# CONSUMER BEHAVIOUR IN COMPUTER MEDIATED ENVIRONMENTS: IMPLICATIONS FOR MARKETERS

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# ABSTRACT

This thesis examined the relationship between key consumer behaviour variables and the broad consumption behaviour patterns of consumers who searched and shopped for products over the Internet. The aim was to explore and suggest to marketing managers how and why people behaved as they do whilst searching and shopping online. The literature suggested a few key consumer behaviour variables such as: the role of the Internet in consumer decision-making, the psychological concept of "flow" and how this impacted on consumer behaviour online, barriers that exist for shopping online, the role that the product type and brand plays in purchase online, the role of the Internet in marketing communication and the design of a website and its influence on consumer behaviour. These variables were explored in-depth in this study. Two separate demographic groups based on the age variable i.e. older and younger consumers, were investigated in this study.

This research utilised a qualitative method to understand underlying consumption behaviour over the Internet. A total of twenty in-depth interviews were conducted with people who used the Internet extensively for searching and shopping. A snowball sample strategy was utilised to select the interviewees. There were a total of twelve older generation people and eight younger generation interviewed. The questions were semi-structured in construction, to allow interviewees the chance to discuss at length various aspects of their shopping behaviour over the Internet. The interviews generally lasted from one hour thirty minutes to around two hours. The interviews were generally conducted at the interviewee's home or their place of work. Once

completed the interviews were transcribed by the researcher. The transcribed interviews were then analysed into various Internet and consumer behaviour themes.

The research found that the Internet has become an extremely important source for both demographic groups in their search and purchase of products and services. The Internet is no longer the domain of only the young people, as was the case in the early days of its inception. Both older and younger consumers are now extensively using the Internet. Consumers from both demographic groups use the Internet as a key communication tool in their decision-making about the purchase of products and services. In fact most interviewees suggested that this new medium is their first stop to obtain information about products and services. However, all interviewed unanimously claim that in addition to the Internet, they still utilise traditional media in their search for information about products and services.

The psychological concept of "flow" does not act as an impediment to older people, in that they do not lose their way online but stick to their goal-oriented behaviour. It was found that though older consumers experience and enjoy "flow" online they still progress with their shopping and leave sites having completed their tasks. Most mentioned this behaviour comes with experience and the Internet is no longer a "new toy" for them. However younger people get fascinated when they experience "flow" online and spend hours over the Internet and lose track of what they actually had come for in the first instance.

The Internet has still a few barriers especially when it comes to people shopping and providing credit and other personal details online. Most young people are concerned

about fraud online and are reluctant to give financial details over the Internet. The older group of consumers were not so concerned with financial fraud but were of the view that information overload and inconvenient hours of physical products drop off times at their homes were major impediments to shop online.

## Key Words

Online, Internet, Consumer Behaviour, Flow, Brand, Decision-Making, Segmentation, Demographics, Marketing, Purchase, Search, Shop

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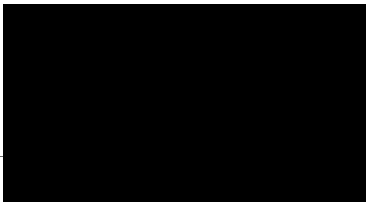
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# DECLARATION

This thesis contains no material that has been accepted for the award of any other degree or diploma in any university or other institution. To the best of my knowledge, this thesis contains no material previously published or written by another person, except where due reference is made in the text.

Ian Michael

# Chapter 1 – Introduction

## 1.1. Introduction

The Internet is rapidly becoming a critical tool for the marketing function, just as consumers are being attracted to it as a place to search and shop for products and services.

According to an Australian Bureau of Statistics (ABS) study (ABS, 2004), in the year 2002, in Australia, 61% of Australian households had access to a computer at home (up from 44% in 1998). The same study found that 46% of Australian households had home Internet access (up from 16% of households in 1998).

The number of adults using the Internet continues to grow strongly. In 2002, 58% of Australian adults accessed the Internet. This was a significant rise from 31% in 1998. Access to the Internet at home has shown particularly strong growth during this same period, a rise from 13% in 1998 to 43% in 2002 (ABS, 2004).

In 2002, the Internet was used by 23% of adult Australians to pay bills or transfer funds (up from 17% in 1998). With regards to shopping online, 15% of all adult Australians shopped online, up from 11% in 2001 (ABS, 2004).

## 1.2. Aims of the study

The aims of the study were:

- o  To investigate and understand key consumer behaviour variables and the relationship that they have with the broad consumption behaviour patterns of individuals who search and shop for products and services over the Internet.

- o  To contribute to the development of theories of consumer behaviour in respect to consumer behaviour over the Internet.

- o  Whilst gaining an understanding of consumer behaviour online, this study also aimed to make recommendations to marketers who are increasingly using the Internet as part of their strategy to attract their target market to seek and shop from their company websites. Some of these recommendations to marketers addressed issues such as:

1)  The role the Internet is playing in consumer decision-making.

2)  The differential behaviour of different demographic groups based on the age and gender variables when searching and shopping for products online.

3)  The impact that the psychological concept of 'flow' has on online consumer behaviour.

4) The role of the Internet as a communication medium in comparison to other traditional media such as television, newspapers and company brochures.

5) The influence of the type of product as to whether it is suitable for online or offline purchase.

6) The barriers that exist and prevent consumers from actually transacting and purchasing online.

7) Appropriate features and characteristics of websites that would attract and keep customers revisiting company Internet websites.

## 1.3. Significance of the study

The estimates of electronic commerce activity in the future vary but they are all uniformly staggering; for example, the OECD has a figure of $1 trillion by the year 2005 (Prabhaker, 2000). The importance of the Internet as an advertising medium has generated a lot of attention in recent years. Studies indicate that there was approximately US$3.1 billion spent in 1999; this was estimated to reach $15 billion by 2003. Over the years retail e-commerce revenues increased from $8 billion to $18.6 billion in 1999 and were predicted to reach $80 billion by 2003 (Joines, Scherer and Scheufele, 2003). Hence in this age of the Internet commanding a major role of online businesses with their customers, it is imperative for marketers to gain a thorough understanding of the general behaviour of their consumers.

There has been discussion in the marketing literature, pertaining to consumer behaviour, indicating that unrepresentative, old and dangerously obsolescent models of information and consumer behaviour are being peddled around and this needs to be rectified as early as possible (Nicholas, Dobrowolski, Withey, Russell, Huntington, and Williams, 2003). In the Internet shopping context, consumer user's expectations are rapidly changing and consumers are expecting better pricing, ease of use, secure payments as well as the complete customer service back up that they would normally receive from traditional channels. As the Internet rapidly becomes a major source for searching and for the purchase of products and services, there is the need by marketers to achieve the same levels of service that is provided in the traditional marketplace. To achieve this, there is a mounting demand for researchers to investigate consumer behaviour in an Internet environment.

As the search and purchase habits of digital consumers are continuing to evolve and change, there is a need to understand the role that brands, brand loyalty, and product identification play in an online environment. These are becoming increasingly important for marketers (Nicholas et al, 2003). Research has made marketers familiar with consumers and their shopping habits in traditional environments, which in itself is a complex process with regard to decision-making. How do the consumers make decisions when faced with possibly more information, more choice, and a different set of purchase influences? Does a brand conscious consumer still purchase the same brand online although s/he can be seduced by a larger variety from global manufacturers at a lower cost?

Researching consumers' search processes has important implications for different areas in marketing such as business-to-business marketing, marketing channels, and relationship marketing (Earl and Kemp, 1999). With knowledge about consumers search processes, marketing managers will be able to reduce search costs and increase the benefits of the search. These actions in turn should increase consumers' motivation to search. It is also critical that marketing managers understand the determinants of an information search, as this is beneficial in developing effective promotional strategies. It has also been suggested that as societies become more information rich, it becomes imperative for them to understand how consumers search and use information (Sheth and Sisodia, 1997).

A good understanding of buyer behaviour, in particular the circumstances and influences surrounding the decision to purchase and the purchase act, is of central importance to a marketing strategy. In this field of cybermarketing, the time and place contexts of the decision to commit to a purchase (the intention to buy) and the purchase act (the behaviour) are of special interest (Louvieris and Driver, 2001). As a result of gaining knowledge into the practices of Business-to-Consumer (B2C) interactive cybermarketing activities, the next generation of the Internet is set to become an even greater re-shaping influence on the business corporation than the current Internet.

From a knowledge management perspective, the next generation of interactive cybermarketing extends the company's business network to include the dynamic intellectual/human capital of its customer bases buying intentions. It is suggested that each interaction with a customer even if it is a single online session can result in the

conversion of that customer's tacit intentions into explicit customer knowledge and informs the relationship management process within the organisation (Kotler and Achrol, 2000). Hence gaining an understanding of the dynamics of buyer behaviour at the customer interface is an essential knowledge management process. Louvieris and Driver (2001) have asserted that in order to have an effective B2C interface between an organisation and its customers, there needs to be an even greater knowledge of a much richer set of buyer behaviours than the commonly applied rudimentary learning response model of buyer behaviour currently referred to in the eCommerce/eMarketing management literature

It has been emphasised that research is yet to examine the underlying motivations of consumers for using the Web (Joines, et al., 2003). This is specially true in the case of specific consumer-related activities such as searching for information on products and services and shopping online These authors also suggest that there appears to be a lack of published research identifying how motivations may vary across different web activities. It has been found that using the web for consumer purposes is increasingly becoming a primary reason that is attracting people to the Internet (Lever, 2003). In this context there are numerous studies suggesting that not only is online shopping on the increase, consumers are also spending more time searching for information on products and services over the Internet (Lever, 2003).

Hence investigating the underlying motivations and concerns of consumers' who use the Internet to seek product and service information is a worthy topic of investigation. There is a demand for answers pertaining to the possible underlying reasons why people use the Internet as a way to gain product knowledge and/or to shop for

products and services. The answers to these pressing issues will also enable the advertising function in marketing to target audiences and tailor web content more effectively.

There is speculation among marketing executives that once online consumers begin focusing on prices it will eventually result in strong price competition, which in turn will lead to brand erosion behaviour in the online environment. There has been literature pointing to a concern that once this happens, marketers would begin to "commoditise" brands. Degeratu, Rangaswamy, and Wu (2000) have suggested that brands can have a more or less impact online than in traditional supermarkets depending on the extent of relevant information available for making choices in these markets. It has also been suggested that when more total information about product attributes is available online, brand names become less valuable, this may be especially true when the product category contains few sensory attributes (Degeratu et al. 2000).

Based on their results, the authors expect brand names to be more important online in product categories that are differentiated on brand image and other attributes such as the touch and feel. For example, fashion products that are based on a touch and feel approach cannot be sold physically by an online store and hence the brand needs to be created off line. On the other hand, the researchers suggest that brand names will be less important online for functional products such as fax machines and computers. In such cases, online stores that give detailed attribute information as well as comparative information online may be sufficient to build the brand. The authors conclude by suggesting that much more research work needs to be done to gain a

clear understanding of how the Internet has affected consumers' behaviour towards brands.

Novak, Hoffman and Yung (2000) have come up with an exhaustive list of unexplored areas in online consumer behaviour, which they claim are viable for future research in the area. Issues that are extremely fertile for the purpose of research, include the role of situational involvement, distinctions between task-oriented and experiential behaviour, and the role of consumer demographics. An investigation needs to be conducted to ascertain relationship/s between online customer experience and online marketing outcome variables. This understanding will turn out to be very productive for marketers. Apart from speed of interaction, none of the present research has considered the specific elements of commercial website design that facilitate a compelling consumer experience, nor how this experience is likely to vary across the wide range of commercial sites found on the web these days.

There is also a gap in knowledge in terms of how to create commercial online environments that engage consumers. This will help in achieving important marketing objectives, such as extended site visit durations, repeat visits, and online purchase. These consumer actions are critical marketing tasks (Novak et al. 2000). On a more general level, Malhotra, Peterson, and Kleiser (1999) are of the view that despite years of research, understanding of the process of decision-making by consumers is still lacking. They also raise questions pertaining to some fundamental concerns that need to be addressed in the marketing literature relating to fundamental issues such as how consumers seek and process information. The authors stress that another area in need of attention is the role of affect in consumer decision-making. A continuing

investigation into the influence of various variables on the decision-making process is suggested. According to them plausible theories of how consumers actively and passively search for information has still not received due attention, and they suggest further research needs to be conducted in order to gain an understanding of this phenomena. The research addresses many of these issues.

## 1.4. Importance of the study

An important reason for the investigation of online consumer behaviour over the Internet is because of the Net's unprecedented growth as a tool in marketing and overall business transactions.

Forrester Research foresees a dramatic increase in Internet retailing as it estimated online sales in the USA to reach $108 billion by the end of 2003. Such optimistic forecasts have also been predicted for the UK retail market where online retailing has only a 0.2% market share of the entire retailing in the UK. This is predicted to multiply by as much as 15 times over the next three years (Karayanni, 2003). The estimates of electronic commerce in the future vary quite a bit, but they are all uniformly staggering. The OECD group has a figure of $1 trillion by 2003-05 (Prabhaker, 2000).

Park and Kim (2003) predict that between 2000 and 2005, the value of goods delivered to the home in the UK will rise by 83% from 18.9 billion pounds to 34.5 billion pounds with much of this growth fuelled by a steep increase in online shopping.

In other areas the role and growth of the Internet as an advertising medium has attracted tremendous interest by academics and practitioners. Joines, Scherer, and Scheufele (2003) found in a review of the use of the Internet as an advertising medium that it attracted $3.1 billion in 1999. This expenditure was estimated to rise and reach $15 billion by the end of 2003. On the other hand, the same authors' study mentions that retail e-commerce revenues increased from $8 billion in 1997 to $18.6 billion in 1999 and are predicted it to reach $80 billion by the end of 2003.

Within the Australian online context research (Foreshew, 2003) has found that consumer e-commerce will grow from $4.8 billion in 2002 to about $18 billion in 2006. Longer working hours, more expensive petrol, and the desire to spend more quality time with friends and family are the key drivers for e-tailing growth. It was also found that Australians were motivated and lured by gadgets and entertainment benefits with a high proportion of "gadget grabbers" and "media junkies". The survey also found that 31.9% of Australian Internet users aged 18 and above say that they have made online purchases but paid offline.

## 1.5 Originality of the study

In its investigation of consumer motivation, this research thesis addressed the critical issues: a) What are the chief motivators for consumers to visit and shop online, and, b) What features constitute a well designed website for the purpose of seeking product information and shopping online. So far, none of the studies of online shopping to date have examined whether non-functional traditional shopping motivations such as

design, layout and location of a store can be applied directly, or in an adapted form, to the Internet. This study examined the role the design of a website plays in online consumer behaviour.

Consumer behaviour researchers and authors Grant and Waite (2003) highlighted the lack of empirical research into young adults' Internet experiences. They suggest that more empirical research needs to be carried out to investigate motivators based on issues such as segmentation. Consumer segmentation variables such as demographics, which are concerned with age, gender and occupation, need to be considered when trying to understand what motivates people to use the Internet.

The type of product that a consumer is interested in purchasing and the demographic background of the consumer have been hypothesised as intervening variables to barriers for shopping online. This relationship has not yet been investigated or tested.

Novak et.al, (2000) stress the importance of understanding the concept of "flow" in online consumer behaviour. According to them, it is not yet known how consumers behave when and while they experience flow while searching and shopping for products online. More research also needs to be conducted to ascertain the role of demographics and product and service types on the extent of experiencing and/or not experiencing flow. Do variables such as gender, education, occupation and age lead to people experiencing or not experiencing flow? Similarly does the type of product e.g. physical good v. services dictate whether a person flows or does not flow online? Hence, for a complete understanding of consumer behaviour in an online

environment, these inputs and their relationship to flow are of critical importance to the marketer. This study addressed all of the above issues.

Novak et.al, (2000) specified that there was inadequate research into the reasons for individuals to experience flow online. They also stressed the need to investigate the effects that flow can have on search and shopping behaviour. According to the authors, there is a demand for research in the future to extend knowledge and to create an all-inclusive model of consumer behaviour in a computer mediated environment. Hence, this research by, conducting in-depth interviews to ascertain the concept of flow, aimed to create theory in online consumer behaviour.

The role of a product and a brand name in search behaviour is becoming an important area of enquiry for academics and practitioners. As the use of the Internet and websites grow it is imperative for marketers to understand the interplay between products, brand names, and online information seeking behaviour and consumption. In this context it, Peterson, Balasubramanian and Bronnenberg's (1997) 'product and service classification grid', has been used as a framework to investigate the relationships that happen between different types and levels of products and consumer behaviour within a computer-mediated environment of the Internet.

Furthermore much has been hypothesised, but not tested, that the value of a brand name can be affected because of the growth of the Internet within the marketing function. As the tentacles of the Net grow, products and services that expand with it may diminish the value and loyalty aspects of well-known brands.

Understanding the role of the Internet in consumer decision-making is of crucial importance to a business and the marketing function. It has been often mentioned that a specific understanding of buyer behaviour, and in particular, the circumstances and influences surrounding decisions to purchase and the purchase act, is of central importance to any marketing strategy (Louvieris and Driver, 2001).

There has been a lack of understanding of different market segments in ascertaining online consumer behaviour. Most previous research tended to use very simple and convenient sampling strategies to understand consumer behaviour online. For example, in their ongoing study of "flow" online Hoffman and Novak (1996) and Novak, Hoffman and Yung-Fai (2000) have used students as a sample. Their research recommends a need to include real life segments to investigate consumer behaviour online.

It must be also stressed in this context that unlike past studies a population sample of the general public will be used. Demographic variables such as gender and age and the impact they are likely to have on online flow, online communication and decision-making, barriers to the Internet, product type and brand while purchasing online, and attractive website features and design, have not been investigated thoroughly to date. The relationship between all of these variables will be investigated in this study.

Qualitative research methods were used in this study to investigate online consumer behaviour and the interplay between the various variables extracted from an in-depth analysis of the literature. Ruyter and Scholl (1998) stressed the need to use qualitative methods especially to explore substantive areas about which little is known which is

the case with the knowledge we have to date about consumers' behaviour in an online environment. In addition, qualitative methods are extremely useful in obtaining the intricate details about phenomena such as feelings, thought processes, and emotions that are difficult to extract or learn about through more conventional research methods (Strauss and Corbin, 1998).

## 1.6. Contribution to knowledge

This study contributes to the knowledge of online consumer behaviour by investigating and understanding the relationships of and between key consumer behaviour variables. These key consumer behaviour variables are listed below:

> ➤ The Concept of 'Flow' and Search Behaviour Online

> ➤ Consumer motivators for searching and shopping for products online

> ➤ Products and Brands - their role in search shop behaviour online

> ➤ Consumer Decision-Making – Role of the Internet

> ➤ Barriers that inhibit people from using the Internet for shopping

> ➤ Web Site Design and Search Behaviour

> ➤ Online segmentation

This study tested and added to the theoretical foundations of the "flow theory" that Donna Hoffman and Thomas Novak of Vanderbilt University first proposed. The authors proposed understanding "flow" as a means of investigating and measuring consumer behaviour in an online environment in 1996. Further, Novak, Hoffman and Yung-Fai (2000) stressed the importance of the flow experience on online consumer

behaviour. The flow construct was pioneered by Mihaly Csilszentmihalyi, who has written extensively on this topic over the past 20 years (e.g. Csikszentmihalyi 1977, 1990; Csikszentmihalyi and Csikszentmihalyi 1998; Csikszentmihalyi and LeFevre 1989).

Novak, Hoffman and Yung (2000) stress that more investigation needs to be done in order to understand how and when people experience "flow" online and their reaction to this phenomena. This study will be the first of its kind to address such relationships between consumer's experience of "flow" and their searching and purchase behaviour in an online environment.

This study also contributed to the "flow" theory by investigating whether variables such as gender, education, occupation and age have any effect on people experiencing or not experiencing flow online. Similarly it aims to find out whether the type of product e.g., physical good v. services dictate the whether a person flows or does not flow online. Hence, for a complete understanding of consumer behaviour in an online environment, these inputs and their relationship to flow are of critical importance to the marketer.

With regards to the theory of motivation, this research thesis addressed a key question pertaining to understanding the chief motivators for consumers to visit and shop online. Many researchers and authors have suggested more empirical research needs to be carried out to investigate motivators based on issues such as segmentation. Consumer segmentation variables such as demographics, which are concerned with age, gender and occupation, need to be considered when trying to understand what

motivates people to use the Internet. This study contributed to knowledge by understanding the key motivators for consumers to search and shop online, and whether these factors differ between different age and gender groups.

The role that the type of product and/or services, and the brand name play in search and shopping behaviour has not been investigated extensively. Peterson, Bronnenberg and Balasubramanian (1997) proposed a hypothetical framework pertaining to the role of product and its impact on decision-making and shopping online. The role of a brand name and its impact on search and shop behaviour in an online environment has not been tested till date. This study contributed by investigating the role the type of product and/or service plays in it being shopped online. It also investigated the role that a brand name plays in searching and purchasing products over the Internet.

This study also contributes to the field of Internet marketing knowledge, by investigating the role that the Internet plays as a tool of marketing communication especially in consumer-decision making. In doing so it also investigated what role the Internet plays in comparison to other traditional media such as television, newspaper, radio and print marketing communication.

The study aims at investigating the key barriers that stand in the way of consumers actually shopping and transacting over the Internet. Finally, this study contributes to knowledge by investigating the features that constitute a well designed website for the purpose of seeking product information and shopping online. The relationship between web design and "flow" behaviour is also investigated in this study.

## 1.7. Scope of the study

The study "Consumer behaviour in a computer mediated environment – implications for marketing" is a detailed and in-depth study using qualitative research methods to understand how and why consumers use and behave as they search and shop for products over the Internet, using company websites.

The study is concerned with how shoppers behave over the Internet and company websites while they seek and shop for products and services. It does not include behaviour of individuals while they use other technological tools such as kiosks, EFTPOS (Electronic Funds Transfer at Point of Sale) and ATM (Automatic Teller Machines) machines. The respondents for this study reside in Melbourne. Being a qualitative study, the results aim to build theory rather than test any form of theory.

## 1.8. Organisation of the thesis

This thesis is organised into seven chapters, which are briefly described below.

**Chapter 2** is the context of the study. This chapter emphasises the need to gain an understanding of online consumer behaviour. Its focus is on obtaining the quantitative and statistical information about the role and growth of the Internet, specifically in relation to business to consumer activities. The chapter then focuses on the Australian

business to consumer activities, this includes searching and shopping for products and services over the Internet.

**Chapter 3** reviews the literature on some key variables in online consumer behaviour, which makes up the core investigation variables for this study. The literature review considers variables such as the concept of "flow" and its role in online consumer behaviour, motivating factors for people to search and shop online, the role of the Internet in consumer decision-making, the role of product type and brand and the impact it has on searching and shopping online.

The literature also covers other key variables such as barriers that inhibit Internet users to search and especially shop online. It also uncovers the key features that make up a good website. Last but by no means least, the literature search uncovered the role segments play in online consumer behaviour. It considered the role of new segmentations approaches proposed by Mary Modhal and the Keig and Company in understanding consumers who search and shop online.

**Chapter 4** establishes the theoretical framework for this research. The methodology used for this research is qualitative in nature. The chapter discusses the key themes in online consumer behaviour as highlighted in the literature; it goes on to discuss the key variables chosen and the reason for in this study. The variables are defined, the theoretical framework diagram is constructed, and the open-ended research questions investigated.

**Chapter 5** is the research methodology chapter. This chapter discusses the overall research approach. Being a qualitative research study, some of the components of this chapter include selection of a qualitative approach and justification for using a qualitative approach. The chapter also discusses the sampling method used, and method/s used to collect and analyse the data from the interviews.

**Chapter 6,** is the results chapter, it discusses the analysis and interpretation of the qualitative data gathered through the interview process. The data analysed is in line with the themes uncovered through the in-depth review of the literature. The results chapter analyses key consumer behaviour variables investigated amongst both the older and younger demographic groups. Differences in online consumer behaviour among the two gender types have also been found and discussed in this research. The chapter pays special attention to differences in online consumer behaviour among these various demographic groups investigated.

**Chapter 7** has been titled as the 'Discussion Chapter' and presents the conclusions and recommendations. It is especially useful to the marketing fraternity, in that recommendations have been made here to marketers based on the study's sound understanding of online consumer behaviour. Also highlighted in this chapter are limitations of this study and scope for further research.

# Chapter 2 - CONTEXT OF THE STUDY

## 2.1. Back to the Future

Electronic shopping is not a new concept; few would believe that in 1888 Edward Bellamy in *"Looking Backward"* in (Doody and Davidson, 1967) spoke of a pipeline distribution system connected to residents' homes, controlled by the US government. Along with Bellamy, Alton F. Doody and William R. Davidson, who made contributions some 80 years later, these are considered soothsayers of electronic retailing (Doody and Davidson, 1967). In a seminal paper aptly titled *"Next Revolution in Retailing"*, the latter two authors articulated a vision of electronic shopping that incorporated a flexible, yet comprehensive shopping and distribution system for grocery products, pharmaceutical drugs, and sundries. In addition to presenting what has turned out to be a reality some 30 years later, with businesses of the likes of Peapod in the US and Wishlist.com in Australia, the authors Doody and Davidson presented implications of their vision in the context of structural changes in marketing channels and a new role for advertising and packaging. Isaac Asimov, Malcolm P. McNair, and Eleanor G. May, Rosenberg and Hirschman, and Schneiderman extended the visions of Doody and Davidson, in sharing the belief that electronic shopping would become a dominant method of buying (McNair P. M. and May G.M., 1978).

## 2.2. "Face Off" — The Changing Face Of Online Consumers

In the US nearly 10% of the population is aged between 16 and 22, of which nearly half are online. Generation Y, as they are termed, control approximately US$37 billion in personal income, and may influence double that amount through adult spending. In Australia, Internet access by the 18-24 year old group is as high as 70%. It has now been found that there is a strong change in the demographic profile of online consumers, shifting towards the 'baby-boomers' and senior citizens (Lunn, 2000). In a Nua Internet Survey, conducted in 2002, it was found that almost 10.63 million Australian citizens were online, this amounts to over half the Australian population (Gomes and Murphy, 2003). In their most recent study the National Office of the Information Economy (NOIE) revealed that 75% of Australians over 16 years had access to the Internet in the first quarter of 2003, with 54% of Australian households having Internet access over the same period (NOIE, July 2003).

Contrary to the widely held notion that the older Americans are separated from the Internet and e-commerce, commonly known as the "digital divide", the research company Media Metrix have found that Americans born before 1964 are the fastest growing population on the Web (Szmigin and Carrigan, 2000). The Hakuhodo Institute of Life and Living (HILL) is a research organisation that is attached to Japan's second largest advertising agency, HILL found evidence that goes against normal anecdotal reports. For example (Lunn, 2000) older Japanese were more comfortable in expressing feelings to a family member via email, rather than across the table. Furthermore, in Japan, with the greying of its demography – by 2025, people above 65 years will make up 28% of the Japanese population. Older Japanese

men fear playing Game Boy or Sega, not because they do not know strategic moves, but because they are afraid to lose on a PC; the same older men can be seen in droves at Pachinko Parlours, as they are more familiar with the larger Electronic Monitors (Lunn, 2000).

In 2000, there were more Americans aged over 65 years than there were teenagers; households headed by people over 55 years have twice the assets of households headed by the 35-54 year group. According to statistics from the US, the 45-54 year age group spends 17% more than the average household on a per capita basis, and further, the 55-64 year age group spends 15% more than the average per capita in the US (Ernst and Young, 2000). Traditionally, marketers tend to focus their energy and resources on the younger Generation X than on older consumers; broadband advertisements tell the story. In findings, it was revealed that older people do not only surf the net, they buy on the net: a recent study indicated that those over 55 are more likely to buy books, stocks and shares, and business equipment than the average adult web user. Older people view advances in technology such as the Internet as key in lifelong learning; in the same context it is worth noting that there are reportedly more Internet users over 50 than under 20, with 19% of all users aged 50 years and older in the US.

In the USA, Jupiter Communications Research found that the web is now no longer the domain of the young demographic group, fourteen million people above the age of fifty are now online with that number set to double in the next three years. As the diversity of web users continues to increase, research indicates that households with

an average income of $25K or less represent the highest percentage of Web "newbies" (Ross, 2000).

