search different online retail sites abandon their purchase intentions. So this study is aimed to help online businesses understand which factors encourage consumers to complete their e-shopping. Continuance is critical, because acquiring new customers may cost as much as five times more than retaining existing ones (Bhattacharjee 2001; Crego and Schiffrin 1995; Petrisans 1999). Theoretical explanations of online shopping intentions consider several factors. Rogers' theory of innovation (1995) suggests that consumers reevaluate acceptance decisions during a final confirmation stage and decide to continue or discontinue, and this is a clear stage in the purchasing process on-line. As a result, there arises a need to understand continuance intention of online customers.

The Expectation Confirmation Theory (ECT) model was adopted as a theoretical basis. ECT (Continuance Intention) model was integrated with consumer behavior literature to propose a model of e-shopping continuance intention.

Methodology

A well structured questionnaire was used as the instrument to collect the responses from randomly selected internet users. An e-mail invitation, containing an embedded URL link to the website hosting the survey, was sent to each of the 450 potential respondents. This e-mail campaign produced 230 usable responses, representing an overall response rate of 51%. In order to assess the representativeness of the sample, the results from the data collected was compared with those reported in a national study of online shoppers conducted by The Nielsen Company in 2010. The comparison revealed a match between the results of the two studies.

The original ECT model adapted for modification as per the research requirements is presented as Figure 1.

Expectations-confirmation theory posits that expectations, coupled with perceived performance, lead to post-purchase satisfaction. This effect is mediated through positive or negative disconfirmation between expectations and performance. If a product outperforms expectations (positive disconfirmation) post-purchase satisfaction will result. If a product falls short of expectations (negative disconfirmation) the consumer is likely to be dissatisfied (Oliver, 1980; Spreng et al. 1996).

The four main constructs in the model are: expectations, performance, disconfirmation, and satisfaction. Expectations reflect anticipated behavior (Churchill and Suprenant, 1982). They are predictive, indicating expected product attributes at some point in the future (Spreng et al. 1996). Expectations serve as the comparison standard in ECT – what consumers use to evaluate performance and form a disconfirmation judgment (Halstead et al., 1994). Disconfirmation is hypothesized to affect satisfaction, with positive disconfirmation leading to satisfaction and negative disconfirmation leading to dissatisfaction.

The modified ECT model to suit the needs of the study is presented as Figure 2.

RESULTS AND DISCUSSIONS

1. Ever Shopped or Transacted Online

There is a wide exposure towards the interactive media in the recent past. The results in the Table 1.1 clearly states that almost half of the respondents (51 percent) have shopped or transacted online with a negligible number of respondents who have no such experience. This showed the reach of the internet among the general public for various purposes.

2. Best Representation of Online Purchase

According to the results in Table 2.1, the best representation of online purchase that major portion of the respondents (76 percent) felt were those 'planned in advance based on a need'. The remaining 23.6 percentage have stated that their 'purchase were purely due to impulse activity' while surfing through the internet. There is vast scope in turning these 'impulse buyers' as 'planned buyers'.

3. PRE-PURCHASE INFLUENCE

3.1. Information Search for Online Purchase

Sources of information search as depicted in Table 3.1 had a wide variation among the respondents. Nearly 40 percent of the chosen online shoppers have acquired information from the 'Online - websites of retail stores and in sites dealing with products of various companies'. The responses for 'Online - product reviews' and 'Online - websites dealing with online only retail sales' as sources of information was almost the same. Though the 'Offline - advertisements in television magazines etc. and also through product reviews' had only a fewer response, it was also a considerable portion of the sample respondents.

3.2. Preference and Purchase Frequency

The Table 3.2 stated that the air/rail tickets (60 percent), movie tickets (48 percent) and credit card bills (38 percent) were the ones that were always purchased/ transacted online. Insurance premium payments were done occasionally (5 out of 10 purchases) with 35 percentage of the responses pointed towards it. There were also products/ services that were not bought through internet comprised of the electronic goods, books, utility bills, movies/music, garments, etc. These results were parallel with the trend reported in a 2009 Nielsen Survey.