In contrast, an ongoing research program since 1997 sponsored by the Wharton Forum on Electronic Commerce, Wharton Virtual Test Market (WVTM), found that in 1999 the median age of the WVTM member is 29 years, a little younger than the overall population median of 30-34 years (Michael, 2000). The role of teenagers and young people however should not be discounted as it has been found that the age group between 16-24 have been very early adopters of new technology and are increasingly able to influence the purchase and decision making of others. This youth market has a relatively high disposable income. Studies have found that 88% of this segment has accessed the Internet at a significantly higher level than any other age group (Grant and Waite, 2003).

In their ongoing study of the Australian demographic market, the National Office of the Information Economy (NOIE, 2000) came up with very interesting findings. Although it was previously thought that Internet access was greatest for the 18-24 year olds, the over 55-age group has increased by around 76% over the last two years. The nearest increase is the 25-39 year old. However, the over 55 group surpassed them by some 20%. When it comes to the big picture, it seems age will make little difference in how users view the Internet. In another study of consumers, respondents across all age groups stated that the Internet would play an increasingly important role in their lives. Age differences will only show when users discuss what they use this medium for. The younger (18-24) group may purchase Metallica music through Napster, while the over 55 may want to purchase a miniature diecast car for their

collection. With regards to the older online searcher/shopper it has been reported (Lynch, 2003) that many women aged 50+ are using the Internet extensively to search and shop for travel and tourism related products online.

Various Market Research studies into Internet demographics indicate that there has been a very rapid shift in the gender balance online. In a Media Metrix study it was found that there were more women than men online for the first time in the Internet's history. The study of 55,000 users found that 50.4 percent of the current users are women and 49.6 percent men; women using the Internet grew by almost 35 percent from May 1999; in contrast the men's segment grew by 22 percent. It is also of interest to note that women have different motivations for using the Web: top of the list was convenience shopping, in order to make their lives efficient and productive. Just as women dominate in most bricks-and-mortar channels, they are quickly assuming a greater role in the virtual world. They already make up 50% of online shoppers in the US, 41% in Australia, 38% in Canada, 31% in UK, 24% in France, and 15% in Italy (Ernst and Young, 2000). In 1995, 34% of all users of the Internet were women, in 1996 data produced by NPD Group's PC Meter Sweeps showed that women were forming a growing proportion of Internet users at 38.7%; by 1998 the figure seemed to grow much further and in 2001 it has been found that women now outnumber men on the web especially in the USA (Marcella, 2002).

Studies have now shown that in the early days of the Internet male users heavily outnumbered females but this is now changing with around 50% or more US e-shoppers now female (Cyr, 2000). In a study in South Korea it was found that Asian

women's use of online communication grew significantly at the end of year 2001 with South Korean women appearing to dominate this group (Choi and Lee, 2003).

Gabriel and Davey (1995) in their study on distance learning found that women preferred to learn on a more personal, interactive, and the sharing of life experiences. Marcella (2002) extended the study to find that sites such as www.womenswire.com were created to suit women and offered a range of interactive devices submission forms, colours to suit women, electronic votes taken online on a number of subjects, an email facility available for site visitors to ask experts on topics like banking, money, careers, health, fashion, sex, and men. Purple Moon another site highlighted in the study targeted girls between 8-12 years and provided material on entertainment and hobbies that were considered to be of interest to this group.

Teo (2001) in a study on gender differences with regard to the Internet found that both males and females used the Internet for browsing activities to a similar extent as indicated by the non-significant result of their analyses. It was interesting to note that females use the Internet for messaging activities to a significantly greater extent than males. White and Manning (1998) in their study found that women were more likely than men to purchase from an online store.

In Australia, the gender gap is rapidly closing, with 41% of females accessing the net in the twelve months to February 2000; this compares to 46% of males during the same time period. Only three years ago females were a minority online in the US and predictions were made then that they (females) would grow at twice the rate – now the US is experiencing levels similar to Australia.

In a study conducted in Santiago, Chile (Mendoza and Alvarez, 1997), the study samples were classified into three socio-economic segments and investigated. Segment 1 corresponded to the upper middle class, segment 2 the average middle class, and segment 3 the lower middle class stratum. It was found that in Segment 1 83.9% of Internet users were male whilst 16.1% were female users, in segment 2, 66.7% men and 33.3% women used the Internet. However, in the lowest socio-economic segment in this study, 44.4% males used the Internet users while there were 55.6% female Internet users (Mendoza and Alvarez, 1997). In Australia, it was also found that women aged between 25-40 years were dominating online travel bookings. It was found that this segment do their search for travel and tourism related products anytime between 11am to 3pm and from after 8.30 pm (Lynch, 2003).

The greater the personal income the more likely an individual is to access the Internet and shop online. Studies from most industrial nations clearly indicate this. In Australia 73% of people who access the Internet for information or to shop online earn $80,000 or more (NOIE, 2000). Gadeib (1996) in a cross national study found US and German Internet users had significantly higher income and were also better educated, having a university degree. Three years later, the higher income rating was downgraded to above average socio-economic status. A year later, a study in the US has found that the digital divide in the context of income is rapidly disappearing. Though households with an income of US$25,000 and under make up only 10% of the Internet population, the numbers have skyrocketed by 50% (Ross, 2000).

## 2.3. An episode in number crunching – "View from the ground"

An important reason for the investigation of online consumer behaviour over the Internet is because of the Net's unprecedented growth as a tool in business transactions.

The number of Internet users worldwide had reached 276 million in 1999; this figure was expected to rise to as much as 375 million by the end of the year 2000 (Ernst & Young, 2000). The United States at that stage led the pack, as the most surf hungry nation with numbers reaching as high as 135 million. All may not be looking that rosy for the US as studies indicate that she (The US) is looking at slipping to 46% from 55% in terms of total internet users. The Asian Tigers that had lost their roar from 1997 will rebound and see tremendous growth in Internet connection and usage. In-fact China is slated to take second honours by 2005, according to the most recent 2000 projectors; Japan may be the second leading nation with some 26.9 million users. Next comes Germany (19.1 million) followed in order by Britain, China, Canada, South Korea, Italy, Brazil, and France (Anderson Consulting, 2000). In recent findings by NOIE the following statistics were reported for the first quarter of 2003:

**TABLE 2.1: Internet Access Rates - Comparison between Australia and other developed nations**

| COUNTRY | INTERNET ACCESS |
|---------|-----------------|
| Australia | 75% |
| Brazil | 42% |
| France | 55% |
| Germany | 61% |
| Hong Kong | 69% |
| Italy | 59% |
| Japan | 31% |
| Netherlands | 74% |
| Spain | 49% |
| Sweden | 90% |
| UK | 69% |
| USA | 86% |

(NOIE, 2003)

Forrester Research (quoted in Karayanni, 2003) foresees a dramatic increase in Internet retailing as it estimates online sales in the USA to reach $108 billion by the end of last year. Such optimistic forecasts have also been predicted for the UK retail market where online retailing has only a 0.2% market share of the entire retailing in the UK. This is predicted to multiply by as much as 15 times over the next three years (Karayanni, 2003). The estimates of electronic commerce in the future vary quite a bit, but they are all uniformly staggering. The OECD group has a figure of $1 trillion by 2003-05 (Prabhaker, 2000).

Park and Kim (2003) predict that between 2000 and 2005, the value of goods delivered to the home in the UK will rise by 83% from 18.9 billion pounds to 34.5 billion pounds with much of this growth fuelled by a steep increase in online shopping.

Online shopping is now becoming increasingly common in the USA. Most large companies with a product or service to sell have opened an online shopping website. Thus there are a mushrooming number of e-stores being created with no physical retail location.

Though the USA is currently the world leader in e-commerce, its dominance is expected to fade, as can be observed by the above NOIE studies where Sweden has overtaken the USA in accessibility of its citizens to the Internet. This ownership and usage of the Internet is the engine room for the growth of e-commerce. Other studies indicate that the Asia-Pacific region will slowly emerge as a threat to the US. Among them South Korea is promising to be that major challenger with online sales estimated to reach $205 billion by 2004 which will account for as much as 16.4% of total sales in the country (Choi and Lee, 2003). In the same study it was found that in the year 2000, 16% of the South Korean population shopped online spending $720 million. In addition, the study also found that Asian women's use of online communication grew significantly at the end of year 2001 with South Korean women appearing to dominate this group (Choi and Lee, 2003).

In other studies (Kung, Monroe and Cox, 2002) pertaining to the rapid rise of the Internet, predictions have been made that online sales will increase from $48 billion in

1998 to $1.8 trillion by 2003. The worldwide Internet population was predicted to reach 709.1 million by the end of 2004 up from 445.9 million in 2002 (Kung et.al., 2002). Their study also found that Americans spent $42.6 billion online during the first week of December 2001, an increase of 91% from the estimated $1.4 billion spent during an average week in November 2001. In the UK it has been predicted that between 2002 and 2005, the value of goods delivered to homes will rise by 83% from 18.9 billion to 34.5 billion pounds, and much of this growth will be fuelled by a steep increase in online shopping (McKinnon and Tallam, 2003). Demographic trends and people's reluctance to have their life-styles constrained by the need to stay at home to receive orders will also see a trend towards consumer demand for unattended deliveries.

In other findings into the supply end of e-commerce it has been documented that emotionally intelligent computers are now being developed at the Massachusetts Institute of Technology's (MIT's) Media Labs jointly with Siemens Human-Machine Research Group that is based in Germany. Accordingly, the turnover within this industry at $88 billion in 1999 was predicted to grow to around $1 trillion by the year 2010 (Shaw, 2002). The study further emphasised that in the very near future almost 100% of customer transactions at banks will be done online. Home computers will be linked to most retailers, the global telecommunication industry will be the world's largest, and the Internet will be the primary communications medium in the 21st century.

In other areas the role and growth of the Internet as an advertising medium has attracted tremendous interest by academics and practitioners. Joines, Scherer, and

Scheufele (2003) suggest that the Internet as an advertising medium had attracted $3.1 billion in 1999. This expenditure was estimated to rise and reach $15 billion by the end of 2003. On the other hand the same authors' study mention that retail e-commerce revenues increased from $8 billion in 1997 to $18.6 billion in 1999 and are predicting it to reach $80 billion by the end of 2003.

In Australia, with more than 9 million people using the Internet regularly the medium is being sold to advertisers as a kind of "television at work" by Australian publishers, who draw managers attention to research commissioned by the US Online Publishers Association which shows that 73% of people with Internet at work use it every morning. The Audit Bureau of Circulations which published its first ever report into Internet advertising in April 2003, found the market grew 18.5% from the first half of 2002 to the second half, valuing it at $167 million for the whole year (Mackenzie, 2003).

Closer to Australia it has been found that South Koreans have opened their wallets and minds to the Internet, giving rise to a mini-boom for thousands of so called cyber-malls sprouting up in the country. In the first quarter of 2002 a survey conducted by the government showed sales surging by 89.2% at 2,334 different cyber-malls that saw South Koreans spend some 1.34 trillion won (Lim, 2002). The same study found that with this increase traders in the country were moving from selling personal computers and electronics to traditional shopping fields such as furniture, food, cosmetics, and other daily necessities online.

The National Statistical Office (NSO) of South Korea were expecting online sales to double to 6.68 trillion won in 2002 from the last years sales figure. Though the market share of online shopping was small in this country it was forecasted to catch up with the offline industry by the year 2008 due to the increase of hi-tech gadgets like smart television systems. At present, consumer electronics and telecommunication products were the major sellers online accounting for 17.9% of all sales. Computer and computer appliances at 16.6% came second, followed by daily necessities and car purchases at 11.4%; clothing and accessories account for 9% and books 6.1%. More than half the South-Korean population regularly used the Internet and around 10 million households were connected, about a third of their population of 48 million (Lim, 2002).

Within the Australian online context research has found that consumer e-commerce will grow from $4.8 billion in 2002 to about $18 billion in 2006. The most popular consumer purchases are LCD Notebooks and digital cameras that now account for more than 50% of sales (Henderson, 2003). This same research has found that wireless-networking products will also sell quickly. Longer working hours, more expensive petrol, and the desire to spend more quality time with friends and family are the key drivers for e-tailing growth.

A recent study by AMR Research and Forrester Research as reported by Lynch (2003) found Australians Internet use patterns varied widely from other countries. It found 58% of Australian respondents say they go online at least once a month, 4% have broadband at home, and 14% say they are likely to get broadband over the next year. It was also found that Australians were motivated and lured by gadgets and

entertainment benefits with a higher proportion of "gadget grabbers" and "media junkies". Australians relate highly to statements such as "technology is important to me", and "I like to impress people with my lifestyle". The survey also found that 31.9% of Australian Internet users aged 18 and above say they have made online purchases but paid offline. Britons were less troubled about online payments. Only 20.6% the lowest among the nations surveyed say they had bought online but paid offline. For government online sites 7.1% of the Australians surveyed say they had visited one.

Other drivers mentioned have been the falling costs of fast Internet connections that significantly increase the appeal of sitting in front of a computer (Henderson, 2003). Organisations like Seek.com, (a job advertising site) which were losing money to the tune of $20 million, are now finally making money through their pure online business and now have cash in the bank with no debt. On a spot count in June 2002, Seek had 35,800 Internet job advertisements or 48% of the market. The company's revenue from employment classifieds was only $4 million in 1999 but this doubled to $8 million in 2000 and $12 million in 2001 (Gottliebsen, 2002).

The US, Scandinavian countries, Australia, New Zealand and the smaller countries of South East and East Asia are in a strong position to take advantage of the potential benefits of the emerging global information economy, having the beginnings of the necessary infrastructure and a critical mass of people actively online.

**TABLE 2.2: Australian households and the Internet**

| ACCESS TO THE INTERNET | March 02 | March 03 |
|---|---|---|
| Household with PCs | 64% | 66% |
| People 2+ with internet access via home PC | 57% | 58% |
| People 16+ with Internet access – any location | 73% | 75% |
| People 16-34 with Internet access | 89% | 85% |
| People 35+ with internet access | 63% | 69% |
| Males 16+ with Internet access | 72% | 73% |
| Females 16+ with internet access | 73% | 76% |
| People 16+ with Internet access who used the Internet | 72% | 72% |

**TABLE 2.3:   Types of Access Pertaining to the Connection of the Internet**

| TYPE OF ACCESS | March 02 | March 03 |
|---|---|---|
| Cable | 2.54% | 6.13% |
| Digital Subscriber Line | 0.61% | 2.15% |
| Unspecified High Speed | 2.57% | 4.85% |
| Narrowband (incl. ISDN) | 94.28% | 86.87% |

Eighteen percent of Internet users purchased goods or services online in the previous 6 months (up from 17% in the 1st quarter 2002).

(NOIE, 2003)

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In March 2003:

- On average each Internet user in Australia accessed the Internet 18 times, each session lasting approximately 35 minutes. Total online time per user was 10 hours and 29 minutes.

- 34% of home Internet users in Australia accessed government websites (up from 27% in June 2002).

- Internet users accessing government websites did so an average of 4 times, spending a total of 21 minutes and 6 seconds online.

(NOIE, 2003)

In the 4th Quarter 2002, 86% of Internet users in Australia performed some form of banking online activity.

In 2002, the top content retail categories for broadband users in Australia were:

- Multi category computers and consumer electronics (33%)

- Special interest news (29%)

- Music (29%)

- Classified/Auctions (28%)

- Videos/Movies (25%)

- Shopping directories and guides (17%)

- Online gaming (15%), and

- Arts/graphics (14%)

(NOIE, 2003)

**Table 2.4: Australian Businesses Online –2002**

| TYPE OF BUSINESS | June 2001 | June 2002 |
|---|---|---|
| Businesses with PCs | 84% | 84% |
| Businesses with Internet access | 69% | 72% |
| Businesses with website | 22% | 24% |
| Internet access by large businesses | 99% | 99% |
| Internet access by medium businesses | 92% | 93% |
| Internet access by small businesses | 75% | 80% |
| Internet access by very small businesses | 64% | 65% |
| Large businesses with website | 81% | 81% |
| Medium businesses with website | 56% | 55% |
| Small businesses with website | 32% | 34% |
| Very small businesses with website | 14% | 15% |
| Businesses receiving online orders | 13% | 9% |
| Businesses ordering online | 29% | 35% |
| Businesses accessing government services | 57% | 57% |
| Businesses using electronic mail | 92% | 94% |

(NOIE, 2003)

In summary, the Internet is expanding rapidly, advertising is increasing and predictions for its future use by all age groups are very positive. In this context, understanding the variables, which affect its use, are important to a wide group of stakeholders.

# Chapter 3 - LITERATURE REVIEW

## 3.1 Introduction:

An in-depth investigation of key variables in consumer behaviour over the Internet is still pretty much in its infancy stage. A thorough understanding of how consumers behave in a Computer Mediated Environment (CME) such as the Internet is imperative especially with the immense growth of the Internet. The Internet is rapidly becoming a critical tool for the marketing function, just as consumers in droves are being attracted to it as a place to search and shop for products and services.

The key consumer behaviour variables as listed below form part of the discussion of this literature review:

- ➢ The Concept of 'Flow' and Search Behaviour Online

- ➢ Consumer motivators for searching and shopping for products online

- ➢ Products and Brands - their role in search shop behaviour online

- ➢ Consumer Decision-Making – Role of the Internet

- ➢ Barriers that inhibit people from using the Internet for shopping

- ➢ Web Site Design and Search Behaviour

- ➢ Online segmentation

The literature review takes an in-depth look into the above seven variables in online consumer behaviour. It goes on to further discuss past empirical research and hypothetical concepts regarding the variables. Based on this thorough study of the

literature limitations, gaps and weaknesses have been identified to create a base model for this research thesis.

## 3.2 New paradigms in Marketing Segmentation

### 3.2.a Segmentation — Traditional to Post-Modern: Technographic Model and Keig's Model

In conventional segmentation studies in marketing, the most common variables used for the purpose of segmenting the marketplace are: geography, demography, psychology/ psychographic, socio-culture, use-related attributes, use-situational aspects, benefit, and other hybrid approaches that could combine one or more than one of the above (Kotler, Armstrong, Brown and Stewart, 2001). Modhal (2000) is of the view that the above segmentation variables need to be updated when it comes to segmenting groups in an online environment. According to Modhal, marketers need to consider new paradigms in constructing updated models in segmentation, especially when including the Internet as part of the marketing function. The author proposed the "Technographic Segmentation Model" in determining how to segment consumers for a study into online consumption behaviour.

The "Technographic Model" proposes that along with traditional variables such as age and income, attitude to technology should be included as a key variable in segmenting consumers in an online environment. The "Technographic Segmentation Model" stresses that when attitude towards technology is included as a segmentation

variable, it straight away clusters consumers into groups such as technology optimists and technology pessimists.

The Technographic Segment Model as proposed by Modhal comprises of ten varying clusters (Table 3.1) based on key variables that include income, age, and attitude to technology. The author proposes that the variables can dictate consumer behaviour in an online environment. The ten segments are titled:

- Digital hopefuls – who are family oriented technology lovers with low incomes and are the future market for low cost PC manufacturers

- Fast forwards – this segment consists of high income, career oriented technology adopters who are time poor and in a dual income family

- Gadget grabbers – they are lower income consumers focused on technology as an entertainer and purchase games such as Nintendo

- Hand shakers – successful professionals with low technology tolerance often depicted as dealmakers and executives

- Media junkies – high income entertainment oriented individuals who love television and were early adopters of satellite television

- Mouse potatoes – high income, entertainment focused technology consumers dedicated to interactive entertainment on a PC

- New age nurturers – consists of affluent people who believe in technology for the sake of education

- Sidelined citizens – low income and least receptive audience for technology often referred to as "technology laggards"

- Techno-strivers – up and coming believers in technology for career advancements often students or young professionals

- Traditionalist – high income, family minded individuals, suspicious of technology, geographically centered in small towns around mid-west in the USA

## Table 3.1: Modhal's Technographic Segments

| Digital Hopefuls | Mouse Potatoes |
|---|---|
| 1) family oriented technology lovers with low incomes<br><br>2) promising future market for low cost PCs | 1) high income, entertainment focused technology consumers;<br><br>2) those dedicated to interactive entertainment, especially on a PC |
| **Fast Forwards** | **New Age Nurturers** |
| 1) high income, career oriented technology adopters<br><br>2) driven careerist, time-strapped, often in dual income households<br><br>3) leading users of business and productivity software | 1) affluent believers in technology for family and education<br><br>2) least served group of future technology consumers |
| **Gadget Grabbers** | **Sidelined citizens** |
| 1) lower-income consumers focused on tech-based entertainment<br><br>2) Nintendo/Sega games<br><br>3) buyers of low cost, hi-tech toys | 1) low income technophobes<br><br>2) the least receptive audience for any technology<br><br>3) technology laggards |
| **Hand shakers** | **Techno-strivers** |
| 1) successful professionals with low technology tolerance<br><br>2) dealmakers and executives | 1) up and coming believers in technology for career advancements<br><br>2) students or young professionals<br><br>3) of low income segments, this group has the highest percentage of computer ownership |
| **Media Junkies** | **Traditionalists** |
| 1) high income entertainment oriented individuals – not PC-savvy<br><br>2) visual consumers<br><br>3) TV lovers<br><br>4) early adopters of satellite TV | 1) high income, family minded individuals suspicious of technology<br><br>2) Midwestern and small-town (USA) with little technology beyond VCRs |

**Source: (Modhal, 2000)**

A further contributor to this discussion is Keig and Co., (2000), a marketing research firm, which identified six factors that act as differentiators. These factors, listed below, form the core elements of their segmentation model.

o    Consumer's level of interest and attitude to technology;

o    Relationship with home and family;

o    Time poor or time rich;

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o   Extent to which they have an information or entertainment focus;

o   'Active' or 'Passive' consumers ('seek what they want' versus 'take what is available); and

o   Degree of an individual's interest in communication and being part of a community.

Keig's discussion further suggests that these six factors could have also been used in modelling behaviour of individuals during the introduction of the television, the video recorder, and pay television. Based on the understanding of these six factors the company have created five segments in the online marketplace.

**Table 3.2: The Five Segments In The Online Marketplace**

| Technophiles | Hunters |
|---|---|
| 1) technology end in itself | 1) similar to technophiles but benefit driven |
| 2) early adopters, technology way of the future | 2) adopt technology at work then home |
| 3) time poor use time for technology | 3) information focused on technology/ media |
| 4) Mostly male, white collar, under 40 | 4) male white collar, age 25-50 |
| **Gatherers** | **Pragmatists** |
| 1) fascinated by what technology can do | 1) similar to gatherers less fascinated with technology |
| 2) want to stay in touch with others will waste time in understanding new tech. | 2) less involved need prompts to use technology |
| 3) want to be informed and entertained | 3) see benefits from a practical sense |
| 4) white collar age 25-50 | 4) focus on home and family, blue collar40-55 |
| **Technophobes** | |
| 1) comfortable in the most familiar territory | |
| 2) think technology is taking over | |
| 3) technology is for the young, we will adopt it last | |
| 4) blue collar 45 + heavy users of traditional media | |

**Source: (Keig, 2000).**

As the case with Modhal's (2000) Technographic Segments, Keig's (2000) segmentation model for any study into online consumer behaviour consists of certain conventional segmentation variables such as age, gender and occupation. Keig's model divides the online marketplace into five consumer segments namely: Technophiles, Gatherers, Technophobes, Hunters and Pragmatists as can be seen above.

In a study conducted on consumer purchase decisions, Wu (2001) identified segments and their relationships to Internet usage based on characteristics such as: lifestyles, demographics, and benefits sought. Based on the research findings, Wu described three main segmentation clusters as follows:

**Cluster 1:**

The largest segment according to Wu, were the "Effectiveness and Modern Seekers," they made up 41% of all. People who belonged to this segment had a regular life, the prime of their life somewhere between 26-40 years; most had either college degrees or high school graduates. Of this segment, 58% were females with most of them being either office workers or labourers with a median income between 551 to 1150 US dollars per month. About 58% of these consumers were married and lived in the city (53%); some 35% lived in the downtown area. Their major interest was music. Only 7% of these consumers used online shopping.

**Cluster 2:**

This cluster according to the study was the "Convenience, Information and Safety Seeker" segment. Close to 34% of these people preferred the benefit factors of purchase, convenience, information abundance, multiform and safety. They were active, loved being in leadership roles, and liked using computers. Most were male (58%) between 15-35 years. Their major interest was sport and only 9% used online shopping.

**Cluster 3:**

This cluster was the smallest segment, and they preferred services that were high in quality, delivery speed, and were familiar with branded goods. The group was evenly distributed in terms of gender, most in the cluster were between 21-35 years old and had college degrees. Their major interest was reading and 16% used online shopping.

## Summary

As can be seen, variables such as demography, geography, and psychographics are relevant as bases for segmenting the online shopper/searcher. Hence the new models such as Modhal's (2000) and Keig's (2000) have used these conventions as a launch pad for their segmentation approaches.

The implications for business managers are substantial. No longer are simple analyses of demographic or geographic profiles sufficient for identifying and segmenting a target market. The above discussion shows that a complex web of factors defines different categories of consumers. If marketing strategies are to be successful, especially for new marketing mediums such as the Internet, they will need to use segmentation models, such as those described above, which use a combination of demographic, geographic and psychographic information along with other variables such as familiarity and knowledge of technology related not only to the Internet but with all other media, along with a combination of Internet and other media usage.

The proposed segmentation variables proposed by Modhal (2000) and Keig (2000) highlight variables such as type of work e.g. white collar executives and age e.g. university students will be more prone to accept change such as the Internet as a medium for marketing information and transaction. People belonging to these demographic segments are more accustomed to dealing with technology at work and whilst studying and hence are classified as the innovators in comparison to other demographic segments.

## 3.2.b. From Segments to 'Virtual Communities'

Escalating global competition (that may also be an attribute of the rise of Internet based technologies) is a factor that is giving rise to consumer expectations for quality, speed of response, and customisation (George, 2002). The volume of online Business-to-Consumer (B2C) is increasing at a very rapid pace: US revenues for this activity were US$7.8 billion in 1998, which quadrupled to US$33 billion in 1999, and was last estimated at US$42 billion for 2000 (George, 2002). Sheth and Sisodia (1997) suggest that with a rise in bandwidth, consumers can transact a range of commercial activities online, from location-independent shopping, computer-mediated education, professional consultations, and various informational, entertainment, and leisure services. According to the two researchers a flood of newer and more sophisticated technologies can be expected to be commonplace by 2005 in the US, and by 2010 in other advanced nations, giving more empowerment to consumers.

In their relationship with customers, manufacturers and retailers have long held the upper hand (Hagel and Armstrong, 1997). This unbalanced relationship had a lot to do with information accessibility, whereby the latter group had more control of information. The Internet is slowly eroding this conventional relationship with customers, now armed with high quality product and price information dictating terms to marketers (Hagel and Armstrong, 1997). The Internet by far represents the biggest threat to a company's ability to brand and price its products on a premium range (Sinha, 2000). This threat is what economists call cost transparency, whereby because of the Internet technology via the World Wide Web (WWW) there is an abundance of free information online (Sinha, 2000). The power of communication via the Internet

has created what is now termed 'Virtual Communities' which consist of aggregated individuals drawn by a common interest into an online environment (Hagel and Armstrong, 1997).

Marketing scientists investigating how the Internet has affected consumer behaviour in marketing have drawn relationships between this growth of consumer knowledge through the Internet, and the creation and subsequent growth of virtual or online consumer communities.

One of the fastest growing virtual communities in the US is SeniorNet, a virtual community of more than 18,000 members. Started as a research project, SeniorNet is a non-profit organisation with an objective to build a community of computer-using seniors (Hagel and Armstrong, 1997). One of the earliest and darkest forms of community to emerge on the Internet network was MUD (Multi-User Dungeon. However these days the name has been changed to Multi-User Domains (Gould and Lerman, 1998).

Academics and futurists have suggested that the real commercial potential of virtual communities will begin to emerge, as they aggregate in the future to a critical mass of members with huge buying capacity. Such virtual forms have begun taking shape in the US, with the more popular being Nets Inc. and Agriculture Online that targets the farming community of the US. These prospective buyers can now easily tap into online databases of product reviews and ratings; for example they can visit sites such as Epinions.com to read about others' purchasing experiences (Sinha, 2000).

The implication of these virtual, or the e-communities, on marketing can be best understood by the strategic focus that Firefly Network (www.firefly.com) has taken. Firefly has taken it upon itself the task of creating online communities of like-minded people with similar tastes in music, videos, books, and other interests, and also to make available free collaborative services that make searching and shopping convenient online (Rao, Salam, and DosSantos, 1998). This experience has added value to Firefly offerings as valuable information on demographic, psychographics, individual attitudes, beliefs, and comments on products and services are collected from members. The growth of online communities, specifically multi-user domains (MUDs) for the purpose of online games and discussion, has been characterised as post-modern consumption (Gould and Lerman, 1998). This means that the consumption is more fluid, symbol-oriented, and consumer controlled than previous conceptions of it allowed (Firat and Venkatesh, 1995).

In addition to the above changes in consumer units, i.e. from individuals and segments to 'virtual communities,' and behaviour changing from modernism to post-modernism, Sheth and Sisodia (1997) stress that the three other variables affecting consumption are: lifestyles, income, and ethnic diversity. The authors find this happening much more in countries like Australia, Canada, the UK, and US with various ethnic groups that form a large part of the population.

In today's world, time is increasingly scarce for consumers, hence they are willing to pay more to save valuable time (Day and Montgomery, 1999). The trends and forces as discussed above are coalescing into consumers who now want greater control, and are less willing to be passive participants in the marketing process – Internet and

related technology has given this power to the consumer (Weiner and Brown, 1995).

The Internet has now seen a shift of power from the marketers of the products to not

only the consumer, but also to those that buy, integrate, and distribute them (Day and

Montgomery, 1999).

## 3.3. Motivators for searching and shopping for products online – What do we know?

Consumer behaviour research into online search behaviour found that most often the

main reason for people searching online was to gather information (Evans, Wedande,

Ralston and Hul, 2001). Further research into this seems to indicate that the gathering

of information basically falls into two categories. One being the collection of

information personal in nature, and includes sport, films, games, specific niche,

hobbies, and chat and the other the collection of business type of information and the

search here, included obtaining technical information, academic research and

company information (Evans et al., 2001).

It is imperative for marketers to understand what motivates consumers to search the

Internet and websites for product information and what makes them shop online.

Understanding this will lead to better-constructed websites with the marketing

objective of attracting consumers attention. Based on past research, suggestions have

been made that marketers should provide links to virtual communities, bulletin boards

in order to facilitate a three-way conversation between consumers the organisation

and other consumers (Evans et al., 2001). This research thesis will address two critical

issues namely: a) What are the chief motivators for consumers to visit and shop online

and b) What features constitute a well designed website for the purpose of seeking product information and shopping online.

In a study to ascertain differences between web shoppers and non-shoppers, Karyanni (2003) found that the most powerful discriminant variable between web shoppers and non-shoppers was shopping motives. This was especially so when it came to issues pertaining to time efficiency, availability of 24 hours, and queues avoidance. Web shoppers seemed to be less concerned with enjoyment derived from traditional shopping. This might be due to the limited hours that they have because of long work hours. In a study on the teenage segment, Grant and Waite (2003) found that this segment was motivated to spend time online because of an interest in entertainment and educational type products available online. These product attributes were important to teenage Internet users in comparison to other different media. Morris and Turner (2001) attemptede to investigate the the construct of users'quality of experience as a potential mediator between the determinants of use and actual usage behaviors and their outcomes. They found that the perception of the quality of the experience was a motivating factor for people to search and shop online.

Other research has focused on the impact customer convenience and the type of product has as motivating variables for shopping online. For example, Pazgal and Sikka (2001) note that for certain types of information based products like software and digital music the networked medium can be used to serve all stages of the marketing process. It can simultaneously serve as a communication, transaction, and distribution channel thus creating vertically integrated channels. Dell has managed to integrate almost its entire business process via the Internet it is now pursuing

integrated marketing strategies that are more inline with its "direct model" business process. Hence Pazgal and Sikka's (2001) study concludes that consumers were more motivated to purchase software and digital products online as they were convenient to access as they required no physical medium to be brought in.

On the issue of convenience as a motivating factor to seek information and shop online, Lee and Marlowe (2003) stressed the need for marketers to understand the true meaning of 'convenience' as a motivating factor when it comes to consumers using the Internet. They state that although most consumers value convenience as one of the most important decision-making criteria, their definitions of convenience vary across consumers. Though hard to generalise the findings from the various focus groups that they used in their study, they found that "convenience" is defined differently depending on consumers' age, life-style, and comfort level with electronic technology. It was also found that Australians were motivated and lured by gadgets and entertainment benefits with a higher proportion of "gadget grabbers" and "media junkies". Australians relate highly to statements such as "technology is important to me", and "I like to impress people with my lifestyle" (Lynch, 2003).

Grant and Waite's (2003) study further sheds light into some key motivators of the youth market, accordingly this segment use the Internet as an escape from boredom, an escape valve to establish and maintain communication with friends and family, keep important social networks going, and for academic purposes. In their research they also found that teenagers have relatively high disposable expenditure. Their study concluded that around 88% of those aged 16-24 has accessed the Internet at some time; this represented a significantly higher level than of any other age group.

The authors highlighted the lack of empirical research into adolescent and young adults' Internet experiences. Childers, Carr, Peck and Carson (2001) found that navigation, convenience, and the substitutability of the electronic environment to personally examining products were found to be important motivations for consumers to shop online.

In a study conducted to ascertain why consumers visit luxury product websites it was found that the most important reasons for surfing the net was: "to look for information" (40%), "leisure" (19%), and "to shop" (18%), other more minor reasons were "to chat" and "email" (Riley and Lacroix, 2003). Other research has discovered that the main use for people searching online was to gather information (Evans et al., 2001). Jiang, Hsu, Klien and Lin (2000) found that experience was an important driving factor for people's utilisation of the Internet. It was noticed that the longer an individual has adopted the Net the more likely he/she would continue to surf on the Internet.

On the issue of motivation, Donthu and Garcia (1999) found that in terms of motivational characteristics Internet shoppers were more convenience seekers, more innovative, and less risk averse than Internet non-shoppers. Other studies have proved that online consumers were found to have less discretionary time and were "time starved," they were also found to be exhibiting a higher level of inertia in the online stores than the bricks-and-mortar stores (Zhang, 2001). Rettie (2001) was of the view that one motivating factor for people to visit, search, and shop online was because it (the Internet) was a good place to provide information and access to explore "hard to find" goods.

Pazgal and Sikka (2001) are of the view that knowledge and a sense of power must be key motivators for consumers to constantly stay in touch with the Internet. According to them, consumers are well aware that with the rise of information accessibility through Internet usage by consumers, there will be a power balance shift towards customers who as a consequence will become more confident and sophisticated. The authors find this attainment of power to be a viable motivating force. With the rise of the Internet they find that consumers are becoming powerful in one of two ways: first customers will get together as virtual communities and leverage their numbers to bargain and second consumers can easily and with little cost search for information about product attribute, prices, and possible substitutes. Hence the future marketplace will be "pull based" in that demand for new products will be fuelled by consumers needs rather than manufacturers suggestions.

Some years earlier, Weiber and Kollmann (1998) stated that the future customer contact would no longer be a question of spatial or temporal distance but rather a question of the organisation of information exchange between sellers and buyers. There will be a shift from one-dimensional mass communication to multi-dimensional individual communication. It has further shown that there must be a shift towards information-based marketing and information will play a decisive role when it comes to transforming customer needs and wants into output bundles and in this way into products.

For the young and savvy ones convenience is often defined with the availability of the ATMs and other electronic technology. If consumers are mobile an interstate

financial institution with an extensive ATM network is an attractive choice. On the other hand for consumers who are older and/or prefer human interaction to using technology convenience is defined as access to "Branch offices". It was found that more than one-third of the population prefer to conduct their financial business by visiting their branch offices. Different segments of consumers want to use different channels in conducting financial businesses, therefore financial institutions need to channel the right services to the right segment of consumers to provide the convenience for which particular segment of consumers look (Lee and Marlowe, 2003).

Modhal (2000) came up with very interesting findings when she interviewed people to find out why they used the Internet. One stated that he was a tin soldier collector and made use of the Internet to broaden his collection, another needed to learn about household chemicals that helped with his job, a third was organising her local senior centre social schedule online. They concluded that three factors acted as motivators for them as online users they were: Career, Family, and Entertainment.

Park and Kim (2003) found consumers' commitment to an online store is highly related to information satisfaction. At the same time, information satisfaction and relational benefit are significantly affected by product and service information quality, user interface quality, and security perception. These results imply that information of an online store is an important factor that affects each and every consumer's site loyalty and purchase behaviour.

Teo (2001) on the topic of motivational factors found that a key extrinsic variable for usage was perceived usefulness and this played a greater role than perceived enjoyment in computer usage. It was also found that perceived usefulness affects intention to purchase while perceived ease of use does not.

Some research also suggests that one motivating factor for consumers' to search and shop for products online was that the Net offered lower prices, however Rettie (2001) and Trochia and Janda (2003) disagreed with this. The latter two authors found that online consumers are concerned not only with favourable outcomes, but also with satisfying shopping processes, thus they concluded that low prices and quick delivery may not be enough to attract and retain customers.

It has been also suggested that consumers are drawn and motivated to use the Internet for searching, shopping and banking because they consider it to be cheaper than other traditional methods (Sathye, 1999 and Pazgal & Sikka, 2001). Because the Internet is considered a cheaper medium to transact through and to communicate via, the cost of procuring products and services will automatically be cheaper than other traditional methods (Sathye, 1999 and Pazgal & Sikka, 2001). It has been found that Internet banking and other virtual forms have significantly lower costs structures than traditional delivery channels and they can operate at expense ratio of 15-20% compared to 50-60% for the average bank (Sathye, 1999). This proposition was reinforced by the Booz Allen and Hamilton's study which found the following variable costs exist for banks at their transaction level: Teller $1.07, Telephone $0.52, ATM $0.27, PC Banking $0.015, Internet $0.01 (Pazgal and Sikka, 2001).

Online consumer behaviour researchers are now using Tauber's (1972) motives for shopping that was generated in the pre-Internet period of shopping, Tauber's research piece, recognised as a landmark in understanding shopping motives, is an important article in marketing and is still cited in contemporary texts as a seminal piece which offers insight into shopping motives. The basic premise is that shopping behaviour is motivated by a variety of psychological needs beyond those relating to the product being acquired. Thus the analysis of shopping motivation requires assessment of the satisfaction which shopping activities provide, in addition to the utility or satisfaction to be obtained from the merchandise purchased.

None of the studies of online shopping to date have examined whether non-functional traditional shopping motivations such as design, layout and location of a store can be applied directly, or in an adapted form, to the Internet. However in other forms of non-store retailing these principles have been very successfully applied (Ettenson and Turner, 1997). Non-functional motives of shopping are important to consumer marketers for two related reasons: first they are a means by which to attract a person into a store (or web site) and second they can be viewed as a way to enhance the value of the object of the functional motives such as product category, brand and price and thus operate as a source of sustainable competitive advantage.

## Summary

It is imperative for marketers to understand what motivates consumers to search the Internet and websites for product information and what makes them shop online. Understanding this will lead to better-constructed websites with the marketing

objective of attracting consumers attention. As can be seen from the discussion above several authors have highlighted the lack of empirical research into what motivates people to use the Internet. Grant and Waite's (2003) stress that there needs to be more empirical investigation to be carried out in understanding what motivates adolescent and young adults' to go online.

Some studies have indicated that convenience is a key driving factor to search and shop for products online. Others have suggested that the act of gathering information for the purpose of making informed choices, and feeling more in control of the purchase decision is another key motivating factor. Price and variety have also been suggested as reasons for people to go online to shop. However as Grant and Waite (2003) have suggested more empirical research needs to be carried out to investigate motivators based on issues such as segmentation. Consumer segmentation variables such as demographics, which are concerned with age, gender and occupation, need to be considered when trying to understand what motivates people to use the Internet. In an attempt to understand the psychological variables that may motivate use of the Internet, Hoffman and Novak (1996) and Novak, Hoffman and Yung (2000) conducted a number of studies based on the "flow theory".

## 3.4. The Concept of 'Flow' and Search Behaviour Online

Donna Hoffman and Thomas Novak of Vanderbilt University first proposed the concept of "flow" as a means of investigating and measuring consumer behaviour in an online environment in 1996. The flow construct was pioneered by Mihaly Csilszentmihalyi, who has written extensively on this topic over the past 20 years (e.g.

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Csilszentmihalyi 1977, 1990; Csikszentmihalyi and Csikszentmihalyi 1998; Csikszentmihalyi and LeFevre 1989).

Flow experience in a computer mediated environment (CME) is defined as the state occurring in a person during network navigation, and is best described by the following characteristics. Flow is:

(1) characterised by a seamless sequence of responses facilitated by machine interactivity;

(2) intrinsically enjoyable;

(3) accompanied by a loss of self-consciousness; and

(4) self-reinforcing

Flow within individuals has been studied in a broad range of contexts that include sports, work, shopping, games, hobbies, and computer use. The concept of flow in a CME setting is constructed from the experience an individual faces when navigating the web. Their involvement is determined by:

(a) high levels of skills and control;

(b) high levels of challenge and arousal;

(c) focused attention; and

(d) enhanced by interactivity and telepresence.

According to Novak, Hoffman and Yung (2000) in a computer mediated environment the above four factors impact on the level of flow. However, external variables such

as the relationship between flow and demographic variables, product type (low vs. high involvement) have not been investigated to date (Hoffman, Novak, and Yung, 2000). For a complete understanding of consumer behaviour in an online environment, these inputs and their relationship to flow are of critical importance to the marketer.

Hoffman & Novak (1996) suggest that consumers online exhibit two broad categories of behaviour during time spent in a computer-mediated environment they are: goal-directed and experiential behaviour. According to the authors the variables listed below may be responsible for goal-directed and experiential behaviour:

(a) extrinsic versus intrinsic motivation;

(b) instrumental versus ritualised orientation;

(c) situational versus enduring involvement;

(d) utilitarian versus hedonic benefits;

(e) directed versus non directed search; and

(f) goal-directed versus navigational choice

According to Hoffman & Novak (1996), the online flow theory also includes variables such as: skill and control of the computer, challenges and arousals posed by websites, the amount of focused attention, interactivity, and telepresence. Most of the research into the experience of flow was tested on younger groups of people, most often university students (Hoffman & Novak, 1996 and Novak, Hoffman and Yung 2000).

Given that the Internet is now attracting a more diverse demographic make up of web searchers/surfers, research needs to classify these groups and their varying behavioural patterns so as to ascertain whether demographics has an impact on the concept of flow (Hoffman & Novak, 1996 and Novak, Hoffman and Yung 2000). The other variable highlighted by the authors to be used to test if flow occurs or differs is the product or brand sought over the web. Peterson et.al. (1997) classified products on three dimensions: (a) low outlay frequently purchased goods versus high outlay infrequently purchased goods; (b) tangible or physical versus intangible or informational; (c) differentiation potential – high versus low. This research thesis addresses this gap in knowledge.

Phau and Poon (2000) reinforced propositions made by Peterson et.al. by conducting a study on consumers and their online behaviour in the Singapore marketplace. They found that based on the variability of the product as classified by Peterson et.al. consumers' search and shop behaviour changed in an online environment. Their hypothesis was that consumer demographics, product type, and brands have a relationship with a consumer exhibiting experiential or goal directed behaviour online. The researchers did not go far enough in their investigation to ascertain whether product type and/or brand have an impact on the flow behaviour of online searchers and shoppers.

Dholakia and Uusitalo (2002) found that existing literature described shopping experiences along two dimensions: utilitarian and hedonic. This is consistent with consumer perceptions and evaluations of various other products and services. Utilitarian benefits refer to shopping efficiency and rational fulfilment, and in

particular to the needs of an expanding group of time-poor, money-rich consumers who value "time saving", and devote less time to unpleasant tasks, such as housework, home maintenance, and shopping. In addition, consumers seek other benefits that evoke enjoyment and fun, hedonic value that is subjective and personal, not associated with task completion and include enjoyment, captivation, escapism and spontaneity. Thus hedonic value would increase when shopping environments whether physical or virtual provide stimuli that feed consumer's imagination.

In a study conducted to investigate if any relationships existed between the website design and flow, it was found that flow was highest for sites which were primarily used as a communication tool with a domestic focus (Nel, Raymond van Niekerk, Berthon, and Davies, 1999). In this study, the Quelch and Klein (1996) classification of websites was used to conduct the experiment to ascertain whether the subjects experienced flow whilst online at websites. According to the Quelch and Klein's (1996) model, websites were categorized using two variables: web site content and audience focus.

Based on these variables web sites acted to serve either as communication tools or a transaction medium, and fell into one of four quadrants namely: **(a) domestic communication tool** – a website which is domestic in nature providing only communication and no transactions; **(b) domestic transactions** – a website which is domestic in nature providing both communication and transactions; **(c) international communication tool** – a website which is international in focus and has all the information of the various international branches of the firm however the site only supports communication and no transactions; **(d) international transactions** – a

website which is international in focus and has all the information of the various international branches of the firm and provides both communication and transactions to the web users.

Using a sample of 36 students from various tertiary institutions, the researchers found that maximum flow was possible in quadrant (a) and this kept decreasing as it moved from quadrant (a) to (d). Hence as web sites became more transaction oriented and international in focus the pattern of flow kept decreasing among the users. The researchers highlighted the limitations of this study especially concerning the sample population which consisted of only students, they suggested further research be conducted using genuine users among the population of online websites for search and purchase of products and services (Nel, Raymond van Niekerk, Berthon, and Davies, 1999).

More recent research by Parsons (2002) has showed that Hoffman and Novak's construct of flow or telepresence is greatly enhanced by sites that offer diversion and stimulation far beyond the traditional attributes of factual information, price comparability, and brand name reliance. One of the clear outcomes of the research is support for the concept of communities on the Internet which act as a driver behind online shopping, through providing the ability to communicate with others and belonging to a reference group. The ability of online shopping to cater to social experiences outside home, without actually leaving home, offers a distinct advantage for those unable or unwilling to venture out to physical locations, as well as offering social support. Primary research into this area has found that some non-function motivation that online retailers need to concentrate on is: to promote communities,

and offer opportunities for easy escape from daily reality. Blended with information about trends with sales opportunities these can build the interest and loyalty from consumers that similarly broad-minded physical retailers have enjoyed for years.

Ghani and Deshpande (1994) tested the concept of flow in an organisational behaviour context. Their study used task scope as a moderating variable to test flow among workers in an office environment. Principal goals of the study were to examine the mediating role of flow on user behaviour, and impact task scope has on behaviour.

In the study, task scope was found to have a moderating effect on the relative importance of perceived control and challenge on the experience of flow and user behaviour. Perceived control was more important for high task-scope individuals, whereas challenge played a greater role for low task-scope individuals. The findings suggest that high task-scope individuals were involved in work, which was already motivating and hence needed no more challenge but needed to be in control.

Research in the future is required to extend knowledge and to create an all-inclusive model of consumer behaviour in a CME. It may build on the flow model made popular by Hoffman and Novak and should extend it to a prior and post experience scenario. Unlike past studies a population sample of the general public should be used. Most studies in this area have focused on using staff and students of Universities as the samples, which leads to biased results. Rowley (2000) highlights the lack of empirical research that has been carried out to date, especially regarding the understanding of consumer behaviour in an electronic environment. Accordingly,

research is encouraged in a range of areas to help better understand the consumer and his/her search behaviour and outcome.

The concept of flow has been shown to be related to high levels of skills and control, high levels of challenge and arousal, focused attention, and is enhanced by interactivity and telepresence. Other factors such as consumer demographics and product type or brand and its influence on flow need to be investigated along with the other variables in the flow model. It has been suggested but not proven that demographics or the type of product searched for over the Internet can sometimes be a driver of whether one is goal-directed or experiential (Novak, Hoffman, & Yung, 2000).

As the Internet expands its reach to include various demographic segments other than just the early innovators, who were said to consist of mainly men, high income, and white collar, with a higher level of education, various challenges and opportunities are presented for marketers. Flow also needs to be investigated from a point of view of whether a consumer is either goal-directed or experiential. It will also be of immense value to investigate what are other drivers of flow. Chen, Wigand and Nilan (1999) in their study, conclude that the concept of flow is a fruitful area for research and investigating this phenomenon can improve web design practice.

## Summary

Donna Hoffman and Thomas Novak of Vanderbilt University first proposed the concept of "flow" as a means of investigating and measuring consumer behaviour in an online environment in 1996.

Novak , Hoffman and Yung (2000) stressed the importance of the flow experience on online consumer behaviour. They however indicate that more needs to be done by way of conducting research in this area. According to the authors it is not yet known how consumers behave when and while they experience flow while searching and shopping for products online. More research also needs to be conducted to ascertain the role of demographics and product and service types on the extent of experiencing and/or not experiencing flow. How do variables such as individual skill, experiences of challenge and arousal and focused attention motivate buyer behaviour? Do variables such as gender, education, occupation and age lead to people experiencing or not experiencing flow. Similarly does the type of product e.g., physical good v. services dictate the whether a person flows or does not flow online. Hence, for a complete understanding of consumer behaviour in an online environment, these inputs and their relationship to flow are of critical importance to the marketer.

# 3.5. Consumer Decision-Making – Role of the Internet

## 3.5.a. General Models of Consumer Decision-Making

Decision-making research offers a varied number of theoretical models. Before presenting a specific model it is worth considering some general issues that have been discussed in the literature on consumer decision-making. At a broad and general level the literature and discussion centres around four models in consumer decision-making, which are: economic model, passive model, cognitive model and emotional model (Schiffman, Bednall, Watson, and Kanuk, 1997). These four models depict the consumer in varied roles, with different levels of consumption involvement, differing characteristics and attitudes in the process of decision-making. In the first instance proposers of the economic model portray a world of perfect competition. The consumer here makes very 'rational' decisions when it comes to purchasing products and services.

Much of the economic debate in Australia is concerned with economic rationalism, an idealised model of decision-making based on informed economic criteria. Quite opposite to the economic model is the passive model that depicts the consumer as basically submissive to self-serving interests and the promotional efforts of marketers. Here the consumers are perceived as impulsive and irrational purchasers easily gullible to the tunes of marketers (Schiffman et al., 1997). The third model portrays consumers as problem solvers. They are frequently pictured as either receptive to, or actively seeking products and services that fulfil their needs and enrich their lives. The cognitive model focuses on the processes by which consumers seek and evaluate

information about selected brands and retail outlets. The last general model in the decision-making process is the emotional model, here marketers are of the view that consumers associate feelings of emotion such as joy, fear, love, hope, sexuality, fantasy, and even a little of 'magic' in their purchase decision (Schiffman et al., 1997).

Based on the general framework of consumer decision-making, Schiffman et al., 1997 in their text "Consumer Behaviour" proposed a more detailed but yet simple model of consumer decision-making that reflected the cognitive or problem solving variable and to a degree the emotional variables that they had taken from general consumer decision-making models. A revised decision-making model based on the above authors is provided below.

According to the model proposed (see figure 3.1) by Schiffman et al. (1997) the consumer buying process begins with various activities conducted at the organisation within their marketing department. The authors choose to title this as "marketing inputs." These include the various components of the marketing mix such as the product, price, promotion, and channels of distribution. Simultaneously other non-marketing variables that influence consumers in their decision-making process are factors such as: the role of family, informal sources, social class (that they belong to), and various cultural and sub-cultural factors.

The authors coin these terms as "external influences" and classify them as "inputs" in consumer decision-making. Based on the actions of these external influencers that act as inputs, consumers go through a decision-making phase of consumption. They then

become aware of the need to purchase, begin to search for products and services, and then evaluate the choice. This process phase is once again influenced by internal variables some of which are unique to each individual such as: levels of motivation, perception, learning, personality, and attitudes and each one's prior experience . The consumer then purchases, the output of the model and based on satisfaction and other post-purchase factors will either repeat a purchase or abandon buying the product or service again.

The Internet is an important communication tool that can help marketers in the decision-making or process stage of the consumption pattern especially in the pre-purchase search and in evaluating alternative products and services.

## Figure 3.1

## External Influences

**Input**

| Firms marketing efforts: | Sociocultural environment: |
|---|---|
| 1. Product | 1. Family |
| 2. Promotion | 2. Informal sources |
| 3. Price | 3. Other non- commercial sources |
| 4. Channels of distribution | 4. Social class |
| | 5. Subculture and culture |

## Consumer decision-making

**Processes**

Need Recognition

▼

Pre-purchase search

▼

Evaluation of alternatives

Psychological field:
1. Motivation
2. Perception
3. Learning
4. Personality
5. Attitudes

Experience

## Post-decision behaviour

Purchase:
1. Trial
2. Repeat purchase

**Output**

Post-purchase evaluation

Source: Figure 3.1: Schiffman et al. (1997)

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Another popular model of decision-making often cited in various studies in consumer behaviour in marketing is the Howard-Sheth model that was proposed by two leading academics from the USA, John Howard and Jagdish Sheth (1969). Their model first appeared in the late 60's within academic circles and the literature. The Howard-Sheth model is a major revision of an earlier systematic effort to develop a comprehensive theory of consumer. The model distinguishes three levels of learning within the stages of decision-making. Accordingly, consumers organise their learning based on one or more of the three learning stages below:

1. Consumers undertake extensive problem solving as part of the decision-making process when their knowledge and beliefs about brands are limited or even non-existent, in this instance consumers extensively seek information about various brands.

2. Limited problem solving occurs when consumers have partial knowledge about brands, but not fully able to assess brand differences in order to decide on a preference.

3. Routinised response behaviour occurs when consumer's knowledge and beliefs about the brand and its alternatives are well established, and the consumer is predisposed to the purchase of one particular brand.

(Schiffman, Bednall, Watson, and Kanuk, 1997).

According to the base Howard-Sheth model there are four major variables:

- inputs

- perceptual and learning constructs

- outputs;

- exogenous (external) variables

The 'input' variable in the Howard-Sheth model consists of three distinctive types of stimuli (information sources) in the consumer's environment namely: physical brand characteristics (significative stimuli), verbal or visual product characteristics (symbolic stimuli) and family reference groups and other social influences (social stimuli). The second part of the model consists of the psychological variables that are assumed to operate when consumers contemplate purchase decisions. These variables are concerned with how consumers receive and process information that they acquire from the input stimuli and other parts of the model. Central to this part of the model are two main constructs which concern (a) the perceptions consumers have about products and services, and, (b) how they experience the learning process. These two building blocks of this decision-making phase are termed the 'perceptual' and 'learning' construct. A series of outputs correspond to the aftermath of the perceptual and learning construct phase, the consumers then experience variables such as attention, brand comprehension, develop attitudes, and then move on to gain purchase intentions. The exogenous variables that the model includes of importance of purchase, opportunity, habit, time pressure, and financial status and are not considered to be directly a part of the decision-making process.

The most widely accepted and influential models of consumer behaviour are derived largely from cognitive psychology, which is rapidly assuming the status of a dominant though not exclusive paradigm for psychological research in general (Foxall, 1990). As a result of this and as can be seen for the two models discussed above, consumer

choice is usually understood as a problem-solving and decision-making sequence of activities the outcome of which is determined principally by the buyer's intellectual functioning and rational goal directed search of information. On investigation it has been found that consumer research conducted over the last decade suggests that consumers show very limited tendencies for receiving and using information, that they do not as a rule undertake rational, comparative evaluations of brands on the basis of their attributes or make final judgements among brands on the basis of such outputs of complex information processing as attitudes and intentions (Foxall, 1990). These results seem to turn the traditional theories of consumer behaviour and especially consumer decision-making on their heads.

Robertson in Gomes and Murphy (2003), includes the product type variable to consumer decision-making, and cites a number of studies that indicate that consumers drastically limit their search for information about durable products such as furniture and cars and services such as those of general practitioners. In many of the studies it was found that consumers visit a single store, fail to consult advertising, use restricted price information, consider only one make, and employ perceptions of the manufacturers' reputation and packaging rather than making any cognitive evaluations of the product or service attributes to arrive at judgements about quality.

Based on research after the more traditional models were introduced, Ehrenberg and Goodhardt (2000) presented a simplified model of consumer behaviour which contains three phases of purchasing and consuming – awareness, trial, and repeat buying. Though simple this model has been found to be a valuable device in both theoretical debate and commercial research.