3.3 Top 5 Sites Used for Online Purchase

The analysis of the different sites used frequently by the consumers to make a purchase is very important for an online retailer to know where the retailer is placed in the minds of the consumers. Also this would help to analyze the pros and cons of a site used for a purchase. The top five sites reported by the respondents were,

- www.irctc.co.in
- www.bookmyshow.com
- www.icicibank.com
- www.ebay.com
- www.amazon.com
- Others – LIC, onlinesbi, HDFC, visa bill pay, www.ticketsnew.com, www.ticketgoose.com, [swapnabookhouse](http://swapnabookhouse.com), etc.

3.4 Most Important Considerations about the Websites When Shopping Online

Any online shopper or the online consumer has a certain mindset about the internet sites before going in for the actual purchase. The most important features were ranked and are presented in Table 3.4. The top most features considered before any online transaction was the 'secured transaction' because it is the most sensitive factor. The least importance was

quoted on the 'promotions'. The others factors mentioned between the most important and the least important were the user friendly features, availability of information, comparison facility and the reputation of the internet retailer in order.

3.5 Top Convincing Reasons to Buy Online

Consumers are very picky in their purchase decisions. They're highly concerned about convincing factors before purchasing a product/ service. The reasons that convinced the consumers to buy online according to the results in the Table 3.5 were it saves time and energy as the most important one. The preferences for this option have multiple answers. Avoiding long queues, wide variety of option available to choose from, comparison facility and the easy access were there other reasons put in order.

3.6 Constraints in Online Shopping

Any activity has its own negative aspects. Similarly, insecure transactions, disruption of connection in between, non-availability of user friendly features, improper customer care and phishing/ hacking were the top most constraints in online shopping. Online retailer should give a higher degree of importance to these constraints so that they'll never lose their customer safeguarding their customer base.

3.7 Experiential Influence

The results presented in the Table 3.7 explains the five different factors studied under the experiential influence

a. Proficiency in Using Internet for Online Purchase

Proficiency levels have an open impact on the usage of internet for shopping. High level users constituted the major portion of the respondents covering around seventy percentages. Moderate users were nearly twenty seven percent followed by the low level users with hardly four percent. They were classified in such a way that the high level users were the ones who were well versed in various software packages, languages and many more at advanced level. The portion that had the knowledge above the basic level and below the high level described the moderate users.

b. Period of Experience in Using Internet

Continuous usage of any service makes a person well versed in that particular aspect. Experience in using the internet could clearly explain the level of knowledge a person gained and along with the proficiency this could interestingly figure out the respondent's usage of internet for purchase. Above half of the respondents have 2 to 5 years of experience. There is also a considerable level (19 percent) that has more than five years of experience. Only a negligible portion has less than one year of experience. This question gives a bird's eye view on the reach of computers and internet among the general public.

c. Product Owned for Internet Access

Several products are available for accessing the internet in this modern world. The attitude of people towards hiring a product/ service is now changing to the attitude of owning the product. This study clearly poses that almost half the respondents' base (49 percent) owns their laptop which is more comfortable, convenient and portable. The personal computers are always unbeatable with any newer and simplified usage and these were owned by nearly thirty nine percent. The mobile handsets are yet another innovation which made internet highly compact and highly portable and a considerable level of respondents use this for internet access.

d. Place of Internet Access

Comfort and convenience are the two major factors sought by the consumers of today's changing market scenario. The place of internet access is one thing that could explain the two factors mentioned above. Nearly forty six percent of the respondents access the internet at their home followed by thirty three percent using at office. The number of people visiting cafes and using mobile for internet access is only a very meager level.

e. Type of Internet Connection

Type of internet connection explains about the speed of the internet. Broadband is the one with highest speed with almost fifty six percent towards it. The other types of connection used were dial-up, data card, wireless and through mobile handsets and they constituted only a small level.

3.8 Hypothesis Testing

H₁ – Expectation and Perceived performance has a positive influence on confirmation/disconfirmation

This hypothesis as represented as Figure 3. Was set to learn about the relationship between expectation and perceived performance in the pre-purchase influence. There were three variables under the two selected constructs of this hypothesis. The sum total of the calculated 't' value of all the variables was less than that of the table 't' value indicating the acceptance of the hypothesis (Table 3.8). Hence, it could be concluded that there is a positive influence expectation and perceived performance on the confirmation/ disconfirmation.