## 3.5.b. The Internet and Consumer Decision-Making:

The Internet is fast becoming a primary venue for consumers to search and seek out information that help them in the decision-making process. There has been some discussion in the marketing literature regarding the role that the Internet is playing as a medium for consumers to seek information, however many researchers are critical that there is inadequate information pertaining to the role that the Internet is playing here. In a study conducted amongst students in Hong Kong it was found that almost two-thirds of the respondents had used the Internet to seek information about different educational institutions that they were interested in studying in the future (Gomes and Murphy, 2003). Of these that visited the sites, nearly half had used search engines to enter the respective university website, further more it was rather dismaying to find that only one in twenty of these students found sufficient information that could help them to decide about whether to study at the university. This study was conducted among Hong Kong students who were seeking information about Australian educational institutions.

Consumers are found to be enjoying a new found bargaining power because of the volume of information they receive via the Internet about products and services that they use as part of the decision-making process in purchase. Studies to do with predictions of consumer behaviour in the future talk of a power balance shift from the businesses to consumers and the latter becoming more confident and sophisticated (Pazgal and Sikka, 2001). According to the researchers, customers are getting together as virtual communities and leveraging their numbers to bargain, and also consumers these days can very easily with little or no cost search find out about

product attributes, prices, and possible substitutes as part of their decision-making process. They also suggest that the future marketplace will become more of a "pull based" one where the demand for new products will be fuelled by consumers needs rather than manufacturer's suggestions.

It has been suggested that to better understand the search phase for consumer decision-making in an online environment, researchers should understand that the process of gathering information, this falls into two categories. In the first category, a consumer searches for information to satisfy personal needs such as leisure activities, medical information, news and sport, local community and historical information. The same consumer may also be collecting information for non-personal reasons such as for their business and in this instance they could be searching for technical information, resource information, academic research, and company information. Both these scenarios need to be considered when conducting research into information search and decision-making (Evans et al, 2001).

Peterson, Balasubramanian and Bronnenberg (1997) proposed a grid titled "Product and Service Characteristics and Likely Consumer Decision Consequence" this grid suggested a relationship between the type of product that is being purchased, and the likely decision-making activity that happens. According to the authors, products can be classified on three dimensions based on the outlay set aside for the product i.e. 'low vs. high outlay', the value proposition i.e. tangible vs. intangible and physical or informational, and finally the degree of differentiation i.e. high vs. low differentiated products and services. The decision-making sequences experienced by consumers in

purchasing products and services over the Internet is based on these three product and

service dimensions.

**Table 3.3: Product and Service Characteristics and Likely Consumer Decision Consequence**

| Dimension 1 | Dimension 2 | Dimension 3 | Likely decision sequence |
|---|---|---|---|
| Low outlay, frequently purchased goods | Value proposition tangible or physical | Differentiation potential high | (Example: Wine, soft drinks, cigarettes)<br>• Brand choice likely after retail search<br>• Subsequent price search on the internet unlikely<br>• Final acquisition likely in retail store |
| | | Differentiation potential low | (Example: Milk, Eggs)<br>• Brand choice likely after retail search<br>• Subsequent price search on the internet unlikely<br>• Final acquisitions likely in retail store |
| | Value proposition intangible or informational | Differentiation potential high | (Example: Online Newspapers and magazines)<br>• Brand choice likely after internet search<br>• Subsequent price search in retail channels is unlikely<br>• Final acquisition likely on internet |
| | | Differentiation potential low | (Example: Stock market quotes)<br>• Brand choice likely after internet search<br>• Subsequent price search in retail channels is unlikely<br>• Final acquisition likely on internet |
| High outlay infrequently purchased goods | Value proposition tangible or physical | Differentiation potential high | (Example: Stereo system, automobiles)<br>• Brand choice likely after search of both channels<br>• Price search likely in both channels<br>• Final acquisition may occur in either channel<br>(Comment: The need for personal product inspection may strongly influence the decision process) |
| | | Differentiation potential low | (Example: Precious metal ingot of known weight and purity)<br>• Brand choice likely after search of both the channels<br>• Price search likely in both the channels<br>• Final acquisition may occur in either channel |
| | Value proposition intangible or informational | Differentiation potential high | (Example: Software packages)<br>• Brand choice likely after search of both channels<br>• Price search likely in both channels<br>• Final acquisition may occur in either channel |
| | | Differentiation potential low | (Example: Automobile financing)<br>• Brand choice likely after search of both channels<br>• Price search likely both channels<br>• Final acquisition in either |

Source: Peterson, Balasubramanian, and Bronnenberg, (1997)

## 3.5.c. The Internet, Risk and Consumer Decision-Making:

Both the traditional models in consumer decision-making by Schiffman et al. (1997) and Howard-Sheth (1969) suggest that the concept of risk was a variable in decision-making when it came to select a given output (the product). In the online world various studies have indicated that this same concept of risk was strongly considered by consumers when it came to use the Internet. The two most notable components in this risk factor were the issue of security and privacy (Lieberman and Stashevsky, 2002). Miyazaki and Fernandez (2001) maintain that privacy and security risk perceptions are the major obstacles in the development of consumer related e-commerce activities. Their study identified two central perceived risks that seem to have a crucial effect on Internet current and future users. These were the stealing of credit card details and concern with consumers' personal information.

Other studies (Wu, 2001) that have added weight to the argument that deems consumer risk perceptions to be the primary obstacle to the future growth of on-line commerce, have indicated that there are significant relationships among Internet experience levels, risk perceptions and online purchasing rates. For example, higher levels of Internet usage were found to reduce perceived consumer risks in purchasing and in using the Internet for decision-making (Wu, 2001).

Merrilees and Fry (2003) found a relationship existed between e-trust and e-interactivity, it was found that there are reliable and valid measures of e-trust and e-interactivity in their study which included three e-retailers namely CD Now, Sanity, and Amazon. Their study also found that if the perception of interactivity increased by 3 points, the perception of e-trust increased by 2 points on a 7- point scale. It was

interesting to also note that interactivity and e-trust was found to be similar across bricks and clicks, bricks (Sanity) and pure clicks (CD Now and Amazon) as e-tailers. Other studies have indicated that that money-back guarantee is the most important risk reliever, followed by offering a well-known brand and a price reduction (Van den Poel and Leunis,1999).

## 3.5.d. Pricing Online and Consumer Decision-Making:

Research into consumer decision-making also supports the notion that the prices of products and services are cheaper online, and hence this is a major motivating factor for people to use the Internet as part of their decision-making process. Claims have been made by managers that the Internet's single most significant effect and benefit is to cut the cost of interactions (Yakhlef, 2001). Booz Allen and Hamilton (as reported in Pazgal and Sikka, 2001) found that the variable costs of transactions for banks have fallen incredibly with the introduction of online banking, their study found that it costed a teller $1.07 for a single transaction, the same transaction overs phone costed the bank $0.52, via an ATM this cost reduced to $0.27, but reached an incredible low level of $0.01 via the Internet.

Other studies have found that online banking transactions cost as little as 2 cents in comparison to around 36 cents for an ATM transaction (Moon and Frei, 2000). Other literature has conflicting empirical findings on consumer price search in decision-making, Jiang (2002) did an in-depth literature search on the role of price in consumer search and found that price search among consumers is impacted upon by the role of the cost-benefit paradigm of economics. This paradigm rests on the assumption that consumers search for information until the marginal cost of obtaining a unit of information is equal to the marginal benefit of possessing a unit of information.

Based on this assumption price search will decrease as the cost of searching increases and will increase as the benefits of the search increase. Jiang (2002) also found in the literature that convenience, the time-saving aspects, and product matching features of online markets can increase the consumers' motivation to search price information indicating that the Internet can make consumers more price sensitive.

Other conflicting research into the role of the Internet as a tool for decision-making suggests that the majority of consumers were not as price sensitive as expected by the researches and they also found among their respondents that few actively search competing sites before making a purchase decision (Monroe and Cox, 2002). It has been mentioned that we are quickly graduating into a new breed of consumers who use information differently, search for information in more channels, refer to information frequently, prefer information for which we initiate the contact, like interaction, and use information to experiment more often (Shaw, 2002). Park and Kim's (2003) studies into the quality of information that we receive online, found that consumers' would be more committed to an online store if the information is found to be of high quality and thorough. It was concluded in their study that information provided by an online store affected consumers both in terms of loyalty to the store site and purchase behaviour.

## 3.5.e. Technology, Online Consumer Decision-Making and other related issues

In a study to ascertain whether the Internet will be responsible in cannibalising other traditional media in their role as information hubs for decision-making, it was found that teenagers especially still often use various media to satisfy different information

needs. The Internet was found to be ineffective in stimulating emotions and even less effective than other media in incorporating attention-getting devices and changing attitudes (La Ferle, Edwards, and Lee, 2000).

Technology as part of the Internet has been the focus of some literature suggesting more research needs to be conducted to ascertain the role of intelligent software on consumer decision-making. There is speculation that the next generation of the Internet will be even greater and will influence the corporation much more than the current Internet. From a knowledge management perspective, the next generation of interactive cybermarketing will extend the company's business network to include intellectual and human capital, i.e. records of its customer base and buyer intentions. In the future scenario, each interaction with a customer will result in the conversion of customer's tacit intentions into explicit customer knowledge and this in turn will be strategically tied to the relationship management process (Louvieris and Driver, 2001).

With the speculation among technocrats that grid computing is not far away and will be the next so called "big thing," the method and speed with which we can access the Internet via grid computing is itself revolutionary. One of the highest profile grid experiments has been the success in the <u>SETI@HOME</u> project being conducted by scientists at the University of California, Berkley. As a concept, grid computing links together different computing resources to perform sophisticated power-hungry tasks (Grayson, 2003).

In a study to find how technology provided by the Internet helped in consumer decision-making, researchers examined the role of two decision aids namely:

Recommendation agents and a Comparison Matrix. The tools were found to be able to assist consumers in the initial screening of available products, and also to facilitate in-depth comparisons among selected alternatives and hence these properties were thought to be desirable in terms of consumer decision-making (Haubl and Trifts, 2000). The study more generally suggested that the availability of these kinds of interactive decision aids in an online shopping environment should enhance the ability of individuals to identify products that match their personal preferences and therefore lead to substantial positive welfare effects for consumers. A major limitation of this study is that the focus was on consumers' goal-directed shopping behaviour whereas in an online environment there could be more of exploratory type navigational behaviour whilst searching and shopping.

## 3.5.f. Summary - The importance of understanding the Internet's role in consumer decision-making:

Understanding the role of the Internet in consumer decision-making is of crucial importance to a business and the marketing function. It has been often mentioned that a specific understanding of buyer behaviour and in particular the circumstances and influences surrounding decisions to purchase and the purchase act is of central importance to any marketing strategy (Louvieris and Driver, 2001).

It has been further asserted within literature that an effective Business-to-Consumer (B2C) interface requires the employment of a much richer set of buyer behaviours than the commonly applied rudimentary learning response model of buyer behaviour referred to in the E-Commerce and Marketing literature to date. In the consumer

behaviour literature especially on decision-making, it has been asserted that despite years of research into the understanding of the process of decision-making there are still gaps in some very fundamental areas (Malhotra, Peterson, and Kleiser, 1999).

Questions pertaining to how consumers seek and process information are still in need of being addressed, so is the issue of the decision-making process within special populations such as children and the elderly. Plausible theories of how consumers actively and passively search for information have still not received due attention, and hence marketers understanding of this phenomena is lacking. Earl and Kemp (1999) highlight the fact that though studies regarding consumers search for information prior to purchase date back to the early 1920's, there needs to be more emphasis on: who searches, what (information and sources), when, where, how much, and why do they search. Included in future research should be the role of products and risk as products high in perceived risk versus products low in perceived risk will attract differing search behaviours prior to purchase. The area of search processes for the purpose of research is very fertile according to the authors as they have different implications for the different areas within marketing such as business-to-business marketing, marketing channels, and relationship marketing.

## 3.6. Barriers that inhibit people from using the Internet for shopping

Riley and Lacroix (2003) found that 40% of searchers who surfed the net could not find what they set out to find, 35% would not buy online because they enjoyed a physical shopping experience, and 11% wanted to touch and try the product. In a

study on the student market, Gomes and Murphy (2003) found that only one in twenty prospective students found sufficient information on various educational institution sites. The study was conducted among the Hong Kong students who were seeking information during the 11-12 August 2001 Hong Kong exhibition run by the Western Australian International Education Marketing group (WAIEMG). As part of a survey of perceptions and use of the Internet amongst students, Miller (1996) found that females reported significant levels of disorientation and disenchantment in relation to the Internet.

Rettie (2001) researching adult users discovered the Internet advertising "extremely annoying". A lack of privacy was expressed as a barrier to full usage by many groups of users. This included the fear of being watched and the invasion of privacy caused by intrusive marketing initiatives. Young consumers highlighted how the Internet failed to deliver on its promises, and in particular, low cost. Miyazaki and Fernandez (2001) maintain that privacy and security risk perceptions are the major obstacles in the development consumer related e-commerce activities. Their study identified two central perceived risks that have a crucial effect on both Internet current and future users, and amount of usage: Internet credit card stealing and supplying personal information.

There is also mounting evidence indicating that e-tailers are failing to deliver the standards of service that is expected by consumers. A survey of 9,500 online shoppers by BizRate.com indicated that 55% abandoned their carts prior to check out (Dennis, Harris and Sandhu, 2002). The study further revealed that worldwide some $6 billion per year is being lost through failed purchase attempts. As reported by

Dennis et al., (2002) a research survey of 2,000 people found shopping put off consumers online because of poor after sales service and unreliable delivery. Frequent problems cited include lack of weekend/evening delivery and complicated systems for returning unsuitable or unsatisfactory merchandise.

It was also found that 77% of women browse online, then buy later at a store. Other notable results from Dennis et al. (2002) study found that people preferred to shop at shopping centres as they found this activity more enjoyable and sociable, and the Internet needed to be more trust worthy – there is still concern for safety of financial transactions and credit cards. Wu (2001) suggests that the Internet market has begun to mature now. According to the author's findings many studies have deemed consumer risk perceptions to be the primary obstacle to the future growth of on-line commerce.

Studies have shown that the higher the level of Internet experiences, the lower the level of risk perceptions. Thus the perceived risk at least partially mediates the impact of the Internet experience for online purchasing behaviour. Studies have shown that there were significant relationships among Internet experience levels, risk perceptions and on-line purchasing rates. In other words lower risk perceptions correspond to higher benefit perceptions followed by higher on-line purchasing rates (Wu, 2001).

In a study concerning usage and barriers to the Internet, Sathye (1999) found that nearly 75% of respondents had security concerns. By dividing the respondent's segments into business and personal users, the same study found 78% of personal and

73% of business respondents have these same security concerns. Around 68% of the total respondents were not clear about the benefits or added value that products like Internet banking can offer. Forty percent of the respondents ascribed difficulty in use as the reason for non-adoption of the Internet as a banking tool. Cost was cited as a reason for non-adoption in Singapore, in the Australian context about 55% of respondents consider that unreasonable prices prevented adoption of Internet banking. Only 32% of customers cite "resistance to change" as a reason for non-adoption.

Specific to the Australian consumer behaviour scene it was noted that Australians were more timid than their British, Canadian, and American counterparts about paying online for goods. The Australian reluctance probably reflects users fears that credit card payments over the Internet are not as secure as some e-commerce providers claim. The survey also found that 31.9% of Australian Internet users aged 18 and above say they have made online purchases but paid offline (Lynch, 2003). On the other hand for consumers who are older and/or prefer human interaction to using technology convenience, their behaviour was defined as access to "Branch offices". It was found that more than one-third of the older segment of the population prefers to conduct financial business by visiting branch offices (Lee and Marlowe, 2003).

In a study (Choi and Lee, 2003) of the Korean consumer it was found that they tended to exhibit higher levels of perceived risk toward online shopping than Americans do. They tend to be more concerned about product delivery, transaction security, and customer service issues when purchasing products online than their American counterparts. For Korean apparel purchasers, transaction security appears to be the

only concern that negatively affects purchase intention. For American apparel purchasers, two risk factors, transaction security and product delivery, influence consumers' online purchase intentions (Choi and Lee, 2003). Demographic trends and people's reluctance to have their life-styles constrained by the need to stay at home to receive orders will increase consumer demand for unattended delivery. Suppliers and carriers also favour this type of delivery as it can cut transport costs by 40%. These customer convenience benefits and cost savings may be partly offset by an increase in theft. This study suggests that home delivery companies have a balance to strike between customer convenience, delivery costs, and security. Very few online suppliers currently model the trade-off between these variables quantitatively. Researchers and practitioners are well aware that as the volume of home delivery expands the need for such analysis will strengthen (McKinnon and Tallam, 2003).

In other studies (Bonn, Furr, & Susskind, 1999) conducted to predict a behavioural profile for pleasure travellers, it was found that travellers felt uneasy and would not use the Internet to gather travel-tourism related information. The researchers stressed the need for additional research attention in the area of Internet apprehension in the marketing process. They are of the view that a substantial body of literature exists that examines individual's communication apprehension in public and group settings, yet little research exists to explain how apprehension concerning Internet communication influences consumer behaviour and the marketing processes.

**Summary**

Concerns regarding consumer privacy and credit card fraud are still cited as barriers for consumers using the Internet to purchase products and services. Other notable barriers mentioned in marketing research include: consumers not finding what they set out to, not buying online because they enjoyed a physical shopping experience, and some consumers wanted to touch and try the product. Other barriers and concerns found by Rettie (2001) include advertising found to be "extremely annoying", and a lack of privacy that installed a fear of being watched along with the invasion of privacy caused by intrusive marketing initiatives.

The type of product that a consumer is interested in purchasing and the demographic background of the consumer have been hypothesised as intervening variables to barriers for shopping online, this relationship has not yet been investigated or tested.

## 3.7. Web Site Design and Search Behaviour

Accessing websites for information as the first port of call is becoming extremely popular. For example the FIFA World Cup Soccer Website was the most popular in the history of the Internet so far. The Internet search engine Yahoo reported that on the seventh of June 2002 the day of the match between England and Argentina, page views soared to more than 1 million a day (Fitzsimmons, 2003).

In a research study into commercial web site appeal and its affect on online purchase behaviour, specifically on food and drink products, it was found that demographics

played a role in consumption online. Women and individuals over the age of 35 with higher incomes were most likely to make a purchase from an online storefront. In addition to demographic factors, the quality of the company WWW site influenced consumer's likelihood of purchase. More than 45 percent of respondents who found a company's products appealing and their site as "innovative," "fun," "personal," or "useful" were likely to make a purchase from the electronic storefront. On the other hand fewer than 6 percent of those respondents who found the company's products appealing, but described the WWW site as "confusing" or "impersonal" would make a purchase (White & Manning, 1998).

It is imperative that marketers get this balance between segments, product type, and flow right for the appropriate design of a website, which is the public face of the organisation in the Internet world. Studies using staff and students at a University found experience using the web behaved as an important moderator of user's attitudes towards the web, its influence was not linear. The heaviest users are enthusiasts for the medium, while moderate and light users perceive it as a source of information, but not entertainment or fun (Hammond, McWilliam, & Diaz, 1998).

In a study concerning branding of luxurious products over the net, it was found that most of the brand sites made very good use of visuals with some 72% possessing some form of continuos illustrations. Some good examples include the likes of www.channel.fr or www.dior.com who use flash and video technology. Though the researchers found these sites to be very interactive they cautioned marketers that sometimes highly interactive sites can be very confusing to the web user (Riley and Lacroix, 2003).

Although the advertising dollars spent in e-business sector in 1999 increased by 1,400% it was found that poor website performance kept visitor-to-customer conversion rate very flat (Lassar and Dandapani, 2003). Australia's online advertising in the first six months of 2003 almost hit $100 million a growth of 30% over the same period in 2002 (Lynch, 2003). Given all of this growth only about 3.5% of unique website visitors are making purchases and many companies operating on the Internet are spending approximately $82 to acquire a customer (Lassar and Dandapani, 2003).

In their study the above two researchers found that sites that provide information-only content should be simple to navigate and require lower levels of complexity than transaction-based sites. From a user perspective an information only site must display requisite information and perhaps conduct searches for specific information. Other findings from their study are as follows: site designers of online banks should incorporate web tools to make the experience online as seamless as that experienced in a traditional bank environment and should also have enhanced information made more easily available. To properly customise sites for specific users they advise designers to capture information from each user as the user visits the site and then compile a database file for each user (Lassar and Dandapani, 2003).

In a study of how two different cultural groups view websites, Fink and Laupase (2000) found that Australians and Malaysians web surfers differ in their perception of what features make a site usable and attractive. Their study used the Café St. Tropez website to analyse differences between these two cultural group. It was revealed that Australians and Malaysians differed on key web feature issues such as: site design

characteristics, news stories, effectiveness of the product promoted through the site, atmospherics, signs, and products and services that the site offered.

In terms of web design and consumer satisfaction, studies have also found that more detailed webpage backgrounds are quite unnecessary especially when it comes to enhancing advertising effectiveness. The simplest background (black) was the best performer in a study in terms of different measures such as: attitude-towards-the-ad, brand attitude, purchase intention, and attitude-towards-the-site (Stephenson, Bruner III and Kumar, 2000). Their findings go against the logic of webpage designers who want to make webpages more and more dynamic and interesting. Their study also provided evidence that a new construct called 'attitude towards the site' needed to be incorporated in all future studies of website content and surfer behaviour.

In a study on web design and usage amongst consumers, Huang (2000) found that two dimensions, namely complexity and novelty kept consumers exploring the shopping sites. It was found that the complexity dimension had the potential to induce impulse, in turn this encouraged on-line transactions. The novelty dimension on the other hand is critical in successfully shaping attitudes, delivering content and soliciting responses.

Ghose and Do in an early study (1998) found that interactivity of websites was a key design function both in terms of consumer usage of sites, and also in terms of being included in search engines. Interactive sites had a better chance of being included in the Lycos top five percent site list. Their study also found that a degree of increase in interactivity meant a positive effect on website attractiveness. Of other interest were certain types of interactive functions, customer support functions had a stronger effect

on site attractiveness, and the overall findings suggest that a degree and nature of interactivity had a statistically significant effect on the quality of corporate websites. Koufaris, Kambil and LaBarbera (2002) found that a Web store that utilizes value-added search mechanisms and presents a positively challenging experience can increase customers' shopping enjoyment.

The concept of bricolage, first developed by Jean Piaget and later by Levi Strauss and successfully adopted by Turkle in 1995, was used by Shih in 1998 to conceptualise consumer experiences in cyberspace and how this relates to web design. Bricolage is the tinkering and manipulation of objects around one's immediate environment to develop and assimilate ideas. The object to tinker within cyberspace can be conceptualised as the various links or virtual objects that web surfers play with as they navigate and learn the immense amount of product information that firms are trying to send. Based on these concepts Shih (1998) found that if a firm's products are information intensive, and consumers generally require a high amount of knowledge prior to purchase (search goods), it in the firm's interest to design websites that maximise interactive features to enable consumers to practice bricolage and retain product information better.

However, if the firm is engaged in selling experiential type products (vacations, movies) then it would be strategically advantageous for them to design their site with vivid displays, provided it does not hamper interactivity. Vivid and interactive site design strategies were found to favour the creation of telepresence type experience for web surfers, as they allow potential consumers to navigate and imagine what it would be like to own/use the product/service being offered (Shih, 1998).

Another study has proposed that four key characteristics of websites need to be included to develop a framework to design customer-oriented sites. These characteristics are: site design structure, content, connectivity (to other sites and users) and malleability. Malleability has been defined as the degree to which a marketer or user is able to change the site's structure, content, and connectivity (Escalas, Jain and Strebel, 2001).

Dholakia and Rego (1998) found that there should be greater emphasis placed on the notion of strategic alliances between different organisations and the importance of the need to share information about their respective products on each of their sites. Organisations need to have a strategy in place to co-operate and have mutual links with other firms that may be selling complementary and related products, as well as among channel partners, collaborators, clients, and customers. Jiang, Hsu, Klien and Lin (2000) found that maintaining strategic partnerships with other sites, helped in attracting people whose sole purpose was to only surf to one site. Dholakia and Rego's study also found that having a large website is likely to pay off in the form of increased visits by online consumers (1998).

Furthermore it was also found that a site needs to have a great number of pictures (especially clickable ones) thus sites utilising Java applets and GIF animations were found to increase popularity among surfers because of their sense of novelty and greater potential of these applications to create interactivity (Dholakia and Rego, 1998). The researchers concluded by finding that having a commercial home page supported five types of marketing objectives within organisations in this descending order: Brand image, Corporate philosophy, Direct response, Retail sale, and Improvement of products and/or services.

The relationship between web advertisements and its impact on consumer behaviour is still clearly not very well understood. In a study where the term "webad" was coined for web advertisements, it was found that although hedonic elements of a webad may make the webad interesting, it was the utilitarianism of a webad that most often helps in building longer visits (Raman and Leckenby, 1998).

Various studies have indicated that web advertisements were seen as a high distraction when individuals surf online. Individuals do not appear to look at them much and it has been found that of particular annoyance are banner and pop-up boxes as online advertisements. Evans, Wedande, Ralston, and Hul (2001) found that offline advertisements are considered useful in directing people to online sites, as it becomes a method of reinforcing the importance of an integrated marketing communications approach. Their study also shed light on the use of hyperlinks and the role of virtual communities. Many respondents in their study used different strategies such as hyperlinks, friend word-of-mouth and search engines to access their way to virtual communities. Overall many who visit virtual communities found it to be a put-off if they found it to be overly commercialised.

The experience of an individual on the web was also found to be a key variable in terms of duration of visit at a site, it was found that consumers who are more experienced tend to spend less time at webads. This relationship between level of experience of Internet users and websites was further reinforced by Bruner III and Kumar (2000), whereby their research found that peoples' prior experience with the web increased their tendency to have favourable attitudes to a website. Their research also found that as people became more familiar with the Internet and certain websites

they wanted more of the so called "bells" and "whistles." However, the researchers have cautioned designers to not get too carried away by their technical prowess and make webpages too complex, as this can lead to people changing their attitudes for the worse towards the site (Bruner III and Kumar, 2000).

Jiang, Hsu, Klien and Lin (2000) stressed the need for web designers to create sites that contain clear and consistent information that needs to be constantly updated. Only then will consumers bookmark and re-visit these sites. They highlighted the urgent need to progress research in this area especially to investigate influencing factors that encourage or discourage people to shop online, and also to find out who tends to purchase and not purchase online.

White and Manning (1998) studied the impact of site appeal and its affect on consumer purchase behaviour in the food and drink category. Their study found that individuals who described sites as clear, concise, attractive, interesting, and informative were also significantly more likely to purchase than those who did not describe the sites with these terms. Over 40% of respondents who described the sites with terms like "innovative," "fun," "personal," or "useful" were somewhat or very likely to make a purchase. On the other hand less than 6% of respondents who described a site as "confusing" or "impersonal" were likely to make a purchase from the online storefront. It has also been found that on average, larger websites seem to be 'richer' and more 'advanced' (Huizingh, 2000).

Thelwall (2000) highlights the need for marketers to properly identify and prescribe their site to large and appropriate search engines, especially since a majority of surfers begin their search by using search engine. The author's study found that nearly a

quarter of sites were not registered with Yahoo, Google, Hotbot, AltaVista, MSN, and Infoseek, the five major search engines. The seriousness of ignoring search engines by organisation was reinforced by a study conducted by La Ferle, Edwards, and Lee (2000) where it was revealed that teens most frequently found out about websites from search engines, friends and from mass media advertising. In their investigation into search engines, Bradlow and Schmittlein (2000) found AltaVista to be the highest-ranking one in terms of successfully finding information for users. This was followed by Northern Light, HotBot, Excite, Infoseek, and Lycos.

Page and Lepkowska-White (2002) borrow from literature in branding to emphasise the key concepts that they found most important in the construction of websites. Accordingly the concept of 'brand equity' was borrowed from branding to stress the key elements that make up their concept aptly termed 'web equity'. The two authors found as with the case in brand equity, word-of-mouth (WOM) was the most powerful element that created and sustained web equity. Based on past studies they identify eight key factors that were important to create a positive web experience. These key factors are as follows: Reliability, Quality of information, Personalised experience, Experiential web site (interactive and fun), Speed of downloads, Ease of ordering, Customer service, Privacy protection which includes security assurance and vendor trustworthiness.