4. POST-PURCHASE INFLUENCE

4.1 Satisfaction Level about the Online Purchases Made So Far

Satisfaction level is an important constraint that will decide about the performance of any online retailer. This is the first and foremost construct in the post-purchase stage. The results in Table 4.1 depicts that the higher level of satisfaction was towards the purchase of air/ rail tickets, payment of credit card bills and insurance premium payments. Thirty percent were satisfied with the online purchase of movie tickets. There was a neutral response for all the other categories as there was very few or nil purchase of them through online mode.

4.2 Hypothesis Testing

H₂ – Confirmation/Disconfirmation has a positive influence on post-purchase satisfaction

Confirmation/ disconfirmation were the main construct which led to the post-purchase stage. Hence, according to pictorial representation in Figure 4.2, this hypothesis was framed to check whether there is a positive influence of confirmation/ disconfirmation on the satisfaction. Only one variable was under the chosen construct and that too had a calculated 't' value less than that of the table 't' value (Table 4.2). This concluded to accept the proposed hypothesis.

4.3 Intention to Buy Online in Future

The Table 4.3 states that this construct was the last but not the least one in the model. This decides about the usage continuance. An interesting fact to note in the responses was that there were more respondents who would like to purchase electronic goods, books and utility bills which not purchased earlier. The respondents had intent to buy all these in the next three months. Garments were that category for the respondents had an intention to buy in the next three years.

4.4 Hypothesis Testing

H₃ – Post-purchase satisfaction has positive influence on usage continuance

Satisfaction could lead to the ultimatum i.e., usage continuance. The calculated 't' value was lower than the table 't' value indicating that the post-purchase satisfaction has a positive influence on the usage continuance. This is well explained through Figure 4.4 and Table 4.4.

5. DEMOGRAPHIC INFLUENCE

The influence of the demographic characters is depicted in the Table 5.

a. Gender

Among the total respondents' base sixty eight percent were male with the rest constituted by the female population.

b. Age of the Respondents

The respondents falling under the category of age between 21 and 30 years contributed to half of the sample respondents. This was followed by the second major portion under the age category between 31 and 40 years. The other three left out categories were negligible in range.

c. Educational Qualification

Graduates were large in numbers who were followed by the number of post graduates and doctorates. The educational qualification has a greater impact in the knowledge level the respondents possess. Their ability in using the internet for various purposes, their understanding in the various aspects of the internet is well explained.

d. Occupation

This question has a wider categorization because it gives a larger scope on the different kinds of people using the internet for purchase and various other activities. Private employee IT & IT related were around forty one percent followed by eleven percent of other private employees. It is interesting to note that there are also retired people using the internet for purchases. Government employees in educational institutions and other departments constituted only a meager portion.

e. Annual Income

Income is the factor which ends the purchase decision in most cases. Almost forty one percent of the sample respondents have their annual income between 200001 and 500000. There was also considerable portion within the range 500001-1000000. This was followed by the ranges 90000-200000 and more than 1000000 respectively.

CONCLUSIONS

The scope of e-commerce, information search, and communication and entertainment activities continues to expand among different internet populations around the world. Exploring the ways in which consumers' intent on future buying is shaped could add value to the internet retailer. Unlike prior research in this area, this study contributes through its utilization of several key variables in research to capture different aspects of online activity engagement beyond exposure. The pre-purchase, experiential, post purchase and demographic influence all have its own effect on internet shopping. Several variables that are not addressed could be areas for future research.