In the context of strategic website building, Lockett and Blackman (2001) propose a model of strategic web construction to enhance the role of marketing by an organisation through the utilisation of their website. They proposed two distinct methods of web creation with the ultimate goal of building and servicing a customer base over the Internet. Accordingly there are two models namely: Site-centric model

and the Symbiotic model. The site centric model as its name suggests involves a range of techniques that is used to attract customers to a central site offering a particular product or service. This web construction strategy involves a significant investment from the company in building an internet-enabled product or service, advertising the service to attract a user base and then using feedback to adapt the site to the specific target markets needs.

On the other hand, the symbiotic model unique to the Internet encourages other sites to have an input to one central site. The best known example to date is the business of Amazon where they encourage third party Internet sites to become associates and to then provide Amazon services on their websites through a number of different business arrangements. Other notable companies now conducting business through this type of a web model are Xenon Laboratories and Google (Lockett and Blackman, 2001).

Service industry marketers have been advised to conduct a diagnostic exercise on their sites regularly. Service characteristics being unique in comparison to physical goods, the same unique characteristics that include intangibility, simultaneity, heterogeneity, and perishability should be used as a diagnostic tool when conducting the web analysis (Berthon, Pitt, Katsikeas and Berthon, 1999).

Huarng and Christopher (2003) conducted a practical study of websites and found that larger online stores websites tend to contain more features to help customers to fulfil their needs. They found that these websites were good in searching for information, evaluating alternative products, and also individuals got help from them after purchasing products and services. Furthermore the researcher's analysis of websites found that online stores, which sell computer products, contain more design features

than stores that sell other type of products. It was also revealed that books and health products websites tend to have more features in the need recognition and information evaluative stages than others. The online stores that sell outdoor products were found to have the most features in the purchase decision stage. Among the ten product categories, arts and crafts and food and drink stores were found to have the least design features in most of the five consumer buying decision process stages (Huarng and Christopher, 2003).

One of the more recent concepts in developing effective websites was proposed by Yang, Ahmed, Ghingold, Boon, Mei, and Hwa (2003). These authors rely on a model first proposed by Simeon in 1999. Accordingly every website should strive to match four very clear objectives that are to: attract, inform, position, and deliver. Accordingly managers need to rely on traditional media to draw peoples attention to the company's website. By doing this the task of "Attracting" is being accomplished. Many consumers appear to prefer graphical interfaces simply pointing and clicking, and this makes it easy for consumers to navigate hence the sites carries out the task of "Informing" by incorporating good navigational tools. The "Positioning" capability of a website relates to the key factors determining the company's e-commerce market positioning strategy. Finally the "Delivery" function emphasises the way the website provides reliability, speed, security, and interactivity.

**Summary**

The strategic design and creation of a website needs to be the most important step in an electronic business plan of the marketer for his/her organisation. It is after all the face of the organisation in "cyberspace" which leads consumers to create mental

perceptions of the organisation and the brand. The creation of the website hence can be considered the make or break of an organisation in the Internet world. As can be seen in the literature on web design and search behaviour, marketers need to heed some fundamental lessons while creating their website as follows:

➤ Focus on the layout of the website for smooth navigation, this could include features such as a simple background, a balance of advanced navigation tools (the "bells and whistles") based on the experience of their consumer's with technology

➤ Imperative that marketers get this balance between segments, product type, and flow right for the appropriate design of a website, which is the public face of the organisation in the Internet world

➤ Treat interactivity as a key design function both in terms of consumer usage of sites, and also in terms of being included in search engines as interactive sites had a better chance of being included in search engines

➤ Ensure that commercial home pages supported five types of marketing objectives within an organisations these include: Brand image, Corporate philosophy, Direct response, retail sale, and Improvement of products and/or services

➤ Undertake to understand the relationship between web advertisements and its impact on consumer behaviour, this is still clearly not very well understood in research

➤ Understand issues such as reliability, quality of information, personalised experience, experiential web site (interactive and fun), speed of downloads, ease of ordering, customer service, and privacy protection are important for

consumers to trust and then re-visit sites, this concept is similar to the brand-loyalty concept in the offline world

➢ Undertake research to ascertain the poor features of websites that turn away consumers from visiting such sites and take remedial measures to fix such features

## 3.8. Products and Brands - their role in search and shopping behaviour online

### 3.8.a. Products

The role of a product and a brand name in search behaviour is becoming an important area of enquiry for academics and practitioners. As the use of the Internet and Websites grows in popularity as a means of gathering information and transacting sales by consumers it is imperative to understand the interplay between products, brand names, and online information seeking behaviour and finally consumption.

The very first academic researchers that highlighted relationships between product characteristics, the Internet and consumer buying behaviour especially decision making sequences were Robert Peterson, Sridhar Balasubramanian, and Bart Bronnenberg in 1997, through their conceptualisation of the now famous 'Product and Service Classification Grid' model. This seminal model that includes a product purchase phase, suggests that the product and brand has a bearing in a consumer decision process as to whether to buy offline or online. According to them, Product/Services (as seen in Table 3.3) can be classified on a three dimensional basis as:

- Low outlay, frequently purchased goods v. High outlay infrequently purchased goods

- Value proposition tangible or physical v. Value proposition intangible or informational

- Differentiation potential - High v. Low (to what extent can the product be differentiated within its category)

**Table 3.4: Product and Service Classification Grid:**

| Dimension 1 | Dimension 2 | Dimension 3 | Examples of Products and Services |
|---|---|---|---|
| Low outlay, frequently purchased goods | Value proposition intangible or physical | Differentiation potential high | Wines, soft drinks, cigarettes |
| | | Differentiation potential low | Milk, eggs |
| | Value proposition intangible or informational | Differentiation potential high | Online newspapers and magazines |
| | | Differentiation potential low | Stock market quotes |
| High outlay infrequently purchased goods | Value proposition tangible or physical | Differentiation potential high | Stereo systems, automobiles |
| | | Differentiation potential low | Precious metal ingot of known weight and purity |
| | Value proposition intangible or informational | Differentiation potential high | Software packages |
| | | Differentiation potential low | Automotive financing, insurance |

Source: Peterson, Balasubramanian, and Bronnenberg (1997)

The 'product and service classification grid' (refer to table 3.4) has provided future researchers with a framework to investigate the relationships that consumer behaviour has with different types and levels of products in the computer-mediated environment of the Internet. Furthermore this 'Product and Service Classification Grid' is extended to encompass the decision-making sequences by including two types of consumer

behaviour activities i.e. information search and brand acquisition and their relationship to the two channels that are Internet and Bricks-and Mortar (Retail).

Phau and Poon (2000) in a study conducted in Singapore using the 'product and service classification grid' found that expensive goods such as automobiles, jewellery, and stereo systems were not suitable for sale over the Internet. Their findings suggested that the monetary risks involved in buying these products were too great, and moreover customers wanted to have a visual inspection before they decide to buy. In the study, the researchers had a classification system of products. Their category B products, which consisted of low outlay frequently purchased, tangible or physical, with low differentiations, were also found to be unsuitable for sale over the Internet. Wrobel (2002) cites a study undertaken by the German research group Gessellschaft fur Konsumforschung (GfK) where it was found that the category "health care" was the fourth leading product category sold in an online environment in Germany. The study also revealed a huge growth of in the sales of products that were associated with "taboo" type issues within the German culture. Koufaris, Kambil, and LaBarbera (2002) found that a consumer's relationship with their product involvement was responsible for web site shopping enjoyment.

Sathye (1999) found that in the real world transactional Internet banking is growing rapidly and has been estimated that 60% of retail banking transactions will be online in ten years time i.e. by 2007. The study cites a Booz (1997) study on Internet Banking that showed up to 20% of retail and 30% of corporate customers will use some form of Internet banking capability by 2004.

In other studies pertaining to the purchase process over the Internet has found that consumers who wish to inspect products as part of the decision-making process, found that the Internet was a poor substitute for traditional retail channels. However, it was also found that these same consumers would use the traditional retail channels to experience the product and once confident with the first purchase would then subsequently revert to the Internet for future acquisition of the product. As an example of this, it was found that in the case of purchasing an automobile, buyers firstly had a need to test-drive the car and after that would revert to the Internet to conclude the transaction (Phau and Poon 2000).

## 3.8.b. Brands

The word *brand* is derived from the Old Norse word *brandr,* which means "to burn", as brands were and still are the means by which owners of livestock mark their animals to identify them (Keller, 2003). A brand is defined as a name, term, sign, symbol or design, or a combination of these, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors (Kotler, Brown, Adam and Armstrong, 2001). It has also been defined as the promise, the bid idea, the reputation and expectations that reside in each consumer's mind about the product and/or service (Wheeler Alina, 2003).

In the context of brands there is still inadequate research conducted to empirically state whether well-known brand names are at risk from the flood of products and lesser-known brands that have sprouted across the Internet over the last few years. Much of the literature on successful brand building on the Internet is either

prescriptive in nature or does not go beyond the hype of anecdotal evidence (Riley and Lacroix, 2003).

In a study of the banking industry in Sweden it was found that new entrants in the industry had a head start when it came to innovative services and attractive interest rates, but failed in terms of a well-defined corporate brand image that the older and traditional Swedish banks possessed (Melewar and Navalekar, 2002). The same study found that in order for the new Internet banks to become successful, they had to become portals thus creating extensive links to virtual malls one prime example cited was the MeritaNordbanken's Solo bank. Thus the study showed that in order to build a brand and a corporate image in an online scenario, the company needs to supplement their services by providing other complementary services and to be involved in a co-branding type effort.

Ind and Riodiono (2001) highlight the fact that while a brand's presence on the web should be conceived in a way that is sympathetic to the technology and the environment, the website should be consistent with the whole brand presentation and this should be reflective in the overall brand identity.

A study of luxury branding highlighted both the opportunity and the threat with the growth and usage of the Internet for the purpose of branding. The Internet with its mass appeal may actually "commoditise" a luxury brand whose branding strategy is totally based on exclusivity and selectivity (Riley and Lacroix, 2003). According to the writers, this arises as portals constantly reference and draw general searcher's attention to these luxury brands and this will lead to the brand being pirated by those

who buy merchandise on the grey market. Phau and Prendergast (2000) state that the "commodisation" of luxury brands will have a positive effect on Asian luxury brand consumers as the more popular a brand becomes in Asian markets, the more it increases its dream appeal with Asian customers.

Managers interviewed as part of Riley and Lacroix (2003) study said that they see the Internet as a communication tool for their luxurious brands. They find that the Internet's impact on their product's brand image is far less important than the impact of traditional means of communication. They felt that the Internet would never substitute the "pleasure experience" that customers have when entering the stores of luxury branded stores.

This is consistent with Peterson at al's (1997) 'product and service classification grid' and their concept that the Internet as a channel intermediary will change with the type and nature of products. In support of the Internet's low influence on powerful brands, Ernst & Young found that about 69% of individuals surveyed mentioned that offline brand names play a significant role in their online buying decision (Ward and Lee, 2000).

Ward and Lee (2000) have suggested that it is worth looking to see whether online experience had any relationship with brand purchase behaviour. One question of interest to brand managers is the more the experience an individual has as an Internet user, the lesser he or she tends to rely on brand names when purchasing. This tends to infer that brand names are substitutes for a consumers' lack of information gathering and processing skills. The two authors' study also found evidence that as individuals

gain more experience at using the Internet, they are more likely to search for alternative sources of information which then makes them less brand reliant. As more consumers obtain access to the Internet and gain proficiency at searching for product information, marketers will find that they may be able to reduce advertising that helps to signal product features and build a brand image. The study's results confirm that if consumers are more informed about certain products then they will search for them over the Internet.

In a study (Tan, 1999) to ascertain the importance of expert opinion leaders influence over consumers who decide and shop online, it was found that the most preferred risk reliever whist deciding to shop online was in-fact expert opinion appeal. The only exception to this finding was in the case of high-risk products where the brand image followed by the retailer's reputation and their brand image far superseded the influence of the experts' opinion.

In other research on the issue of online presence and communication and how these functions affect brands, it was found that commercial home pages help in supporting five key marketing objectives of the organisation and that of these, the most important objective was the enhancement of the corporate and product brand image (Dholakia and Rego, 1998).

On the other side of the coin, product and brand researchers argue that the Internet is a real threat to famous brands. The basis of their argument stems from the theory of "cost transparency" made popular by economists. According to this theory, there is now a situation where information is made abundant through the Internet. This

information arms buyers with much more knowledge about prices, features, and quality (Sinha, 2000).

Sinha (2000), suggests that the problem with "cost transparency" is that it can severely impair a seller's ability to obtain a high margin of profits, can turn products and services into commodities, weaken customer's loyalty to brands, and finally damage a company's reputation by creating perceptions of price unfairness. The Internet creates "cost transparency" in one of three ways: by being able to make a buyers search much more efficient, by reverse type auctions whereby the buyer can see the "price floor" much more easily than in traditional shopping, and by eroding the "risk premium" that sellers have been able to extract in the past.

Others have created another dimension to this argument by suggesting that the less a product has sensory characteristics the more the issue of a brand identity will tend to diminish. Hence product categories such as fashion, which is more sensory and less information based, will still be strongly influenced by their brand identity, whereas informational intensive and functional based products like a computer or a fax machine will be now prone to be driven by a price information search variable rather than a brand identity (Degeratu, Rangaswamy, and Wu, 2000).

In the same context there has been speculation regarding the rise of private label brands with the growth of the Internet (Jevons and Gabbott, 2000). Some researchers in this particular area are extending this proposition further by suggesting that, now, retailers' brands which are most often classified as private labels are losing market

share as customers are able to more and more source generic and less popular brands from the Internet (Jevons and Gabbott, 2000).

Danaher and Wilson (2000) who conducted an investigation within the New Zealand grocery market, found brand loyalty to be significantly higher for larger brands than for the smaller brands. They highlighted the need to investigate the issue of the impact that the Internet has had on branding for more product categories rather than just the grocery category where the major focus has been. Jevons and Gabbott (2000) highlight the need to learn more about the Internet and brands as they are of the view that the dynamics of branding in a computer mediated environment may well be very different to that in a more traditional and physical world. Alternatively according to them, branding in the Internet and physical world may interrelate. As yet there is no evidence to inform marketers as to how a consumer would behave when an Internet brand retailer sells a brand name product.

Nelson (1970,74) distinguishes between two types of goods: search and experience goods. A search good quality is verifiable on inspection, whereas an experience good's quality is difficult to inspect. Accordingly producers of experience goods should seek credibility from third-party sources however this may be hard to come by for the many new products offered by smaller firms operating on the Internet. Looking for information from search engines, directories, and portals are skills developed with use. In this context it was found that as individuals gain more experience using the Internet they are more likely to search for alternative sources for information and be less reliant on product branding. As more consumers obtain access to the Internet and gain proficiency at searching for product information,

producers may find that they need not advertise heavily to signal their products features. Results also show that consumers are more informed about the products they search for on the Internet than if they had to rely on information gathered through traditional means (Ward and Lee, 2000).

As the search and purchase habits of digital consumers continue to evolve and change many researchers have appealed for questions to be raised regarding the nature of the relationship between consumer decision-making, product type and brand loyalty in an online environment. The key investigative issue is how do brand aware consumers find and successfully purchase a product without being seduced by lower costs that is frequently available over the Internet. Many researchers have been extremely critical of the quality of online consumer behaviour research to date, especially with regards to the sample population, these same researchers are finding that more and more research is being conducted using students and academics as sample units (Nicholas, Dobrowolski, Withey, Russell, Huntington and Williams, 2003).

**Summary**

The role of a product and a brand name in search behaviour is becoming an important area of enquiry for academics and practitioners. As the use of the Internet and websites grow it is imperative for marketers to understand the interplay between products, brand names, and online information seeking behaviour and consumption.

Peterson, Balasubramanian and Bronnenberg in 1997 introduced the 'product and service classification grid'. This has provided online marketing researchers a

framework to investigate the relationships that happen between different types and levels of products and consumer behaviour within a computer-mediated environment of the Internet.

Furthermore much has been hypothesised but not tested and proved that the value of a brand name can be affected because of the growth of the Internet within the marketing function. As the tentacles of the Net grow, products and services that expand with it will tend to diminish the value and loyalty aspects of well-known brands. Consumers' variety seeking behaviour increases and with the proliferation of different brands from the corners of the globe, cost transparencies increase putting pressure on prices resulting in lower prices of products and services. All of this in turn will lead to consumers abandoning their trusted brands for cheaper and in many instances the private label type brands. This hypothesis makes economic and rational sense but hasn't been tested by online marketing academics and practitioners.

# 3.9. Conclusion – implications of the literature for the study

## 3.9.a. Summarising the literature

Understanding the role of the Internet in consumer decision-making is of crucial importance to a business and the marketing function. It has been often mentioned that a specific understanding of buyer behaviour and in particular the circumstances and influences surrounding decisions to purchase and the purchase act is of central importance to any marketing strategy.

Various studies discussed in the literature above have aimed to investigate what motivates consumers to use the Internet to search and shop for products. Among the variables a few key ones include convenience, price, and accessibility of information to make a correct decision be it in an online or offline store. The rise of information that consumers can access using the Internet has made them more powerful in their bargaining power with suppliers. This is stated to be a viable motivating force for consumers to search and seek information online.

In many developed nations they have been concerns raised regarding the take up rate by consumers for shopping over the Internet. Various researchers have concluded that there are still barriers that need to be overcome by consumers before totally embracing the Internet. A few key ones found to turn people away from progressing to shop online are issues to do with security, individual privacy, and the lack of an understanding by marketers about consumers that generally lead to improper design and applications of company websites. Research has also indicated that many online consumers cannot find what they set out to, and furthermore do not find sufficient information for them online thereby discouraging them from returning to the Internet.

The type of product has also been suggested to play a key role in dictating usage and behaviour of consumers over the Internet. Many have suggested that the concept of a purchaser's involvement may have an impact on whether they would seek to buy on the Internet or at a more traditional store. The degree of physicalness of a product is said to have an impact as to whether the product can be made available in its entire form online. For example digital based products such as music, software, news items

etc can be easily distributed in its entire form over the Internet, and many have suggested that these are the products, which will do very well online. Peterson, Balasubramanian and Bronnenberg's (1997) proposed a 'product/service classification grid' that depicts various relationships between the product/service type on three dimensions, and subsequent consumer decision-making behaviour.

The impact of the Internet on a brand name has been the focus of some research. Based on anecdotal information some have claimed that the Internet can be a real threat to famous brands. Others have suggested that the Internet is a viable tool to enhance the image and value of a brand that may have been created using offline and traditional communication methods. On the issue of marketing communication, the Internet is stated to now have become an important communication tool to help the marketing function. It has been suggested here that the Internet as a communication tool helps in the decision-making process of consumption.

In the context of marketing communication it is important to find out whether the Internet has the power to reduce and cannibalise other traditional media such as television advertising, newspaper, and the radio. A couple of studies proposed that the age variable must be used as a key denominator to gain an in-depth understanding of the phenomena, as younger segments may use the Internet much more for obtaining and processing product and service information as part of the consumption process.

The role of the Internet as a medium for dispersing marketing communication is closely linked to the decision-making behaviour of consumers, as most who visit and view websites arrive there with an intention to either seek information or purchase

online. A firm understanding of the role of the Internet in consumer decision-making is of crucial importance to a business and the marketing function. It has been often stressed in some earlier studies that a specific understanding of buyer behaviour and in particular the circumstances and influences surrounding decisions to purchase and the purchase act is of central importance to any marketing strategy. With the advancement of the Internet as a key tool in seeking product information it is imperative for researchers and marketers to gain an in-depth understanding of its role in consumer decision-making. There has been some criticism regarding researchers jumping on bandwagons to use and impose outdated models of decision-making in the current Internet context.

The concept of flow made popular by Mihaly Csilszentmihalyi in the early 1960's has been proposed by Hoffman, Novak & Yung to be used in gaining understanding of consumer behaviour in an online environment. In their research on students in an American university flow was found to dictate behaviour over the Internet. It has also been proposed that research needs to understand how and why people flow and to further investigate the effects on searching and purchase behaviour. External variables such as the relationship between flow and demographic variables, product type (low vs. high involvement) have not been investigated to date. It is of critical importance to the marketer to gain a complete understanding of how flow affects consumer behaviour in an Internet environment. Research in the future is required to extend knowledge and to create an all-inclusive model of consumer behaviour, which needs to incorporate the concept of flow. The literature has made it very clear that marketers need to get a proper understanding between segments, product type, and flow right which may help in the proper design of a company website.

It has been found that consumers are now accessing websites for information as the first port of call. This makes it extremely important for web designers and marketers to concentrate on the proper design of a website. This has been the topic of early research in marketing over the Internet, most research literature to date have focused on what features constitute a good website. Other studies have emphasised that this area of Internet needs extra research attention due to poor turn out rate due to badly constructed websites. It was found that though the advertising dollars spent in e-business sector in 1999 increased by 1,400% poor website performance kept visitor-to-customer conversion rate very flat. Some of the reasons for poor website lie in its features which include too many "bells and whistles" which slow its downloading speed and is often cited as the primary reason for web surfers to abandon a site. Other culprits for this include colours, the layout of information that in-turn affects navigation around a site, and the volume, and size of textual information. On the other hand good web sites are easy and simple to navigate, easy to locate, have appropriate colours, lack "bells and whistles" and have text easy to read and follow. The issues discussed above that have been obtained through a rigorous analysis of the literature will be addressed in this study of online consumer behaviour.

## 3.9.b. Implications and limitations of earlier studies that will be addressed in this study

There has been a lack of understanding of different market segments in ascertaining online consumer behaviour. Most research tended to use very simple and convenient sampling strategies to understand how consumers behave online. For example in their ongoing study of "flow" online Hoffman and Novak (1996) and Novak, Hoffman and

Yung (2000) have used students as a sample. Their research recommends a need to include real life segments to investigate consumer behaviour online. Furthermore Grant and Waite's (2003) study highlighted the lack of empirical research into adolescent and young adults' Internet experiences.

Novak, Hoffman and Yung (2000) specified that there was inadequate research into the reasons for individuals to experience flow online. They also stressed the need to investigate the effects that flow can have on search and shopping behaviour. According to the authors, there is a demand for research in the future to extend knowledge and to create an all-inclusive model of consumer behaviour in a computer mediated environment. Hence this research by conducting in-depth interviews to ascertain the concept of flow will aim to add to theory in online consumer behaviour. It must be also stressed in this context that unlike past studies a population sample of the general public will be used.

Lee and Marlowe (2003) stressed the need for marketers to understand the true meaning of 'convenience' as a motivating factor when it comes to consumers using the Internet. As a part of this study the true meaning of 'convenience' will be investigated.

Some research also suggests that one motivating factor for consumers' to search and shop for products online was that the Net offered lower prices, however Rettie (2001) and Trochia and Janda (2003) disagreed with this. The latter two authors found that online consumers are concerned not only with favourable outcomes, but also with satisfying shopping processes, thus they concluded that low prices and quick delivery

may not be enough to attract and retain customers. The variable of motivation will be investigated to ascertain whether price is a true variable that motivates consumers to search and/or shop online.

The role of product type and the impact that the Internet is having on brands will also be a topic of enquiry in this study. In the context of brands there is still inadequate research conducted to empirically state whether well-known brand names are at risk from the flood of products and lesser-known brands that have sprouted across the Internet over the last few years. Much of the literature on successful brand building on the Internet is either prescriptive in nature or does not go beyond the hype of anecdotal evidence (Riley and Lacroix, 2003)

There has been discussion in the marketing literature about the role that the Internet is playing as a medium for consumers who want to seek information for decision-making. However, many researchers have strongly suggested that there is inadequate information pertaining to the role that the Internet is playing here. This study will evaluate the role and value the Internet via company websites plays in the decision-making behaviour of consumers, and the value consumers place on the Internet as a communication tool in comparison to traditional methods. These traditional methods include television, radio, newspaper and other outdoor type advertising.

Louvieris and Driver (2001) stress that marketers do not as yet have an understanding of the role of the Internet in consumer decision-making. According to the authors, gaining such research information is of crucial importance to a business and the marketing function. It has been often mentioned that a specific understanding of buyer

behaviour, and in particular, the circumstances and influences surrounding decisions to purchase and the purchase act, is of central importance to a marketing strategy.

This study has used real consumers who search and shop for products and services online. It goes further to in dividing the sample interviewed based on demographic variables such as age and gender.

This study investigated features that make up good websites; it also found what makes up the so-called 'bad' and 'ugly' sites. A question was put to respondents to provide examples of their best and worst sites that they have experienced surfing within.

Recent research suggests that even though information technology scientists have created high-tech security systems, consumers are still wary about credit card fraud whilst transacting online. Other such common barriers for the take up of the Internet as a total medium of consumption includes violation of ones privacy, dead end websites, and complex systems that need to be followed.

Demographic variables such as gender and age and the impact they are likely to have on online flow, online communication and decision-making, barriers to the Internet, product type and brand while purchasing online, and attractive website features and design, has not been investigated thoroughly to date. The relationship between all of these variables will be investigated in this study.

# Chapter 4

# THEORECTICAL FRAMEWORK

## 4.1. Key themes investigated in the study

This study investigated key themes in online consumer behaviour. It aims were to:

➢ Understand what motivated consumers to use the Internet for the purpose of searching and shopping for products and services

➢ Investigate what barriers exist that inhibit consumers to shop and transact when purchasing products and services over the Internet

➢ Determine and investigate if consumers experienced the phenomenon of 'flow' whilst searching and shopping for products and services over the Internet. To understand this psychological concept in its sum total the type of product/service, age, and gender were used as intervening variables during the investigation

➢ To find out what features constitute a well and a badly designed website and consumer behaviours while visiting and surfing both these kinds of sites

➢ The role that the type of product and a brand name plays in consumer behaviour variables such as decision-making while people search and shop for products and services online

➢ The role the Internet plays in marketing communication and in the process of consumer decision-making

➢ Understand how people begin their product/service search over the Internet

- ➤ Investigate differences in online consumer behaviour between two different demographic groups (gender and age)

- ➤ Inform marketers about the some key consumer behaviour attributes that people exhibit while searching and shopping online, to enable marketing to plan and use the Internet strategically

## 4.2. Key variables in the study

Hence the key variables that have been investigated for this study include:

- ❑ Online segments – demographic factors that include gender and age

- ❑ Product type and brand

- ❑ Website features and design

- ❑ Barriers to Internet purchasing

- ❑ Motivating factors for searching and shopping online

- ❑ The concept of 'flow' in an Internet environment

- ❑ Principles and methods people follow to begin their Internet search

- ❑ The Internet as a marketing communicator and its role in consumer decision-making

- ❑ How consumers begin their searching and shopping online

# 4.3. Definition of the variables

Definition of the variables used in this study for online consumer behaviour:

**Demographics:** The demographic variable/s investigated in the study were age and gender. There were four groups of respondents interviewed based on the two demographic variables i.e. gender and age.

**Begin a search:** The most common methods that people use to begin searching and shopping online.

**Product type:** The involvement theory used by Peterson et.al. (1997) 'Low outlay, frequently purchased goods' versus 'High outlay, infrequently purchased goods' and type of product whether it is a 'tangible' versus an 'intangible' was used to investigate whether product type was a determining factor for searching and shopping online.

**Flow:** The concept of 'flow' is defined as the state of a person who gets deeply involved in an activity and enjoys the activity. It occurs when there is a balance between the amount of challenge and skill level that the person possesses. Flow to date has not been tested on different demographic segments while people search or shop over the Internet. Further the outcome of having experienced flow while searching and shopping for products has not been researched.

**Brands:** Issues pertaining to whether the growth of the Internet has reduced the value of well-known brands, as consumers are able to access much more variety of information and products and brands online.

**Consumer Decision-Making:** Is the Internet assisting consumers to make decisions if so to what extent and in comparison to other traditional communication methods? How does the Internet rate in terms of information acquisition for decision-making? Web site design and consumer behaviour: What features constitute a well designed web site and what constitutes a bad site?

**As a communication medium:** How does the Internet rate as a communication medium for marketers in comparison to traditional mediums such as television, radio, newspaper, and other traditional methods?