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APPENDICES

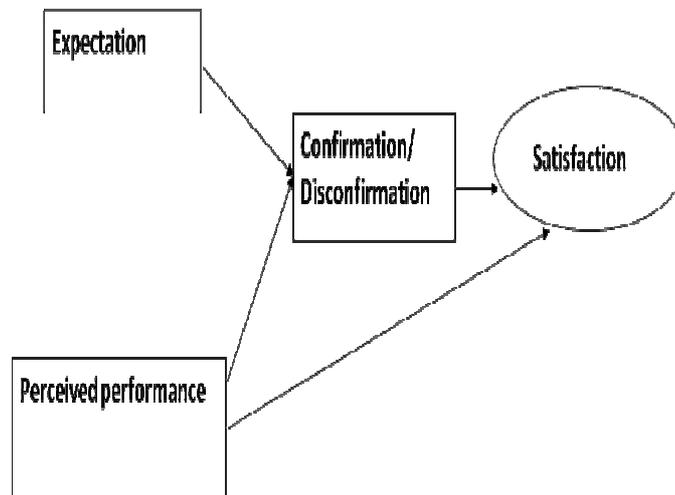
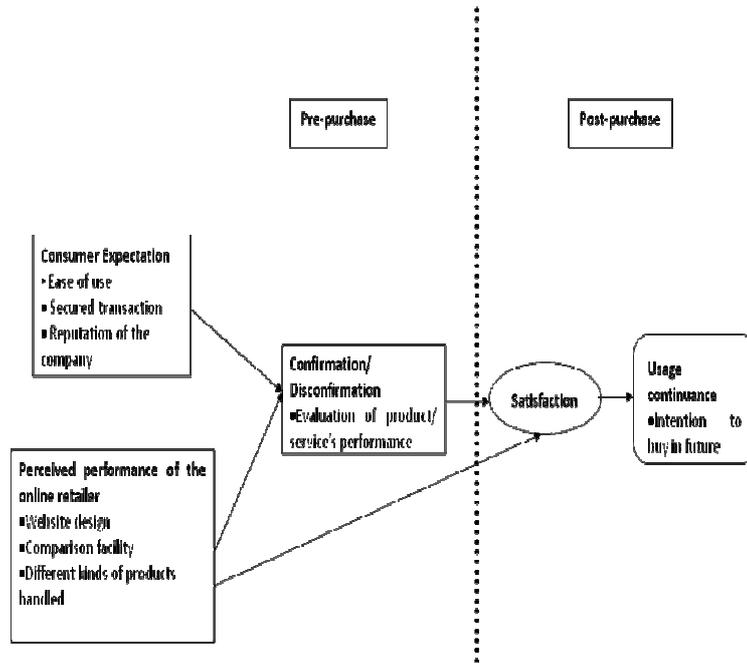


Figure 1: Expectation-Confirmation Theory (ECT) Model



Source: adapted from Oliver, 1980

Figure 2: Modified ECT Model

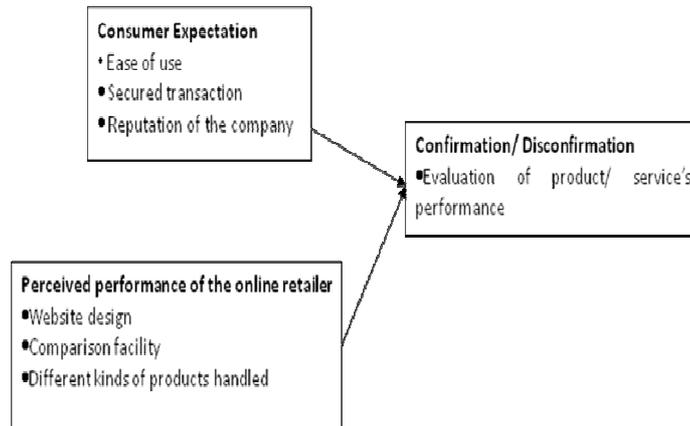


Figure 3: Expectation and Perceived Performance

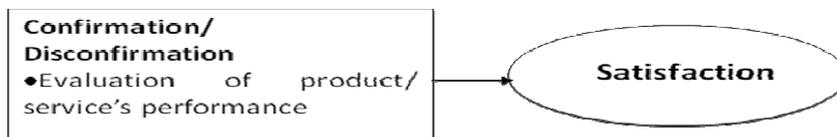


Figure 4.2: Confirmation/Disconfirmation

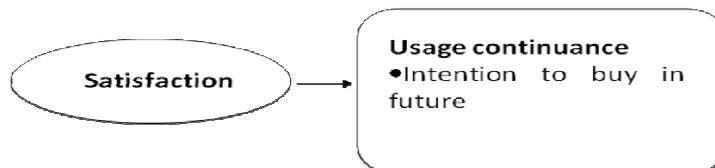


Figure 4.4: Post-Purchase Satisfaction

Table 1.1: Ever Shopped or Transacted Online

Ever Shopped /Transacted Online	No. of Respondents
Yes	230
No	12

Table 2.1: Best Representation of Online Purchase

	No. of Respondents	Percentage
Planned in advance based on a need	176	76.4
Impulse buying while surfing the net	54	23.6
Total	230	100