**Barriers:** Traditionally from the inception of the Internet as a commerce tool it has been found that barriers such as financial security and lack of protection of personal information acted as barriers for transaction online. Do these barriers still exist and have new ones sprouted up?

## 4.4. Diagram theoretical framework
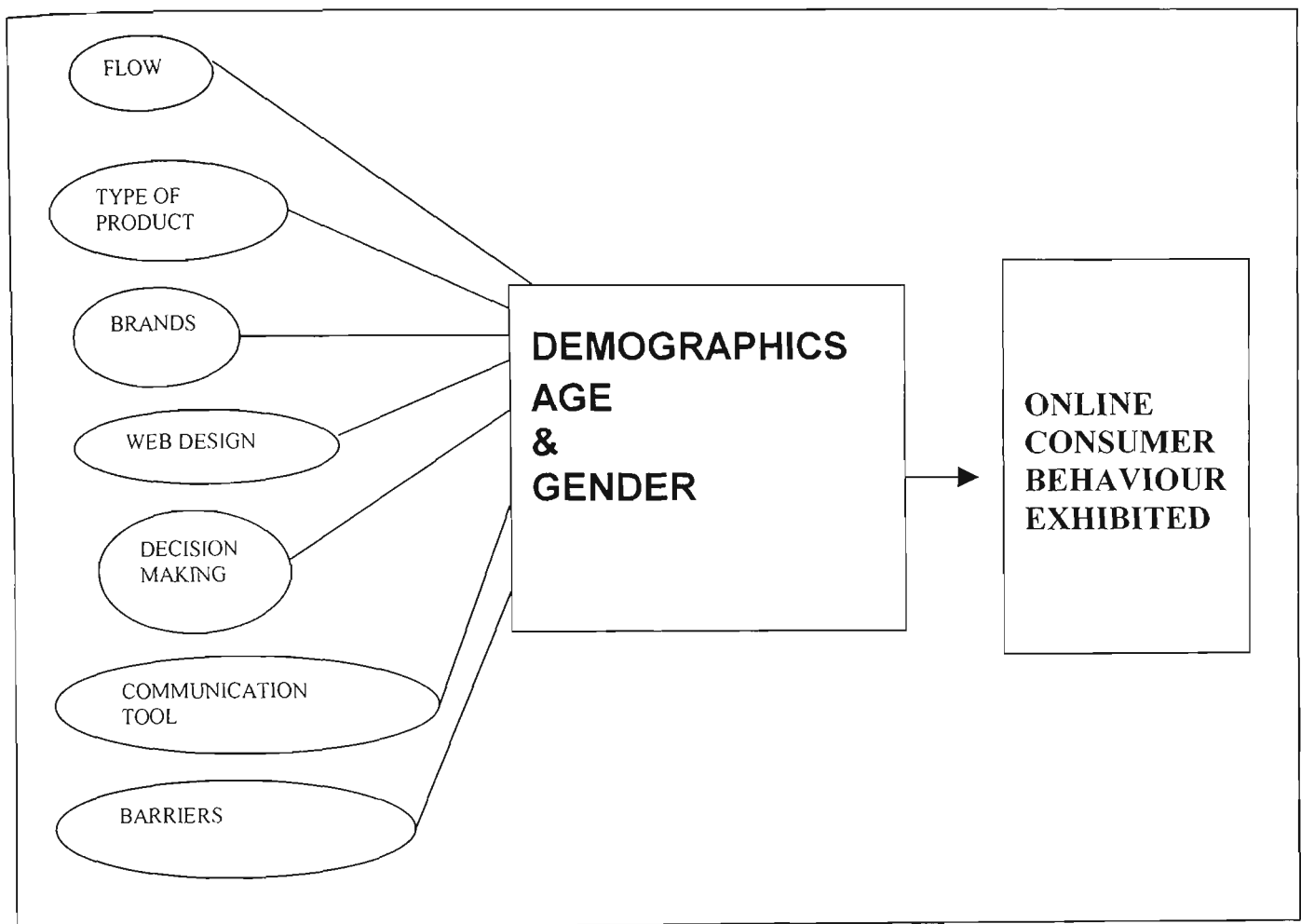


These key variables: flow, type of product bought and not bought online, brands and the impact they have, web design, decision-making, internet as a communication tool, and barriers to internet shopping, as depicted in the theoretical diagram above were investigated in terms of how they explain how and why consumers behave as they do online. The study focused on two specific demographic groups based on the age and gender variables. Hence half the respondents interviewed were male and half were female and all belonged to each of the age groups, 18-25 and 30-45 years.

The questions created for this research were open ended, as the method used to collect the data was qualitative in nature. The key questions and themes are as follows:

# 4.5. Research questions

**What** type/s of products do people search/shop for online (the research is specifically looking for behaviour when it comes to service type products – travel/tourism, banking and finance, education, insurance, legal practice, and medical services)

**Do people** experience flow when they shop/search for products?

**Is** there any particular type/group/category of products that people search for or intend to purchase online that makes you experience flow?

**Does** flow interrupt and inhibit buying the product online? Have people purchased a product online after experiencing flow?

**What** are the elements that make up a good site? What makes them attractive? Does an attractive site encourage purchase or revisiting the site?

**Does** seeking product information online promote the decision-making process? How important is the information that is received online in comparison to other methods of communication by organizations and their products?

**Does** the value of a brand play a crucial role in helping to decide about purchase? Has the Internet played down the importance of the brand of a product? Or does it make the brand more important? Does this depend on the type of product (high involvement v. low involvement and/or Copeland's classification i.e. Convenience, Shopping, and Specialty products)?

In comparison to other communication methods from marketers (advertising, publicity, public relations, personal selling, company brochures, mobile advertising) how important is the Internet? Has this tool revolutionized the communication process in marketing of products and services?

If people only search and do not buy online what are the reasons for doing so? Are there any barriers that need to be overcome before shopping online? If so what are these barriers?

## 4.6. Broader issues of the study

On a broader level, this study, by investigating consumption behaviour in the online environment, provides a framework for future theory building and hypothesis testing, and at a practical level will enlighten online marketers.

An outcome for this study is an investigation in detail about the variables that may constitute the key factors in consumer behaviour on the Internet. It was not the intention of this study to prove how well the generated data conformed to some specific model or other. After investigating various models and approaches, it was decided very early in this study to take a research stand largely based on Patton's (2002) "reality testing" a positivist and realist type, and Tesch's (1990; 1994) method that propagates "the discovery of regularities approach" using an interpretive approach. The final outcome of this study was to propose theory on the basis of finding out what is really happening in online consumer behaviour.

This study utilised the tradition of "Reality Testing" to investigate the study of online consumer behaviour and key variables associated with it. Patton (2002) described the tradition of "reality testing" as being slanted towards the positivist end of qualitative methods, and requiring a realist type approach. This research philosophy has its disciplinary roots in philosophy, social sciences, and evaluation approaches.

According to Patton (1987; 2002) when a researcher investigates a phenomenon using this philosophical stand, s/he conducts research based on some central questions. These questions should aim to establish the following: What's really going on in the real world? What can we establish with some degree of certainty? What are the plausible explanations for verifiable patterns? What's the truth insofar as we can get at it? How can we study a phenomenon so that our findings correspond, as much as possible, to the real world? (Patton, 2002 pp.132).

As part of reality testing and to propose a theory, a researcher needs to have a thorough understanding of the past theoretical issues through the literature. Reid (1995) suggests that in order to propose theory creation, the researcher needs to have a grasp of the relevant theory as well as knowledge of contemporary issues.

Being a qualitative study, this research is particularly oriented towards exploration, discovery, and inductive logic. The themes, categories or dimensions of analysis emerge from open-ended interviews. The researcher through the data analysis comes to understand the existing patterns of online consumer behaviour. Hence the study will utilise an inductive analysis; patterns, themes, and categories of analysis come

from the data; they emerge out of the data rather than being decided prior to data collection and analysis.

The background literature that was collected played a key role in creating the constructs for this study. Pole and Burgess (2002) highlight the role of substantive literature and its usefulness in elaborating the analytic framework. According to the authors the analyst needs a wider perspective on the topic. At the start of the study the formulated problem statement needs to be created on the basis of a rough overview of the field under study.

As the framework for the study, this research has utilised prior theory as its foundation. This existing theory has guided and loosely framed the research, it must be emphasised here that the research is not about testing this prior theory. Instead it is about seeking an actual reality about how consumers shop and/or search for products in an online environment, and whether demographic variables such as gender and age have any impact/s on their behaviour.

## 4.7. Propositions drawn from the literature for this study

The propositions drawn from the literature for this study are:

- ❖ Searchers and surfers belonging to a younger age group experience flow more than older age groups.

- ❖ Male respondents are more likely than female respondents to experience flow.

- ❖ The design of a website along with the type of product or service an individual is searching for dictates whether an online searcher experiences flow.

❖ There are differences in online searching and shopping behaviour between people of different demographic groups i.e. age and gender.

❖ The type of product or service is the key driver in ascertaining whether it will be purchased on or offline.

❖ The Internet with its propensity to search and direct consumers to a vast variety of products and services from corners of the globe are driving consumers away from brand name products and services.

❖ The Internet has become a one-stop place for consumers collecting marketing type information about products and the company, leading to the slow demise of other traditional marketing communication methods such as newspapers and television.

❖ There are still barriers to be overcome before people shop, purchase and pay online.

❖ The role of gender has an impact on the type of products and services that are searched for and purchased online.

❖ The design of a website can attract or drive away consumers from a company's site.

# Chapter 5 - Research Methodology

## 5.1. Introduction

The methodology used in the study was an extensive literature search supported by data collected in interviews from a purposive sample and analysed using qualitative data analyses techniques.

## 5.2. Literature Review

As part of reality testing to propose theory, a researcher needs to have a thorough grasp of the past theoretical issues through literature. Reid (1995) suggests that in order to propose theory creation, the researcher needs to have a sharp grasp of the relevant theory as well as knowledge of contemporary issues. Denzin and Lincoln (2003) mention that a researcher should investigate what has been done before, historically in his or her field. This background work will allow the researcher to focus on particular areas that previously may have been unclear.

The researcher must understand the theoretical issues, as judgements have to be made during the data collection phase (Yin, 1989). Further Simon (1994) actively supports a review of the literature as an integral component of the exploratory phase of the data collection. Strauss and Corbin (1990) stress the need to get a grip on the knowledge of the literature in gaining "theoretical sensitivity". They define theoretical sensitivity as

"a personal quality of the researcher" indicating "an awareness of the subtleties of meaning of the data".

An extensive review of the existing literature into a phenomena helps in building theory (Carson, Gilmore, Perry and Gronhaug , 2001). According to the authors, for a researcher to gain a true result of empirical insight, the theory-building phase of the research project should be given explicit and careful attention. In this study, this phase of the collection of prior theory via an extensive literature search was used as foundation for framing the topics of the study. However, it should be mentioned in this context that prior theory only guides and loosely frames the research. This study titled "Online Consumer Behaviour in a Computer Mediated Environment – Implications for Marketers" is not about testing prior theory but is instead about seeking an actual reality in a specific situation.

Others such as Pole and Burgess (2000) stress the need for literature in the early stages of the study. According to them, in elaborating the analytic framework the analyst needs a wider perspective than the observations as such. At the start of the study it is critical in the formulation of the problem statement to have a rough overview of the field under study extracted from literature surveying the field. This enables the researcher to become more specific, and it is at this stage that the researcher needs specific literature related to the field. Obtaining specific literature will provide the possibility of investigating the relevance of the substantive concepts outside one's own observations, and of solving problems with concept definitions. Moreover, literature may suggest concepts, which help to formulate relevant distinctions found in the data. The background literature based on earlier studies was

used to create the analytical framework for this study. The variables used were uncovered from the extensive literature that was analysed as part of this study.

Various sources and methods used to collect the literature for this study included the following:

- Hard sources using various university and public libraries;

- Search engines on the Internet that accessed various databases such as Emerald, Ebsco, Proquest, Ask Eric etc;

- Various text books on the topics in Marketing, The Internet, and E-Commerce;

- Marketing magazines sourced online and offline these include e-brands, B&T weekly, Professional Marketing, Business Review Weekly (BRW);

- Daily newspapers such as The Australian and The Age.

## 5.3. Selection of a qualitative approach

This study incorporated a qualitative research method. This research approach is more intrusive and less structured than quantitative research techniques. It has been suggested that qualitative methods are appropriate when the research is exploratory in nature, and when the area for examination is unfamiliar to the researcher, as the case being with a study of online consumer behaviour. The primary aim of this research project is to gain an insight into how people behave when they search and shop for products and services over the Internet.

The goal of this study is to render the deeper structures of consumers' ideas, feelings, and behaviour whilst they shop and search for products and services over the Internet. This is consistent with qualitative type of market research, which attempts to understand consumer behaviour in terms of subjective contexts of meanings.

Patton (1987) stresses that in qualitative research, researchers engage in naturalistic inquiry study naturally occurring activities and processes, these activities are "natural" in the sense that they are not planned and manipulated by the evaluator as would be the case in an experiment. Through the use of the interviews the researcher enters another person's world, to understand the person's perspective. It is difficult to observe how people have organised their world and the meanings they attach to it without asking them questions about it. Hence according to Patton (1987) *"The purpose of interviewing, then, is to allow us to enter the other person's perspective."*

According to Strauss and Corbin (1998), the term "qualitative research", meant any type of research that produces findings not arrived at by statistical procedures or other means of quantification. It can refer to research about persons' lives, lived experiences, behaviours, emotions, and feelings as well as about organizational functioning, social movements, cultural phenomena, and interactions between nations. Further they suggest that some of the data may be quantified, as with census or background information about the persons or objects studies, but the bulk of the analysis is interpretative.

Qualitative research (Ruyter and Scholl, 1998) provides an in-depth insight; it is flexible, small-scale and exploratory and the results obtained are concrete, real-life

like and full of ideas, a key aim of this research. The authors further highlight the value this type of research and can prove to be useful for market research purposes in practice. They found it widely used by management consultants and public policy makers, and provides answers to questions in consumer decision-making such as why do consumers buy this product and not the other?

Ueltzhöffer and Ascheberg (1999) suggest that the principal aim behind qualitative methods in sociological and psychological market research is to elucidate the individual's subjective interpretative patterns, his/her personal experiences, viewpoints, motives- and thus his/her creative potential as well.

Denzin and Lincoln (2003) stress the need for naturalness in qualitative research methods. According to them, the qualitative researcher stress the socially constructed nature of reality, the intimate relationship between the researcher and what is studied, and the situational constraints that shape inquiry. To them the word qualitative implies an emphasis on the qualities of entities and on processes and meanings that ere not experimentally examined or measured (if measured at all) in terms of quantity, amount, intensity, or frequency. Such researchers emphasise the value-laden nature of the inquiry. They seek answers to questions that stress how social experience is created and given meaning. The above authors and many others stress the need for maintaining this natural element in the entire research process, as part of it they suggest that the interview and/or observation be held in the most natural setting. In this study most interviews were held at the participants place of work or in some instances at their home.

In a debate on the two schools of research i.e. quantitative v. qualitative, Hyde (2000) states that the traditional view in research methods is that quantitative researchers subscribe to a "positivist" paradigm of science, while qualitative researchers subscribe to a "relativist" paradigm. Further, Collinson & Collinson (1992) stresses that in doing research using a qualitative approach allows the respondents to "speak for themselves" and to define, not only through their words, but also in their actions, the social worlds in which they live their lives. He discovered that new insights into organisational practices had emerged from his studies using a qualitative method.

This study utilised the tradition of "Reality Testing" to investigate the study of online consumer behaviour and key variables associated with it. Patton (2002) described that the tradition of "reality testing" is slanted towards the positivist end of qualitative methods, and requires a realist type approach. This research's philosophy has its disciplinary roots in philosophy, social sciences, and evaluation approaches. According to Patton (1987; 1990; 2002) when a researcher investigates a phenomena using this philosophical stand, s/he conducts research based on some central questions, these questions should aim to establish the following: What's really going on in the real world? What can we establish with some degree of certainty? What are the plausible explanations for verifiable patterns? What's the truth insofar as we can get at it? How can we study a phenomenon so that our findings correspond, as much as possible, to the real world? (Patton, 2002).

Another often-cited author in terms of philosophical stance, methods, and analysis of qualitative inquiry is Renata Tesch. According to her there are specific terms that describe the perspectives qualitative researchers adopt, for instance, 'naturalistic',

'interpretive', 'experiential', 'clinical' or the traditional field on which they base their stance such as 'ethnography', 'phenomenology', 'symbolic', interactionism', or 'ethnomethodology'(Tesch, 1990). Other terms refer to the research approach used are terms such as 'discourse analysis', 'case study', 'action research', etc, or merely the type of data, method, or research location 'document study', 'participant observation', 'field research', 'oral history'. In Tesch's view, it is impossible to sort the labels above neatly into categories according to 'types' of qualitative research.

Tesch (1990; 1994) further constructs a qualitative research map that distinguishes qualitative research into four types and they are: the characteristics of language, the discovery of regularities, the comprehension of the meaning of text/action, and Reflection. Using these qualitative models proposed by Tesch (1990) this study is at the 'interpretive' end of the scale and its aim is to discover regularities, the study has utilised the 'field research' approach by conducting in-depth interviews with the 'actors' or 'participants'.

Tesch (1990; 1994) stresses the importance for researchers to discover a structure in the analysis stage, which could either be shown as a pattern or as a network of relationships among parts. This could lead to results that may include tentative hypothesis or propositions, and hence will disclose meaning in the data. On the other hand a researcher may be interested in only looking for 'themes', some of which might not be directly expressed in the data, but emerge from them upon intensive analysis. In this instance rather than seeking relationships, the researcher looks for commonalities across and uniqueness within the themes. The result is usually a succinct description on a somewhat abstracted and therefore more 'general' level that

highlights the essential constituents of the phenomena studied. As can be seen, the selection of methods and approaches offer numerous traditions within qualitative research. Others offer methods that range from case studies, action research, and grounded theory. Authors like Tesch (1990) goes as far as offering as many as 20 types of qualitative methods, and Creswell (1998) suggests that qualitative research can follow one of five routes which are: ethnography, grounded theory, case study, and phenomenological studies. Patton (1987) also presents various methods for consideration. The array of methods available within qualitative paradigm is extensive (Martello, 2000).

This study aimed to investigate key themes in online consumer behaviour. It further proposed tentative hypothesis and theory construction in the field of online consumer behaviour, which will be discussed in later chapters such as 'discussion of the results & analyses'.

The objective was to gain an understanding into some key variables that constitute how and why consumers behave as they do when they search and shop for products in an online environment, which include the Internet and various organisations websites. On a broader level this study by investigating consumption behaviour in the online environment provides a framework for future theory building and hypothesis testing, and at a practical level aims to enlighten marketers.

An outcome for this study is to investigate in detail variables that may constitute the key factors in consumer behaviour on the Internet. It is not the intention of this study to prove how well the generated data conformed to some specific model or other.

After investigating various models and approaches, it was decided very early in this study to take a research stand largely based on Patton's (2002) "reality testing" a positivist and realist type, and Tesch's (1990) method that propagates "the discovery of regularities approach" using an interpretive approach. The final outcome of this study is to find out what is really happening in terms of online consumer behaviour in Australia.

In line with Carson, Gilmore, Perry and Gronhaug (2001) and their interpretation of the interpretivist research methodology, this research method will also follow their prescription in qualitative research, which is as follows:

- Seek to build theory as a result of empirical insight so the theory-building phase of the research project is given explicit and careful attention.

- Prior theory is used as foundation and to be introduced at appropriate stages throughout the research study.

- Prior theory guides and loosely frames the research but the research is not about testing this prior theory, instead it is about seeking an actual reality in instances of consumer behaviour over the Internet.

- If during the analysis phase, this research can confirm, or otherwise, a theoretical construct of actual marketing planning processes, in a number of cases, then theory building is said to be occurring.

- The main purpose is to achieve substantive meaning and understanding of how and why consumers behave in an online environment, questions in relation to the phenomena under investigation.

- The research is often pre-dominantly semi-structured.

- Research involved the researcher as an integral component of the study where he guided and developed the research.

Qualitative design should help the researcher in developing a model of what occurred in the social setting. Denzin and Lincoln (2003) encourage this as they suggest that developing a model comes close to choreographic work or artistic work and serves as a heuristic tool. Their research suggest that qualitative researchers feel that they do not need or value model developments; however the authors advocate that like the scene designer or architect who builds a model, the choreographer or dancer who captures dance on film, or the artist who creates a drawing or serries of drawings, the researcher should develop a model which can then be used as a tool for further work or it can serve as a simple historical record.

## 5.4. Interviews

### 5.4.a Construction of the interview schedule

As recommended by Patton (1987; 2002), this study utilised a *standardised open-ended interview* (SOEI) conducted with twenty participants. This (SOEI) included questions pertaining to people's searching and shopping activities and behaviour over the Internet. The questions were carefully worded and arranged for the purpose of taking each respondent through the same sequence and asking each respondent the same questions with essentially the same words. In using this approach, flexibility in probing is more or less limited, and is largely dependent on the nature of each interview along with the skills of the interviewer and researcher. The (SOEI) is very

useful when it is important to minimise variation in the questions posed to interviewees, hence reducing the bias that can occur from having different interviews for different people. By using a (SOEI) approach the problem of obtaining a great deal of data from certain persons while getting less systematic information from others is minimised. It is also very desirable to have the same information from each person interviewed, this helps in constructing themes and in the process develop new theory in the area of online consumer behaviour.

Patton (2002) states there are 4 major reasons for using a standardised open-ended interview:

1. The exact instrument used in the evaluation is available for inspection by those who will use the findings of the study.

2. Variation among interviewers can be minimised where a number of different interviewers must be used.

3. The interview is highly focused so that the interviewee time is used efficiently.

4. Analysis is facilitated by making responses easy to find and compare (pp.346).

Ueltzhöffer and Ascheberg (1999) stress that using in-depth interviews in qualitative research creates an authentic dialogue between the researcher and respondents. According to them, this method is the best and most effective approach.

The interview schedule contained five introductory type questions, fifteen intermediate questions and five concluding type questions (see appendix 1). The questions that were included in this research were constructed based on the literature

that was collected on issues pertaining to online consumer behaviour and the theory that had been generated from this literature. Some of the key theoretical concepts that emerged in the literature and that formed part of the questions were as follows: the Internet's role in consumer decision-making, the impact the type of a product/brand has on search and shopping behaviour, the design of a website and its implications on behaviour, the concept of 'flow,' and its effects on search/shopping behaviour online, the overall role the Internet has in comparison to other marketing tools in the communication process, and the major consumer behaviour activities that the Internet has impacted upon the most.

The core questions of the interviews were derived only after an exhaustive review of the literature on online consumer behaviour was collected. Participants were allowed in some instances to range broadly but coverage of key topics was ensured. Patton (1987) suggests that by using interviewing it allows the evaluator to enter another person's world, to understand the person's perspective. We cannot observe how people have organised the world and the meanings they attach to what goes on in the world.

In preparation for the interviews, the researcher attended three post-graduate trainings on qualitative inquiry and was taught by accomplished qualitative researchers how to undertake in-depth interviews. According to Denzin and Lincoln (2003) a qualitative research design requires the researcher to become the research instrument, this in turn means the researcher must have the ability to observe behaviour and must sharpen his/her skills that is needed for observation and face-to-face interview. They compare the qualitative researcher with a dancer and the choreographer, where a researcher

must be in tune with the body: The eyes must be taught to see, the ears must be taught to hear.

It has been suggested that before researchers devote themselves to the arduous and significant time commitments of qualitative studies, it is a good idea for them to do some background work, or what some authors call as "stretching exercises". These "stretching exercises" allow prospective qualitative researchers to practice interview, observation, writing, reflection, and artistic skills to refine their research instruments, which are the researchers themselves. In addition, the researcher may use pre-interviews to test certain questions (Denzin and Lincoln, 1998).

Initially as part of the study, two interviews were conducted to pretest the interview format and determine the salience and depth of data obtained using this approach. These interviews revealed that the semi-structured interview style format and topic guide allowed participants to comfortably provide a great deal of detail concerning their behavioural habits whilst searching and shopping for products over the Internet.

In line with conventional methodology founded and proposed by various authors (Tesch 1990, Patton 1987,2002; Miles & Huberman 2002; Wolcott 1994; Carson et al 2001), the interview questions were created after a careful collection and analysis of literature in the field; this process took about one whole year. There was careful consideration given to the wording of each question in their development, appropriate as mentioned appropriate probing questions was placed in the interview at appropriate places, or had to be created on the spot on a case-by-case basis. The basic purpose of using a standardised open-ended interview was to minimise interviewer effects. this

approach makes the interview more systematic and helps in reducing interviewer judgement.

The SOEI also makes data analysis easier because it is possible to locate each respondent's answer to the same question rather quickly, and to organise questions and answers that are similar (Patton, 1987). Though the data using this approach are still open-ended in the sense that respondent supplies his or her own words, thoughts, and insights in answering the questions, however the precise wording of the questions is predetermined. There are also constraints placed on the use of different lines of questioning with different people based on their unique experiences. Hence a SOEI approach reduced the extent to which individual differences and circumstances can be taken into account (Patton 1987, 2002).

Patton (2002) states that some of the advantages in SOEI lie in their characteristics; they have the exact wording with the sequence of questions determined in advance. All interviewees are asked the same basic questions in the same order, whilst the questions are worded in a completely open-ended format. The key strengths of this technique are as follows: Respondents answer the same questions, thus increasing comparability of responses; data are complete for each person on the topics addressed in the interview. They reduce interviewer effects and bias when several interviews are used, and furthermore permits evaluation users to see and review the instrumentation used in evaluation. Finally (SOEI) are useful in facilitating the organisation and analysis of the data. Some key weaknesses which researchers should be aware while using this technique is there is little flexibility in relating the interview to particular

individuals and circumstances; and the standardised wording of questions may constrain and limit naturalness and relevance of questions and answers.

Many researchers consider interviewing as a principal methodology of social science (Broadfoot, 2000). To them, along with questionnaires, observation, documentary study and discourse analysis, it is a major means of establishing participants' perspectives in a particular social setting. Though capable of varying considerably in form and purpose, all interviews share the fundamental rationale of seeking to represent with integrity the perspective of the actor or actors under study. To conduct an interview is to make the assumption that there are aspects of a phenomena, which cannot be appreciated without recourse to the personal perspective of one or more actors involved in it.

Others stress the need for in depth interviewing as a key qualitative technique given the fact that this type of inquiry looks at the whole picture, and begins with a search for understanding of the whole (Denzin and Lincoln, 2003). To them, qualitative inquiry is not constructed to prove something or to control people but looks at relationships within systems or cultures. This type of research is concerned with the personal, face-to-face, and immediate, it is designed to focus on understanding given social settings, not necessarily making predictions about those settings.

In a study on the impact the Internet is having on relationship marketing in an organisation, Rao and Perry (2003) used a new and innovative interviewing technique called 'convergent interviewing'. The technique, a form of in-depth interview, needs the researcher to refine the questions after each interview. In summary, probe

questions are developed after each interview. By transcribing and analysing each interview immediately, this study kept refining the questionnaire for the next interview and the use of convergent interviewing was indeed utilised. According to the authors this type of interviewing technique and the construction of probe type questions as the research progresses was well suited to address issues in under-researched areas. As already mentioned, this study utilised the techniques proposed by the authors and had indeed created probe questions whenever needed and convergent interviews helped in studying the behaviour of consumers in an online environment.

(For question content and numbers of the questions refer to appendix 1).

## 5.5 Selection of the sample

### 5.5.a. Discussion of the method

This study used the 'snowballing' or 'referral' or 'chain' sampling technique, where participants were requested to provide the researcher with at least one other person who could be contacted as a participant for this study. It was made clear that the person being referred would also need to be a searcher or shopper for products and services online. After speaking to them, the participant usually phoned back the researcher after a few days with a contact name, or would give these details during the interview, or in some instances was contacted for this information by the researcher. In a few instances some participants were not helpful citing reasons such as they did

not know anyone who could be of value to the study. However, some interviewees introduced the researcher to more than one other person who was then contacted.