Table 3.1: Information Search for Online Purchase

Information Search for Online Purchase	No. of Respondents	Percentage
Online - websites dealing with online only retail sales	52	22.6
Online - websites of retail stores and in sites dealing with products of various companies	94	40.7
Online - product reviews	56	24.5
Offline - advertisements in television magazines etc. and also through product reviews	28	12.2
Total	106	100

Table 3.2: Preference and Purchase Frequency

	Always	Frequently (7 Out of 10 Purchases)	Occasionally (5 Out of 10 Purchases)	Rarely (2 Out of 10 Purchases)	Never So Far
Air/ Rail tickets	139 (60.37)	48 (20.75)	20 (8.49)	23 (10.37)	0 (0.00)
Movie tickets	111 (48.11)	17 (7.54)	15 (6.60)	48 (20.75)	39 (16.98)
Electronic goods	7 (2.83)	11 (4.71)	7 (3.77)	56 (24.52)	147 (64.15)
Books	4 (1.88)	13 (5.66)	28 (12.26)	63 (27.35)	121 (52.83)
Utility bills	15 (6.60)	22 (9.43)	58 (25.47)	50 (21.69)	85 (36.79)
Credit card bills	87 (37.73)	48 (20.75)	43 (8.49)	26 (11.32)	24 (10.37)
Insurance premium payments	67 (29.13)	28 (12.17)	80 (34.78)	48 (20.86)	50 (21.73)
Movies/ Music	22 (9.43)	26 (11.32)	30 (13.20)	50 (21.73)	102 (44.33)
Garments	0 (0.00)	0 (0.00)	4 (1.88)	30 (13.20)	195 (84.90)
Others if any, Please specify	13 (5.66)	33 (6.60)	37 (7.54)	13 (5.66)	171 (74.52)

Table 3.4: Most Important Considerations about the Websites When Shopping Online

Features	Rank
Secured transactions	1
User friendly features	2
Availability of the information about the product / service searched for	3
Comparison facility for products and services	4
Reputation of the internet retailer	5
Promotions	6

Table 3.5: Top Convincing Reasons to Buy Online

Reason	No. Of Respondents
Saves time and energy	219
Avoids long queues	208
Variety of options available to choose from same place	189
Comparison facility	145
Easy access to products unavailable in the market	126

Table 3.6: Constraints in Online Shopping

Reason	No. of Respondents
Insecure transactions	162
Disruption of connection during the buying process	154
Non-availability of user friendly features	150
Improper customer care	117
Phishing/ hacking	89

Table 3.7: Experiential Influence

	No. of Respondents	Percentage
a. Proficiency		
High level user	160	69.8
Moderate user	61	26.5
Low level user	9	3.7
Total	230	100
b. Experience (In Yrs)		
< 1	11	4.8
1-2	37	16.1
2-5	137	59.3
> 5	45	19.8
Total	230	100
c. Product		
Laptop	113	49.1
Personal computer	89	38.6
Mobile handset with internet access	28	12.3
Total	230	100
d. Place		
Home	106	46.2
Office	75	33.0
Internet cafe	20	8.5
Mobile handset	29	12.3
Total	230	100
e. Connection		
Broadband	128	55.7
Dial-up	35	15.1
Data card	22	9.4
Wireless	15	6.6
Through mobile handset	30	13.2
Total	230	100

Table 3.8: Results of Hypothesis (H1) Testing

Construct	Calculated 'T' Value	Table 'T' Value
<i>Consumer expectation</i>		
1. Ease of use	0.42	
2. Secured transaction	0.34	
3. Reputation of the company	0.21	
<i>Perceived performance of the online retailer</i>		
1. Website design	0.39	
2. Comparison facility	0.45	
3. Different kinds of products handled	0.33	
Consumer expectation + Perceived performance of the online retailer	2.14	2.581 (at 5% level of significance)