As mentioned, the first interviewee directed the researcher to others who are familiar with the area of research, as well as an expert. As part of the interview process, the study followed the steps recommended by Carson (2001) and Dick (1990) which include: contacting the respondent, time and setting, establishing rapport and neutrality, opening question, probe questions, inviting a summary, and concluding the interview.

The target sample included twenty interviewees consisting of twelve people between the ages of 30-50 years, most holding white-collar jobs. The remaining eight were between the age group of 18-25, and most of these participants were studying either as full or part time.

It has been argued by Biernacki and Waldorf (1981) that in order to maximise sample variability and the theoretical utility of snowballing sampling, researchers need to make conscious efforts to pace and monitor the referral chains that they generate. Their viewpoint of snowball sampling is best seen as proceeding through a number of phases. Hence as part of the selection process, every referred person was communicated to in order to gauge their level of Internet usage for searching and purchasing products before proceeding with organising an appointment for the interview. In at least five cases it was found that the referred person did not meet these criteria and hence was not included for an interview, the person was thanked for their time and co-operation.

The sample was purposefully selected to create cross-comparisons based on age and therefore analyse differences in behaviour between members of different age groups. Further gender was used as a demographic division and there were an equal number of respondents who belonged to the two different gender groups.

Other than these internal comparisons, the study does not try and make any further internal comparisons across cases within the sample. As snowballing tends to produce samples that are relatively homogenous, the possibility of making internal comparisons become more difficult than would be the case were the sample larger and more diverse (Burgess, 1992).

## 5.5.b. Justification of the sampling method

Snowballing sampling technique is appropriate when research is concerned with a small, specialised population of people who are knowledgeable about the topics (Aaker and Day 1990; Patton 2002). A key issue in the snowball sampling technique is to be careful in the selection process of the first interviewee as the first snowball, in this study extreme care was taken to recruit the first interviewee who was one of the heaviest surfer and shopper amongst the twenty participants.

Miles and Huberman (1994) stress that opportunistic, snowball or chain, and other kinds of intensity type sampling commonly used in qualitative research are extremely beneficial to inductive research, and help in theory building and analysis. Snowball sampling typically identifies cases of interest from people who know people who

know what cases are information-rich. Others suggest that samples in qualitative studies are usually not wholly pre-specified, but can evolve once fieldwork begins. Initial choices of informants lead you to similar and different ones; observing one class of events invites comparison with another; and understanding one key relationship in the setting reveals facets to be studied in others. This is conceptually driven sequential sampling.

Snowball or chain sampling is also an approach for locating information-rich key informants or critical cases. As mentioned above the process usually begins by asking well-suited people: "Who knows a lot about _____? Whom should I talk to? By asking a number of people who else to talk with, the snowball gets bigger and bigger as you accumulate new information-rich cases. Patton (1987;2002) cites seminal work conducted by various business "gurus" that utilised the snowball sampling technique. The best-known ones accordingly were The Peters and Waterman (1982) study *In Search of Excellence* began with began a snowball sampling, asking a broad group of knowledgeable people to identify well-run companies. Rosabeth Moss Kanter's (1983) study of innovation reported in *The Change Masters* focused on 10 core case studies of the "most innovative" companies. She began by asking corporate experts for candidate companies to study. These nominations then snowballed as she broadened her inquiry and then converged into a small number of different expert informants.

Further, Paton (2002) highlights the advantages of purposive sampling, as is the case with the snowball sampling technique; accordingly respondents selected are based on them being "information rich" and illuminative, and hence these respondents offer

useful manifestations of the phenomena of interest. Unlike quantitative methods sampling then is aimed at insight about the phenomena, not empirical generalisation from a sample of the population. The logic and the power of purposeful sampling derive its greatest strength on the emphasis of it leading to an in-depth understanding. Qualitative research being information-rich hence can learn a great deal about issues of central importance to the purpose of the research.

## 5.5.c Issues concerning sample size in qualitative research

Strauss and Corbin (1998) make a point that qualitative researchers usually work with *small* samples of people, nested in their context and studied in-depth – unlike quantitative researchers, who aim for larger numbers of context-stripped cases and seek statistical significance. In this research, twenty in-depth interviews were conducted for the study of online consumer behaviour. The selection of the optimal sample size is a question that most researchers are perplexed about and this is cited in the writings of most authors in qualitative research methods. According to Patton (1990), selecting the optimal sample size for the interviews depends on what is to be found and why, and how the findings are to be applied.

Further on this topic, Dick (1990) suggested that the sample size should be 10% of a target population of up to 200 and as a minimum the sample size should not be less than 12. Other authors have argued that the sample size is determined when the stability is reached, that is, when agreement among interviewees is achieved and disagreement among them is explained on all the issues raised (Riege, 2003). According to the above authors, their second position has been found to be more

useful and appropriate for marketing research. Some researchers have found that stability can occur after just six interviews, some have found convergence among interviewees after only five interviews (Rao and Perry, 2003). In this research study it was found that after fourteen to sixteen interviews stability was being experienced.

Some are of the view that qualitative inquiry works best with high tolerance for ambiguity, and conclude that nowhere is this ambiguity clearer than in the matter of sample size. There are no rules for sample size in qualitative inquiry, it all depends on what you want to know, the purpose of the inquiry, what's at stake, what will be useful, what will have the credibility, and what can be done with the available time and resources (Patton 2002). Piaget contributed a major breakthrough to the understanding of how children think by observing his own two children at length and in great depth, Freud established the field of psychoanalysis based originally on fewer than 10 client cases. In their landmark study, Peters and Waterman (1982) formulated the widely followed eight principles for organisation excellence by studying 62 companies, a very small sample of the thousands of companies one might study. Sands (2000) did a fine dissertation studying a single school principal, describing the leadership of a female leader who entered the challenging school situation and brought about constructive change (Patton, 2002).

Most often qualitative market research is often characterized as involving intensive research with small samples, with little emphasis on the possibility of generalizing from sample findings to the population as a whole (Christy and Wood, 1999). According to these authors the focus of qualitative inquiry is typically on the depth of understanding attained within the confines of the project sample. Unlike quantitative

methods, statistical techniques available for estimating a population mean with stated levels of precision and confidence, are of no relevance for qualitative market research. The focus of qualitative research is on depth of understanding achieved within the confines of the sample, therefore data obtained from a qualitative inquiry will include a detail description of situations, events, people interactions and observed behaviours. The data will also include direct quotations from people about their experiences, attitudes, beliefs, and thoughts (Christy and Wood, 1999).

**Table 5.1: Different uses for four methods of data collection**

| METHOD | QUANTITATIVE RESEARCH | QUALITATIVE RESEARCH |
|---|---|---|
| Observation | Preliminary work e.g. prior to framing questionnaire | Fundamental to understanding another culture |
| Textual analysis | Content analysis e.g. counting in terms of researchers categories | Understanding participants categories |
| Interviews | Survey research: mainly fixed-choice questions to random samples | Open-ended questions to small samples |
| Audio and vide recording | Used frequently to check the accuracy of interview records | Used to understand how participants organised their talk and body movements |

As can be seen above, Silverman (2001) suggests that interviews are best suited for small group/s of sample.

## 5.6. Procedure

### 5.6.a. How the sample was contacted

This study used the 'snowballing' or 'referral' or 'chain' sampling technique, where participants were requested to provide the researcher with at least one other person who could be contacted as a participant for this study. It was made clear that the person being referred would also need to be a heavy searcher or shopper for products and services online. The participant usually phoned back the researcher after a few days with a contact name after speaking to them, or would give these details during the interview, or in some instances was contacted for this information by the researcher.

This first interviewee directed the researcher to others who are familiar with the area of research, as well as an expert. Carson et.al., (2001) and Dick (1990) recommend the following steps for the interview process: contacting the respondent, time and setting, establishing rapport and neutrality, opening question, probe questions, inviting a summary, and concluding the interview. All the above steps were undertaken as part of the interview process.

In a few instances some participants were not helpful citing reasons such as they did not know anyone who could be of value to the study. However some interviewees introduced the researcher to more than one other person who was then contacted. Patton (2002) found the snowballing or chain sampling the most useful in qualitative

inquiry, and described it as follows: "The process begins by asking well-situated people, who knows a lot about? Who should I talk to?

As part of the selection process, every referred person was communicated to in order to gauge their level of Internet usage for searching and purchasing products before proceeding with organising an appointment for the interview. In at least five cases it was found that the referred person did not meet the criteria and hence wasn't included for an interview, the person was thanked for their time and co-operation.

In all instances the researcher provided the interviewee with a copy of the questionnaire before hand for the person to be familiar with the types of questions. Prior to the onset of the fieldwork, the researcher obtained the necessary approvals from the ethics committee and made sure this was stated clearly to each interviewee at the beginning of the interview. All interviewees and the interviews that they have given are treated with the strictest confidence and this was mentioned to them before the interview. It was clearly to each and every participant that only anonymous demographic type information will be used in the analysis of the data and their identities will never be revealed.

## 5.6.b. How the data were collected

The questions that were included in this research were constructed based on the literature that was collected on issues pertaining to online consumer behaviour and the theory that had been generated from this literature. Some of the key theoretical concepts that emerged in the literature and which formed part of the questions were as

follows: the Internet's role in consumer decision-making, the perceptions of a product/brand on search and shopping behaviour, the design of a website and its implications on behaviour, the concept of 'flow' and the overall role of the Internet in comparison to other marketing tools in the communication process.

In depth interviews were used to gather data relating to how people behave while using the Internet and websites during the search and shopping activities online. Over a period of 13 months, twenty in-depth interviews were conducted. The first interview was held on the 1st July 2002 and the last interview was held on the 15th August 2003.

The in-depth interviews lasted between 1 to 1.5 hours on an average. They were audio taped, and to make interviewees comfortable with the recording process, they were assured that nothing would be published and attributed to them directly without securing their prior permission. The tape recordings were transcribed verbatim by the author, and in doing so the contents of the interviews were reviewed several times. Direct tape recordings of field events must be either transcribed fully if the aim is to have a full record of the speech and other audible events, or processed in some way like the field worker listening to the recordings makes notes, selects excerpts, makes judgements or ratings and so on (Miles and Huberman, 1984). In this way, not only was the memory refreshed, but in-depth contextual understanding of the issues was also achieved. It was then synthesized into a word-processed database that was cross-referenced to the context of the interview. The transcription of these interviews took anywhere between 4-6 hours.

Patton (2002) highlights the importance of capturing the data, in mentioning that no matter what style of interviewing is used, and no matter how carefully one words interview questions, it all comes to naught if the interviewer fails to capture the actual words of the person being interviewed. Accordingly it must be stressed that various authors have mentioned that the purpose of qualitative interviewing is to understand the perspectives and experiences of people being interviewed. The raw data of interviews are the actual words spoken by interviewees and there is no substitute for these data.

Probes were used at varying intervals in order to deepen the response to a question, it was also noticed that probe questions increased the richness and depth of responses, and gave cues to the interviewee about the level of response that is desired.

The flexible interview format that was used in this study enabled the interviewer to use follow-up questions whenever needed to ensure that participants' meanings were understood clearly/accurately. Patton (1987) emphasises that a researcher needs to understand that interviewing in qualitative methodology is a techniques to understand major themes that are involved. He proposes four guiding principles when using interviewing as a research instrument, they are: firstly, the qualitative evaluator must have sufficient direct personal contact with the people and program being evaluated to understand what is happening in-depth and detail. Secondly, s/he must be able to provide a meaningful context for what takes place and what people actually say. Third, the qualitative interviewer will report a great deal of pure description of people, activities, and interactions. Fourth, by no way the least, the researcher will capture

and report direct quotations from people, both what they say and what they write down.

Jarratt (1996) advocates a semi-structured approach to in-depth interviews that enables the researcher to cover a specific list of topic areas, with the time allocated to each topic area being left to the discretion of the interviewer. The open structure ensured that unexpected facts or attitudes were easily explored.

Based on Patton's (2002) proposals the questions in this study can be classified as Behaviour Questions, Opinion/Belief Questions, Feeling Questions, Knowledge Questions, Sensory Questions, and Background Demographic Questions. The questions early in the interview were noncontroversial and asked participants about their present online behaviours, then it went on to elicit their activities, and experiences. There was care taken at the outset to have questions that had relatively straightforward descriptions; and those requiring minimal recall and interpretation. Hence, these early questions are therefore fairly easy to answer. They encourage the respondent to talk descriptively. Later on towards the middle of the interview the researcher experienced having to use probes type questions with a focus on eliciting greater detail, filling out the descriptive picture. Demographic questions were kept towards the end of the interview and a short one-page survey type questionnaire was prepared and given to the respondent to be filled for this purpose.

After each interview the researcher immediately (sometimes the same afternoon, evening or night) began transcribing and in the process began to conduct a form of analysis on the interview. Patton (1987) mentions that this period after the interview

is a critical time of reflection and elaboration. It is a time of quality control to guarantee that the data obtained will be useful, reliable, and valid and this aspect was found to have a profound affect on every consequent interview that the researcher conducted. As mentioned above the process of examining an interview after it is completed can be the beginning of analysis.

With the situation and data fresh in the researchers mind insights can occur that might otherwise have been lost. An example to illustrate this is, initially the questionnaire did not have had any questions pertaining to the role of the traditional sales personnel with the growth of the Internet. There wasn't any literature suggesting any impact or relationship. However after a few interviews it became glaringly obvious that participants themselves kept raising the issue mentioning that they now rely more on the Internet rather than on sales personnel in their consumer decision-making, this issue was further explored in the study. Thus ideas and interpretations that emerged following an interview or observation were written down and clearly marked and then explored further (Patton, 1987).

## 5.7. Analysis of the data

According to Ely, Vinz, Anzul, and Downing (1997) the New Webster's dictionary meaning of 'to analyse' refers to breaking down in constituents parts, to resolve in elements. The Random House Dictionary of the English Language as cited by the above same authors, define analysis as 'the separating of material into its constituent elements....studying the nature of something or its essential features and their relations. The interpretation of 'analysis' refers to the key role of the researcher's

framework during the analysis. The authors stress that at this stage the construction of concepts, indicators, variables, categories, and classifications play an important part, because they allow the researcher to unfold and specify the research problem. The researcher later begins to unfold the collected data into components to be separated, defined, ordered and classified.

Tesch in (Ely, Vinz, Anzul, and Downing, 1997) has a list of ten characteristics of qualitative analysis:

1. Analysis is not the last phase in the research process; it is concurrent with data collection or cyclic.

2. The analysis process is systematic and comprehensive, but not rigid.

3. Attending to data includes a reflective activity that results in a set of analytical notes that guide the process.

4. Data are 'segmented,' i.e. divided into relevant meaningful 'units,' yet the connection to the whole is maintained.

5. The data segments are categorised according to an organising system that is predominantly derived from the data themselves.

6. The main intellectual tool is comparison.

7. Categories for sorting segments are tentative and preliminary in the beginning; they remain flexible.

8. Manipulating qualitative data during analysis is an eclectic activity; there is no one right way.

9. The procedures are neither 'scientific' nor 'mechanistic'; qualitative analysis is 'intellectual craftsmanship.'

10. The result of the analysis is some type of higher-level synthesis

Patton (1987) stresses that when a qualitative researcher analyses he or she stops the flow of the 'sequential presentation' and lifts an element out from the whole to inspect it more closely. In analysis for qualitative research, the researcher tries to discern the smallest elements into which something can be reduced and still retain meaning if lifted out of immediate context, and then to discover relationships between those elements.

Miles and Huberman (1994) define data analysis as **three** linked sub processes that involve **data reduction, data display**, and **conclusion drawing** and **verification**. They describe data reduction in terms of data selection and condensation. Within this stage, data are reduced in anticipatory ways as conceptual frameworks are chosen and as instruments, cases, and questions are refined. Huberman and Miles's analytical approach was utilised for this study.

## 5.7.a. Data reduction phase

The interview data was summarised, coded, and broken down into themes, clusters, and categories based on the key building blocks of the study as part of the data reduction phase. With the analysis phase in mind, a semi-structured in depth questionnaire was created, centred around the key building blocks (or variables) of the study from these the themes will emerge to support the construction of theory. Creswell (1998) talks about "winnowing" the data here as not all information is used in a qualitative study, and some may be discarded.

The data collected were then coded, and analysed, to allow for the themes to emerge. These themes and their interrelationships and alternatives were then sorted out and will be discussed in detail in later chapters. Hence it can be claimed that any resultant theoretical implications that will be suggested in this study are thus grounded in data obtained from these in depth interviews.

Miles and Huberman (1994) describe coding as: tags or labels for assigning units of meaning to the descriptive or inferential information compiled during a study. According to them, codes are usually attached to "chunks" of varying size-words, phrases, sentences, or whole paragraphs, connected or unconnected to a specific setting. They can take the form of a straightforward category label or a more complex one like a metaphor.

Kelle (1995) stress that coding is undertaken to achieve three kinds of operations and those being: (a) noticing relevant phenomena, (b) collecting examples of those phenomena, and (c) analysing those phenomena in order to find commonalties, differences, patterns, and structures. The suggest that coding an instrument used to reduce data are hence heuristic devices. In this sense, coding qualitative data differs from quantitative analysis, for we are not merely counting. Rather, we are attaching codes as a way of identifying and reordering data, allowing the data to be though about in new and different ways.

Coding is the mechanics of a more subtle process of having ideas and using concepts about the data. It can be viewed as: "nothing more than a preparation for this process

which is based on a careful inspection and analysis of raw data (that is segments of text) and on their comparison for the sake of identifying patterns and structure" (Kelle, 1995).

In practice, coding usually is a mixture of data reduction and compilation. Coding is generally used to break up and segment the data into simpler, general categories and is used to expand and tease out the data, in order to formulate new questions and levels of interpretation. One should try to ensure that coding does not lose more than it can gain. It is especially important to avoid the use of coding merely to apply simple and deterministic labels to the data. Data reduction or simplification of that sort is not the main analytic purpose of qualitative coding. Coding should be thought of as essentially heuristic, providing ways of interacting with and thinking about the data. Those processes of reflection are more important ultimately than the precise procedures and representations that are employed.

The segmenting and coding of data are often taken-for-granted parts of the qualitative research process. All researchers need to be able to organise, manage, and retrieve the most meaningful bits of data. The usual way of going about this is by assigning tags or labels to the data, based on our concepts.

Patton (1987;2002) proposes the usefulness of utilising content analysis to identifying coherent and important examples, themes, and patterns in the data. In doing so the analyst looks for quotations or observations that go together, that are examples of the same underlying idea, issue, or concept. Sometimes this involves pulling together all the data that address a particular evaluation question. The researcher then writes

comments in the margins of the field notes. This approach is extremely useful too and will be utilised in the analysis phase of the research.

Once the coding was completed key themes and patterns began to emerge from the interview data. Many analyses of qualitative data begin with the identification of key themes and patterns and assigning codes to these. As Tesch (1987, pp.206) phrases it, 'In dealing with their data, qualitative researchers "search for themes, and they "find" themes, or they "extract," "recognise," or "identify" them. She further stresses that an analysis for themes is one of the most frequently mentioned analytic approaches used by qualitative researchers.

(Ely, Vinz, Anzul, and Downing, 1997) state that a theme can be defined as a statement of meaning that: (1) runs through all or most of the pertinent data, or (2) one in the minority that carries heavy emotional or factual impact. Tesch (1990) states that by 'themes' she means 'brief statements that describe the content of individual units of data text.' Themes, then, are most commonly stated for particular categories of data.

The study followed Bussis, Chittenden, Amarel and Carini (1978) in (Ely, Vinz, Anzul, and Downing, 1997) who provided the following advise for researchers when developing themes:

- Study and re-study the raw data to develop detailed, intimate knowledge

- Note initial impressions

- List tentative categories

- Refine categories by examining the results of step 2 and 3 and returning to the entire database of step 1

- Group data under the still-tentative categories and revise categories if needed

- Select verbatim narrative to link the raw data to the categories

- Study results of step 6 and revise if needed

- Write theme statements from each participant from my best attempt to speak from her/his point of view by linking data in and across categories

- Integrate findings about each person

- Compare findings for all persons for commonalities or patterns, differences, and unique happenings

It is envisaged that the key building blocks of this study as listed below will form most of the themes:

- Motivations for online searching and/or shopping

- Role of brands;

- Consumer decision-making;

- Concept of "flow" and its effects on consumers online;

- Web site design and its impact on consumer behaviour;

- Barriers that stop consumers from actually making the purchase online;

- Products that people buy and do not buy online; and

- Differences in searching and shopping behaviour between different demographic groups i.e. gender and age;

Furthermore the above themes will be used to cross-reference and compare online consumer behaviour between the two demographic variables i.e. gender and age that was used in the study.

It needs to be mentioned here that keeping to the philosophy of qualitative research, the analysis will strictly follow an inductive approach. Inductive analysis means that the patterns, themes, and categories of analysis come from the data, they emerge out of the data rather than being decided prior to data collection and analysis.

## 5.7.b. Data display

After the data reduction phase has been complete, this reduced data was displayed and clustered around various themes. This phase is done in order to simplify and show what the data implies. As Miles and Huberman (1994) suggest that data display should be viewed as an "organised", compressed assembly of information that permits conclusion drawing and/or action taking."

## 5.7.c. Conclusion drawing and verification

Miles and Huberman's (1994) third analytical sub-process was used to draw conclusions and verify the themes returning back to the existing literature. This is the stage where the displayed data is interpreted and meaning is drawn. The authors suggest that this can be done by employing a variety of different tactics, for example, looking for comparative and contrasting cases; noting and exploring themes, patterns, and regularities; and using metaphors. In this study demographic groups such as

gender and age will be used to undertake comparative and contrasting cases. Creswell (1998) suggests that analysis and interpretation are conceptually separate processes. *Analysis* is the process of bringing order to the data, organising what is there into patterns, categories, and basic descriptive units. *Interpretation* which is similar to conclusion drawing and verification in Huberman and Miles's approach, involves attaching meaning and significance to the analysis, explaining descriptive patterns, and looking for relationships and linkages among descriptive dimensions.

Patton (1987) suggests that in the write-up stage where conclusions are drawn, detailed description and in-depth quotations are needed and are essential qualities of qualitative reports. Sufficient description and direct quotations should be included to allow readers to understand fully the program the thoughts of the people represented in the report. However Patton cautions that these descriptions should stop short of them becoming trivial and mundane.

## 5.7.d. Other authors views

Similar to Huberman and Miles (1994) who suggest that the primary task of data analysis in qualitative studies is to identify and link categories. The analysis stage is a process of resolving data into its constituent components to reveal their characteristic themes and patterns. The author deconstructs qualitative data analysis into three related processes: describing, classifying, and connecting. In Dey's model, the analysis must first offer thorough and comprehensive descriptions that include (where appropriate) the context of action, the intentions of the social actor, and the processes in which social action is embedded. Second, Dey suggests that data should be

classified in order to "give meaning." Day here means that categorisation of data and the assigning of data bits to themes and codes. Third, Dey suggests that categorisation or coded data can be analysed in terms of the patterns and connections that emerge. This is where the pieces are put back together again. In Dey's terms (1993), "Connecting concepts is the analytic equivalent of putting mortar between building blocks". Like Huberman and Miles, Dey defines the analysis of qualitative data in terms of clear, distinct, and identifiable sub processes.

Tesch (1990) identifies several key characteristics of qualitative data analysis that can be viewed as commonalities of the analytical process. She cautions that no characteristic are common to all types of qualitative analysis but suggests that there are a number of regular features. These regular characteristics according to Tesch are as follows:

- Analysis is a cyclical process and a reflective activity;

- The analytic process should be comprehensive and systematic but not rigid;

- The data is to be segmented and divided into meaningful units;

- Though it is segmented a connection to the whole should be maintained;

- Data is to be organised according to a system derived from the data themselves; and

- Analysis is, on the whole, an inductive, data-led activity.

Tesch also points to the flexibility of analysis in qualitative methods, and to the absence of rules of how it should best be done. According to her, analysis implies being artful and playful. The author maintains that this does not mean that analysis is

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a structure less process, nor that it should be done inattentively and sloppily. Qualitative data analysis requires methodological knowledge and intellectual competence. Analysis is not about adhering to any one correct approach or set of right techniques; it is imaginative, artful, flexible, and reflexive. It should also be methodical, scholarly, and intellectually rigorous.

Wolcott's (1994) description of what analysis means presents a rather different way of thinking about how we explore and interpret qualitative data. Wolcott uses the terms *transformation* to describe a variety of strategies. He restricts the term *analysis* to a more specialised meaning. Wolcott (1994) argues that qualitative data can be transformed in different ways and to different ends. He also breaks up these methods into three types: description, analysis, and interpretation. Description follows from an underlying assumption that data should speak for themselves. The analytical account of data should stay close to the data as they are originally recorded. Wolcott suggests that the question here is "What is going on?" He does recognise that there is no such thing as pure description, as it takes a human observer to accomplish description. Nevertheless, the goal of description in Wolcott's term is to tell a story of the data in as descriptive a way as possible.

According to Wolcott, analysis is the process by which the researcher expands and extends data beyond a descriptive account. The analysis activity is also structured, formal, bounded, systematic, grounded, methodical, particular, carefully documented, and impassive. The emphasis is on the search for themes and patterns from the data. Analysis involves systematic procedures to identify essential features and relationships.

In this transformation of qualitative data, Wolcott is of the view that researcher should attempt to offer his or her own interpretation of what is going on. In contrast to "analysis" in Wolcott's terms, interpretation is freewheeling, casual, unbounded, aesthetically satisfying, idealistic, generative, and impassioned. Wolcott's triad of approaches to the analysis or transformation of qualitative data at first glance appears similar to the sets of procedures offered by Huberman and Miles and by Dey. Unlike those authors, however, Wolcott does not envisage that description, analysis, and interpretation necessarily will be part of one overall schema, to be applied in its totality in all cases. He also does not see description, analysis, and interpretation as being mutually exclusive. The transformation of qualitative data can be done at any of the three levels, or in some combination of them. Wolcott argues that description, analysis, and interpretation are the three primary ingredients of qualitative research, from which different balances can be struck.

## 5.8. Justification in using qualitative method/s for this study

A key concept mentioned in the literature on online consumer behaviour and one, which has been investigated in this study, is Csikszentmihalyi's (1977) concept of flow. 'Flow' is defined as "the holistic experience that people feel when they act with total involvement". When in the state of flow, people get absorbed in an activity, their focus of awareness is narrowed, lose self-consciousness, and feel in control of their environment. According to Rettie (2001), research on the concept of flow and its impact on online consumer behaviour are fraught with problems. The problems

especially pertain to the research methods that have been used in the past to investigate this concept and whether people experience it and whether it has implications on the online behaviour of consumers.

Flow, according to Rettie (2001) is not a concept familiar to respondents. Therefore in order to research it, one either has to teach the respondents the concept, or one has to use scales of related constructs. The latter is unsatisfactory because if flow is a distinct holistic experience it cannot be operationalised in terms of other states, in the same way that one cannot define happiness in terms of smiling. Hence, in order to identify and illuminate the experience of flow the concept itself needs to be discussed with respondents as part of the research process. Having an in-depth interview and discussion with people who search and/or shop for products online best does this.

Some of Rettie's results from her own research were contradictory to the flow theory. For instance, those defined as in the flow-state were less likely to have clear goals, less likely to concentrate on web pages, and obtained less enjoyment from navigation. She argues that a qualitative research method approach allows users to describe their flow experiences in their own terms, and provides - a key to understanding the relationships between activities of web users and the processes by which an individual reaches harmonious state in his/her consciousness. Qualitative research attempts to understand the meaning or nature of experience of persons and has the act of "coming out." It also lends itself to getting out into the field and finding what people are doing and thinking.

Qualitative methods can be used to explore substantive areas about which little is known (Ruyter and Scholl, 1998) which is the case with the knowledge we have to date about consumers' behaviour in an online environment. This type of a research inquiry offers an insight into questions pertaining to the way people think about a certain subject and why they think that. It does not answer questions how many people share a certain opinion. It is the intention of qualitative inquiry to cover a subject of study comprehensively, and it is often diagnostic and exploratory nature.