Table 4.1: Satisfaction Level about the Online Purchases Made So Far

	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied
Air/ Rail tickets	150 (65.09)	72 (31.13)	9 (3.77)	0 (0.00)	0 (0.00)
Movie tickets	46 (19.81)	69 (30.19)	33 (14.15)	56 (24.53)	26 (11.32)
Electronic goods	61 (12.26)	24 (10.38)	156 (67.92)	22 (9.43)	0 (0.00)
Books	33 (14.15)	43 (18.87)	124 (53.77)	20 (8.49)	11 (4.71)
Utility bills	54 (23.58)	67 (29.25)	98 (42.45)	11 (4.71)	0 (0.00)
Credit card bills	104 (45.28)	67 (29.25)	24 (10.38)	26 (11.32)	20 (3.77)
Insurance premium payments	106 (46.22)	76 (33.02)	48 (20.75)	0 (0.00)	0 (0.00)
Movies/ Music	32 (13.91)	69 (30.18)	129 (56.08)	0 (0.00)	0 (0.00)
Garments	0 (0.00)	28 (12.26)	195 (84.91)	13 (2.83)	0 (0.00)
Others if any, Please specify	13 (5.65)	35 (15.21)	174 (75.47)	0 (0.00)	0 (0.00)

Table 4.2: Results of Hypothesis (H2) Testing

Construct	Calculated 'T' Value	Table 'T' Value
<i>Confirmation/ Disconfirmation</i> • Evaluation of product/ service's performance	1.854	1.962 (at 1% level of significance)

Table 4.3: Intention to Buy Online in Future

	In the Next 3 Months	In the Next 6 Months	In the Next 1 Year	In the Next 2 Years	In the Next 3 Years
Air/ Rail tickets	158 (68.87)	56 (11.32)	11 (4.72)	20 (8.49)	7 (6.60)
Movie tickets	124 (53.77)	80 (34.91)	56 (11.32)	0 (0.00)	0 (0.00)
Electronic goods	41 (17.92)	37 (16.04)	76 (33.02)	41 (17.92)	76 (15.09)
Books	91 (39.62)	48 (20.75)	56 (24.53)	35 (15.09)	0 (0.00)
Utility bills	141 (61.32)	59 (25.47)	20 (8.49)	0 (0.00)	0 (0.00)
Credit card bills	128 (55.66)	67 (29.25)	24 (10.38)	11 (4.72)	0 (0.00)
Insurance premium payments	106 (46.23)	67 (29.25)	48 (20.75)	9 (3.77)	0 (0.00)
Movies/ Music	46 (19.81)	35 (15.09)	93 (40.57)	42 (18.26)	14 (6.08)
Garments	0 (0.00)	17 (7.55)	41 (17.92)	76 (33.02)	95 (41.51)
Others if any, Please specify	11 (4.72)	13 (5.66)	61 (26.42)	85 (36.79)	61 (26.42)

Table 4.4: Results of Hypothesis (H3) Testing

Construct	Calculated 'T' Value	Table 'T' Value
<i>Satisfaction</i>	2.236	2.581 (at 5% level of significance)

Table 5: Demographic Influence

	No. of Respondents	Percentage
1. Gender		
Male	156	68
Female	74	32
Total	230	100
2. Age (in yrs)		
15-20	13	5.6
21-30	124	53.8
31-40	75	33.0
41-50	11	4.8
> 50	7	2.8
Total	230	100
3. Educational Qualification		
10th standard	20	8.4
12th standard	9	3.7
Diploma	13	5.6
Graduate	97	42.5
Post graduate	67	29.4
Doctorate	24	10.1
Total	230	100
4. Occupation		
Private employee - IT and IT related	93	40.7
Private employee - Others	26	11.3
Govt. employee - in educational institutions	22	9.4
Govt. employee - others	16	7.6
Self employed - IT related	24	10.3
Self employed - others	20	8.5
Students - IT or IT related	13	5.7
Students - Others	9	3.8
Retired	7	2.8
Total	230	100
5. Income Class (in Rs.)		
Less than 90000	9	3.7
90000 – 200000	47	19.8
200001-500000	93	40.7
500001-1000000	57	25.5
More than 1000000	24	10.3
Total	230	100