In addition, qualitative methods are extremely useful in obtaining the intricate details about phenomena such as feelings, thought processes, and emotions that are difficult to extract or learn about through more conventional research methods (Strauss and Corbin, 1998). According to Rao and Perry (2003), in the early stages of theory building, not much is known about a certain topic area and in this instance qualitative methods must be used to refine issues and reduce uncertainty about a research topic. These methods (qualitative), being more intrusive and less structured than quantitative research techniques, are appropriate when the research is exploratory in nature, and when the area for examination is unfamiliar (Jarratt, 1996). An understanding of consumer behaviour in an online environment is a relatively new and unknown area in the marketing discipline. Further, more psychological concepts such as "flow," which may be one of the building blocks to online consumer behaviour, demand an intricate understanding based on feelings, thought processes, and emotions, which are best, studied using a qualitative research approach (Rettie, 2001).

Miles and Huberman (1994) advocate that since qualitative data focuses on naturally occurring, ordinary events in natural settings, it has a strong handle on what "real life"

is like. According to them, a key feature of qualitative data is its richness and holism, with its very strong potential for revealing complexity; this data provides "thick descriptions" that are vivid, nested in real context, and have a ring of truth that can have a strong impact on the reader. Data that emerges from qualitative methods has a strong emphasis on people's "lived experience," and are fundamentally well suited for locating the *meanings* people place on the events, processes, and structures of their lives: their perceptions, assumptions, prejudgments, presuppositions" and has the ability to connect these meanings to the social world around them (Miles and Huberman, 1994).

Nancarrow, Barker, and Wright (2001) are of the view that qualitative research will thrive once an understanding of its role is understood. Accordingly, this will happen though a growing appreciation of the nature, role, and value of this type of research, which stems with it being extremely insightful, containing depth, providing a holistic picture, and more useful in evaluation. The authors view its role as extremely critical in research situations where information is required regarding projects in new markets that require exploratory research, as is the case of understanding consumer behaviour in an online environment. Since the late 1980s, there has been a steady emergence of quality articles reflecting qualitative research methods seen as an alternative research paradigm (Hill and McGowan, 1999).

In his study on Japanese consumers, David Reid found that by using a qualitative marketing research approach, he was able to render the deeper structures of consumers' ideas, feelings, thoughts, behaviour, and the pre-conscious and sub-conscious forces behind them accessible to analysis and interpretation. To enable an

understanding of consumer behaviour in terms of the subjective contexts of meanings qualitative research went beyond the mere collection of data on attitudinal and behavioural patterns and analysis (Reid, 1995).

Qualitative research methods are suitable in situations where the research emphasis is on an in-depth understanding of how, why and in what context certain phenomena occur; and what impacts upon or influences such phenomena. Van Maanen (in Ueltzhöffer and Ascheberg, 1999) define qualitative methods as: an array of interpretive techniques which seek to describe, decode, translate and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena in the social world. Accordingly it is most appropriate where the explanation and understanding of behaviour or activities matter more than specific measures as in the case of a study into how people behave whilst shopping over the Internet. Hence a fundamental reason for a qualitative approach in this research is to understand the phenomena surrounding marketing.

The aim of qualitative studies is to gain an in-depth understanding of a situation. In-depth understanding is based on researcher immersion in the phenomena to be studied, gathering data, which provide a detailed description of events, situations, and interaction between people and things, providing depth and detail (Patton 1987). Qualitative studies are crucial in the study of marketing activities within and by organisations, as these cannot be studied in neatly arranged compartments in isolated and artificial settings.

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According to Ruyter and Scholl (1998), qualitative research provides an in-depth insight, is flexible, small-scale and exploratory and the results obtained are concrete, real-life like and full of ideas. This type of research has not only proven to be useful for market research purposes in practice, it is also widely used by management consultants and public policy makers. Qualitative research aims to generate new hypotheses rather than test hypotheses.

Ruyter and Scholl (1998) have found that in specific research cases that pertain to the value of brands and images, qualitative research has been extremely useful. The value of brands and images are becoming increasingly important in the consumer decision process. Qualitative research here has been very useful in providing greater insights into the perception of the individual customer. The authors also state that qualitative research is specially suited to obtaining marketing information and answers for specific marketing issues as outlined below:

- Strategic marketing – how can the various target groups be described in terms of needs, wants, and behaviour?

- Consumer decision-making – why do consumers buy this product and not the other?

- Customer satisfaction – how satisfied are customers and what makes them satisfied and how can marketers increase the level of satisfaction?

- Communication – how is the concept understood and appreciated and how far does this help in encouraging customers to take action

- Idea generation – what are the latent needs and motives in the product area and what are the possibilities of addressing these?

- Product and concept development – how can retailers meet customers needs and wants in the most optimal way in terms of physical product, packaging, promotion, and distribution

- Development of questionnaires – which are the important themes in the given market, and in relation to certain products and generally what words do consumers use to describe aspects of those?

Szmigin and Foxall (2000) assert that by conducting research using a qualitative approach, researchers do not reject the concept of the real world but present the reality that matters most during consumption and which is subjectively experienced in the consumers' minds. According to them, it is this experience, which is real to consumers, and so researchers should shift from the traditional scientific posture of personal and a priori theoretical structure to one of trying to understand consumers' own experiences in their own terms.

With its interpretive approach, qualitative research is able to bring managers closer to consumers by exploring themes that may have been previously only been captured by statistics. In doing this, qualitative research provides useable insights into how consumers actually consume. In the field of marketing research there is now emerging a view that qualitative research is mature, robust, and self-confident. This has enabled it to have a profound effect upon marketing and the marketing research industry as a whole (Cooper,1999).

The role of the Internet in the consumption process is a relatively new phenomenon. Once theory has been developed and grounded, the application of quantitative

methods would be more appropriate (Deshpande 1983). It has been argued that positivistic methods were mainly developed for verification and not the generation of new theory. Vico (1668-1744) in (Vignall and Zundel, 2003) for instance, argued that one could not study man and society in the same way as one studied inanimate nature. This paradigm therefore stems from the view that the world and "reality" are not objective and exterior, but that they are socially constructed and given meaning by people. According to Vignall and Zundel (2003) a researcher should in the first instance try and understand why people have different experiences, rather than search for fundamental laws and external causes to explain their behaviours. Mintzberg (1979) emphasises the importance of theory development and the application of exploratory research in contrast to a focus on "rigorous research methodologies". He states that: *'there would be no interesting hypothesis to test if no one ever generalised beyond his or her data'.*

Milliken (2001) makes a highly interesting case to support the use of qualitative research in the case of an annual Loyalty Monitor Survey study. This study was normally conducted using a quantitative approach. However in 1997 this was supplemented by qualitative research methods that gathered data from eight research groups. Twenty-minute face-to-face interviews were carried out with a representative sample of 1,000 adults to measure their levels of awareness and opinions on 33 loyalty schemes operated by a range of retail organisations in a number of sectors. A partner of the firm carrying out the research stated: "Our qualitative research revealed a fundamental irony in the attitudes of customers". It was found that customers wanted brands to provide personalised service that made them feel valued such as was experienced in the old corner shop. The acid test was what would customers do if a

particular brand ceased to operate a loyalty scheme. The study found that relatively few people indicated that they would change supermarkets but it was obvious that this level of loyalty did not extend to petrol retailers who would lose a substantial amount of business. This case clearly showed that qualitative methods have the potential to explain why a phenomenon exists, to preserve the natural variations in human behaviour, and to examine unobservables, such as emotions and meanings.

In aiming at understanding underlying motives and the behaviour of online consumers, qualitative research can offer rich descriptions of the behaviour of online consumers. On the other hand, a quantitative research method rooted in etic, and nomothetic commitments will not be rich enough and will be less concerned with such detail. Malhotra and Peterson (2001) are of the view that researchers must have time for art, as is the case with qualitative type research because forms of art are being employed by key contributors throughout the realms of business on a daily basis. They also suggest that: more interpretive research methodologies are now being employed and more integrated use of qualitative data will occur in the future.

Carson and Coviello (1996) found a growing trend away from deductive approaches, and towards inductive research. As a sign of the times they found an increasing focus on research designs which are descriptive and case-study based, and a decline in designs seeking to prove, for example, cause and effect relationships. Marketing literature according to them has begun to show an expansion in the use of qualitative research, focused on "understanding" phenomena and describing both the meaning and implications of events.

It has been mentioned that reductionist problem-solving consumer behaviour models have been useful in helping marketers formulate strategies to effect brand choice. However, when the practitioner begins to look at consumption as more than just the act of purchasing brands, but as a holistic series of experiences, the cognitively guided consumer behaviour model often falls short. Chung and Alagaratnam (2001) found well known companies such as Kimberly-Clark, Inuit, and Patagonia, used qualitative research methods as it delved deeper into consumers' lived worlds and hence provided a better understanding of what drives their behaviour.

Deshpande (1993) criticised marketing scholars for a lack of involvement in theory generalisation. According to him the methods marketing science has historically developed are those suited to confirming theories rather than discovering them. Wells in Hyde (2000) presents a number of criticisms of the research methodologies traditionally adopted in consumer research. A number of these criticisms stem from the researchers' over reliance on quantitative methods- a lack of richness in theorising, and testing in naturalistic settings, the continued dominance of one-shot investigations, and the use of sophisticated correlation methods to imply causality. Patton (2002) states that researchers rather than in seeking to reach a general profile regarding the study population must, through the use of qualitative methods, produce a wealth of detailed data on a small number of individuals. Further, Patton (2002) made the comment that, "Qualitative evaluation inquiry draws on both critical and creative thinking- both the science and the art of analysis".

# Chapter 6 – Results

## 6.1 Results – "The Older Generation"

This study investigated ten key consumer behaviour variables while people utilised the Internet for searching and shopping for products and services. These ten variables are as follows:

- ❖ Motivators: reasons for consumers to search and shop for products online
- ❖ The experience of flow online
- ❖ The role of the Internet in consumer decision-making
- ❖ Barriers in accessing, searching and shopping via the Internet
- ❖ Products and services that consumers search and shop for online
- ❖ Products and services that consumers will search for but not purchase online
- ❖ Internet's impact on brands
- ❖ Website design
- ❖ The Internet in comparison with other communication tools used by marketers
- ❖ How and where people began their online search?

Further more this study aimed to find if there are any differences between two demographic groups based on the age variable. The age variable was utilised to investigate behaviour over the Internet whilst people searched and shopped for products and services. Twelve interviews were conducted with interviewees who were between 30-45 age brackets, the analysis of these interviews are discussed below under the ten categories of variables as mentioned above.

## 6.2. Motivators: Reasons for consumers to search and shop for products online

The main motivating factors that drew respondents to the Internet to search and shop for products and services are as follows:

- ➢ Convenience

- ➢ A time saver

- ➢ Cheaper prices and comparison of prices

- ➢ Information availability, access and consumer in control of the information that they receive

- ➢ Speciality and hard to get type products and services

- ➢ Comparison of products and services

### 6.2.a. Convenience

The 'convenience' factor was cited as the main reason by all twelve interviewees for using the Internet to search and shop for products. Some of their comments are as follows:

**Interviewee 1:** "Convenience is the prime reason. Get it, Got it, Good I just get it and I am out of there. Convenience, more than anything, also, simply because I some

time buy speciality type items and the Internet is convenient place for me to do my searching".

**Interviewee 2:** "When it comes to banking just too easy I can spin around log onto my bank and my credit union. Both have online banking facilities transfer money, pay bills, check account balances, pay credit cards very convenient and in fact it is super speed. I guess what I enjoy is its (Internet's) convenience factor".

**Interviewee 3:** "It is very convenient".

**Interviewee 4:** "It's the convenience of sitting at home and getting information online at home. Yes convenience is a big factor".

**Interviewee 5:** "Very much convenience I should say so that I can shop when I want to shop which is very much after hours that is after normal trading hours so that is definitely the biggest motivator and feature for me".

Though convenience was the top most motivating factor for people shopping online, the delivery timings adopted by Australia's two major supermarkets i.e. Coles and Safeway were considered as major barriers to shop for grocery online. Most respondents mentioned that these leading supermarkets home delivered their produce between 9am – 5pm, Monday to Friday, which was not convenient for families where both partners worked.

## 6.2.b. A time saver

Closely linked to convenience is the notion that the Internet being just a "mouse click" away can actually save consumers a lot of time in their shopping or browsing. All of the respondents interviewed had fulltime office jobs and two of them were studying at least two evenings while holding a full time job. All seemed to say that life in general was getting a bit hectic with work, study, and family responsibilities. The Internet, a must own gadget, with its convenience has made life less hectic and is vastly seen as a time saving type equipment when it comes to most of their personal commercial chores. Some of their candid comments on this issue are listed below:

**Respondent 1:** "I find it a lot easier (Internet) instead of just browsing and doing window-shopping, which is wasting a lot of my time and then I could be doing something else out there. I would rather spend that extra dollar or two to get online find exactly what I want Get it, Got it, Good I just get it and I am out of there".

**Respondent 2:** "Time, the lack of it I mean. You ring a bank and they take so long to answer you it is much faster for me to get online and get the information. Many times I have to sneak in doing personal work during my work because I am so busy I have not got the time or other times I am up at night online doing my personal searching, shopping, and transacting.

**Respondent 3:** "Using the Internet saved us lots of time when it came to buying our home. I would go online look at various properties in the suburbs we were interested

in and chalk out a plan to inspect these homes on the weekends. Because my husband works so I collected the information and then we could have a plan on his day off and the weekends. Really saved us a lot of time".

**Respondent 4:** "Yes I get more leisure time now. Yes I work full time and have hobbies and spend lots of time on them and this service is convenient from Coles they drop off the products at my front door".

**Respondent 5:** "Well with Coles online I did shop with them because I was running out of time and it was schools, studies, and tending to family".

Close on the heels of convenience, the second most important reason for people to shop online was because it saved them time. Bargain shopping and price comparison was the next motivating factor.

## 6.2.c. Cheaper prices and comparisons

The people interviewed had mixed feelings when it came to getting cheaper prices over the Internet. Some found that they were motivated because of cheaper prices, but at least half of the respondents felt that cheaper prices was not a motivating factor and in fact the Internet did not provide cheaper prices for products and services. However most agreed that the Internet was a useful place to make comparisons between prices of products and this was one of the reasons that they searched and shopped online. Some of their views are as follows:

**Respondent 1:** "Definitely price. The whole idea over here is I can get better deals in airline travel".

**Respondent 2:** "Shopping I do and have bought things usually which are less expensive overseas. I will compare product features online and also prices before I go to a physical store and buy them".

**Respondent 3:** "With hotels and what I do because they are quite a few websites now that offer similar services. I would actually look at say three or four and have a look at their prices compare them. I have noticed that they (hotels) tend to be cheaper online".

**Respondent 4:** "Price evaluation is a better way of putting it as to what motivates me to shop online".

**Respondent 5:** "And I also find a lot of price comparisons over the Internet and can be done online. I find a lot of pricing information online".

**Respondent 6:** "But price certainly has less of an impact as a reason for me shopping online because I certainly don't think that what it is for".

## 6.2.d. Consumer control

The ease with which shoppers could obtain information was cited as an important reason for them to go online. This coupled with a feeling of consumers being more in control of information for purchase decision-making was given as key motivating factors to be online.

**Interviewee 1:** "Yes with more information at my finger tips I feel more in control. I find that I do better deals because there has been deals offered online which travel and tour operators cannot refuse and deny. As an example I recently drove a very good bargain with a Sydney hotelier with information I accessed online".

**Interviewee 2:** "Probably the motivating factor is the ability to get fairly wide range of prices and information quickly. The speed and the breadth of information available online is incredible. Imagine trying to get the same amount of information from a Myer or a David Jones where it could take you a half or a full day to get the same amount of information".

**Interviewee 3:** "In the share trading and stock broking industry, they (males) who I deal with view their role as me being stupid and they think that because they are some experts and see me at a different level. Now I can collect information online on my own and empower myself. So what I call a complex decision I quite like the Internet for that information that I get.

**Interviewee 4:** "Also I dive – scuba diving so I use it to research the destinations I get a lot richer text based from these websites".

The emotions with which consumers spoke about being in control of information to enhance purchase decision-making, is a point that should be noted with care and interest by marketers in designing communications through the company website.

## 6.2.e. Speciality and hard to get type of products and services

Another key motivating factor for that drew respondents in this study to search and shop for products online, was to seek information and obtain speciality type products and services, hard to obtain products and services and products unavailable in Australia but available in overseas markets. With the global reach of the Internet, obtaining information and ultimately the product or service itself is achievable these days.

**Respondent 1:** "If it isn't readily available in Australia or outrageously expensive I will buy it online from overseas".

**Respondent 2:** "I have a fairly clear idea in my mind of what I want either an airfare or an accommodation or I want a particular piece of software or some data and I go and get it".

**Respondent 3:** "The items that is not easily available I might purchase that over the Internet".

**Respondent 4:** "I am motivated to go online to buy speciality items so things like China, I bought this dinner set and I am looking always online for specific pieces. I will search interstate and overseas for a particular piece and that type of thing".

**Respondent 5:** "I recently bought a CD for my sister and it was an independent American artists, being such a unique and special artist the Internet was the only place I was able to get it being in Australia".

Both men and women stressed that one of the motivating factors for them to go and search/shop online was that they found the Internet a good place to access information on speciality type of products and services. A few even stated that the with the birth and growth of the Internet it helped them to enhance their 'hobby seeking behaviour.' There was one male respondent who collected English classical movies as a hobby for many years, he now solely relies on the Internet to seek information and build his library of such movies.

As can be seen with the above statements interviewees, a few motivating factors for them to search and shop online include, seek information and obtain speciality type products and services, hard to obtain products and services and products unavailable in Australia but available in overseas markets.

## 6.2.f. Comparison of products and services

Similar to the pricing variable within marketing, where it was seen to be a motivating factor, seeking comparative information between competing and substitute type of products and services is also drawing consumers online. This is what some of the respondents had to say in terms of the above as a motivating factor:

**Male respondent:** "I found in the USA when I compared products online, I was able to get more features when I bought my computer. I was able to get a zip drive as part of the package from another wholesaler".

**Male respondent:** "I find that I now compare product features and brands online even though I may buy the product from a physical store".

**Female respondent:** "Basically I just browse around just to look and see what are the products that are available online and how businesses like Kmart, Myer, and Coles go about their sites.

**Female respondent:** "I look for product evaluation also take for instance I want to buy a sturdy pant that doesn't need ironing I don't care if I buy it from a David Jones or a Target so long as I get information about the comparison of the products at the two places. So I guess I will use the net to get product comparison type information".

**Male respondent:** "I look for product comparative type information and I also look out for rating type information from other consumers who have used the product or service".

By visiting company website through the Internet, consumers are able to compare features and prices of products and services worldwide. This was cited as another reason for shoppers to use the Internet in their purchase behaviour.

## 6.3. The Experience of Flow Online

The Flow experience, described in the literature review, in a CME is defined as the state occurring in a person during network navigation, and is best described by the following characteristics:

(5) Is characterized by a seamless sequence of responses facilitated by machine interactivity;

(6) Is intrinsically enjoyable;

(7) Accompanied by a loss of self-consciousness; and

(8) Is self-reinforcing.

According to Hoffman, Novak & Yung (2000) in a computer mediated environment the above four factors impact on the level of flow. However, external variables such as the relationship between flow and demographic variables, product type (low vs. high involvement) have not been investigated to date (Hoffman, Novak, and Yung, 2000). For a complete understanding of consumer behaviour in an online environment, these inputs and their relationship to flow are of critical importance to the marketer.

Hoffman, Novak & Yung (2000) stress the need for flow to be investigated from a point of whether a consumer is either goal-directed or experiential. In their research they have mentioned that it is yet to be proved whether demographics or the type of product searched for over the Internet can affect goal-directed search behaviour and this in turn either hinders or leads to flow.

In this research the concept of flow was examined in a three dimensional manner, i.e. at the outset respondents were asked whether they experienced flow whilst searching and or shopping for products online. If they did experience flow further in-depth questions were asked that pertained to the following issues:

> Are there any specific products and/or services that you search and shop for online that make you experience flow?

> What effect does flow has on your search and shopping behaviour online?

> Do you experience flow in any other type/s of activity?

## 6.3.a. On experiencing flow

Of the twelve respondents interviewed all, except one male respondent, experienced flow while searching for products and services online. According to the one interviewee who had not experienced flow, he was of the view that being so familiar with the technology and using it day in and day out as part of his work, flow was something that he did not experience and did not care much about.

Most of the other eleven interviewees experienced flow while searching for their favourite type of products over the Internet. Most who experienced flow were of the view that they were very goal-oriented in their search and shopping behaviour online. It was not uncommon for the respondents to mention that though they got lost in time and space online they recovered and went about their task that they intended to in an online environment. Some of their experiences of flow online are listed below in their original words:

**Respondent 1**: "Oh yes, flow is like your first computer when you unpack it and it is Internet connected and you begin assembling it yourself. It could be something that goes on till 2 am in the morning. Yes, I have experienced this as a novice online surfer".

**Respondent 2**: "Yes, I have actually experienced it. For me the whole experience of just sheer availability of goods and services and those sort of things, and, in the sense that I can control my activities online, there is in a sense the experience of 'Flow'. And yes, I lose track of time. Tell my wife. Ha! Ha! Ha!".

**Respondent 3**: "Definitely. Definitely experience flow. I might start off by doing one search and all of a sudden something intriguing comes up that I get caught up with that and end up going elsewhere and three hours later I think what the hell was I doing here in the first place".

**Respondent 4**: "No I don't experience flow given the fact that because of my job I am so familiar with the technology that I am unlikely to be lost in the wonder of the search".

All eleven respondents who mentioned that they experienced 'flow' stated that they were not random searchers but very goal-oriented in their search and shopping behaviour online. In-fact most also stressed that they knew when to log out of flow and it (flow) had no adverse affect on their shopping. In this sense, they would get out of flow and could also get back too their original purpose, that is, to purchase a

product or get the information what they had come for in the first instance. Two of the respondents mentioned that if they felt that flow was hindering their goal-oriented intentions, they would immediately book mark distractive sites and then visit them later that evening or night with the intention of just roaming and browsing the Internet.

## 6.3.b. The experience of flow online

As part of an investigation to ascertain whether consumers' experienced 'flow' whilst searching and shopping for products online, participants were asked to share their 'flow' experience. Below are some of the comments by the respondents:

"When I get lost through flow I then begin to book marks sites and when I suddenly realise it is forty-five minutes since I've been online, I say, gosh, it is time to get out".

"It is all these links that lead me to other websites and eventually, I begin to experience flow. If I have a deadline to get away from the website then I have no choice but otherwise, yeah, I don't mind looking and searching and get lost or whatever in flow".

"At work it is different, but when I come home and jump onto the Internet I lose track of time. I could be browsing for two to three hours depending on the information I am chasing and how good these websites are".

"Flow that I experience online is a bit like shopping for a chocolate and I can't find my favourite brand, and I know that I need that sugar kick, so I know that I can get it

out of an ice-cream so I go and visit the ice-cream section. And then I visit the cookie section of the supermarket, it's a bit like that roaming".

## 6.3.c. Products and services that encourage consumers to experience flow online

In their proposition and research on flow and online consumer behaviour, Novak, Hoffman, and Yung (2000) suggest that the relationship between flow and product type is yet to be investigated. The open-ended questionnaire on flow used in this research incorporated issues pertaining to the type of products and services that respondents searched and shopped for that made them experience flow. Most had some favourite list of products that they would go out to investigate online and then experience getting lost in flow online.

Products that generate flow behaviour among men include the following:

- ➤ Computers
- ➤ Software (video and audio editing)
- ➤ Searching for DVDs and CDs
- ➤ Books and news articles
- ➤ Real estate
- ➤ Hobbies (collecting classical videos, music festivals etc)

Products that generate flow behaviour among women include the following:

- ➤ Travel

> Chatting with friends & relatives (chat room)

> Hobbies

> Real estate

> Leisure types of activity

> Art galleries

> Exhibitions

> Organising events (e.g. Christmas lunch & marriage in the family)

> Fashion and clothes (to a lesser extent)

## 6.3.d. The effect of flow on search and shopping behaviour online

The in-depth question on flow extended to inquiring about what effects flow has on people's search and shopping behaviour. It would be of interest to marketers to investigate and find out whether consumers actually fulfil the task of purchasing after experiencing this lost in cyberspace experience due to flow. Hence this question investigated whether respondents actually abandoned their search or shopping, whether they transformed from being objective and task-oriented to become more experiential, and hence forgot why they visited sites, and did not perform the purchase task.

Almost all respondents mentioned that after experiencing flow they came back to the task of either accessing information or even purchasing the product, the reason why they had got onto the Internet in the first instance. Most were of the view that engaging in flow did not hinder their task-oriented behaviour. Some felt that they had learnt more by following hyperlinks and looking at better product options and newer

features. Hence, at the end of the day all respondents felt that they learnt more by gathering more and better information.

A majority of respondents mentioned that when they first used the Internet as novice's flow had a different affect. During the period as novices they kept getting lost and their goal-oriented behaviour quickly transformed to experiential behaviour and they ended up leaving websites and the Internet without accomplishing the purchase task. However, as time progressed these respondents became more aware of their objectives, began book-marking sites, and completed the purchase activity either at that search session or returned to the Internet and purchased at a later time and date. Some of their views on this issue of the effects of flow are listed below:

**Interviewee 1**: "I am more goal-oriented now and have definitely experienced flow and know what it can do. I am using the technology now and it is not using me. I am not allowing it to overwhelm me".

**Interviewee 2**: "Flow doesn't interrupt me from actually buying. No. No. Well for me flow is part of the purchase. I have bought before, during, and after experiencing flow. For me I am goal-oriented prior to my purchase and can experience flow and still buy the product".

**Interviewee 3:** "Yes definitely bought after experiencing flow".

**Interviewee 4:** "I don't think flow has any distracting effect on my search and shopping behaviour online. Sometimes it is more the case that I want to find out more

information and keep clicking into different websites using hyperlinks and begin this experience called flow. So to me it is a rather purposeful task that I undertake".

**Interviewee 5:** "I am pretty focused even while in flow and I am also pretty conscious that I don't want to be on the Internet for too long. I think I am a fairly focused online shopper".

**Interviewee 6:** "Interestingly I find that when I experience flow I end up with a good feeling and a purchase because it is the interest that has drawn me from one site to another using all these links. On the other hand there are times when I am not experiencing flow but have spent a long time on the Internet searching and at these times it is just out of sheer frustration of not being able to find what I am looking for that makes me stay online. So flow is good and ends up in me making a purchase".

The study on 'flow' type behaviour suggests that consumers who were once novices online seemed to have got caught up and got lost whilst searching and shopping for products and services. However as the respondents became mature users of company websites, 'flow' did not distract their goal-oriented shopping and searching behaviour. A key search strategy that consumers use to not lose their way online due to 'flow' was to bookmark sites and visits them when they had free time later. Mature online shoppers were not hindered in their purchase behaviour and decision-making even while experiencing flow over the Internet.

## 6.4. The role of the Internet in consumer decision-making

The Internet which hosts company websites is rapidly becoming a key tool being used in the consumer decision-making process. Consumer decision-making can be broken up into three stages (Schiffman, Bednall, Cowley, O'Cass, Watson and Kanuk, 2001), they are: need recognition, pre-purchase search and evaluation of alternatives. The investigation in this study focused on how the Internet was being used as a pre-purchase search medium, and the extent it helps consumers in evaluating alternative products and services.

With the rapid rise of people being able to access the Internet both from their offices as well as homes, it is proving to be key strategic information dissemination tool for marketers. In this study, open-ended questions were asked that pertained to people's usage and value of the information they had received online and the implication this had for decision-making process.

One of the early interviewees put this very neatly into context by saying the following:

"It does help me tremendously in decision-making. I will simply go online because I can collect more information in a much shorter period of time; this is in comparison to offline. In an offline world, I will have to visit various stores to collect the same information. With the Internet I can get a fair share of information and read through it and make a decision much quicker in comparison to be going shop by shop".

A majority of respondents felt that companies benefit immensely by providing information online. However, at least three of the female interviewees thought there was an overload of information online that confused them and did little to help them in their decision-making process. As one put it: "You still get a lot of stuff that is irrelevant, and looking at it, companies still need to revise the use of key search words as some key words get me the funniest of things which have nothing to do with what I am searching for".

Two of the interviewees cited recent examples where they had used the Internet to investigate homes that they wished to purchase. Both agreed that they would never solely rely on the Internet to make that final purchase, and still relied on a physical inspection of the properties. However, according to them, the Internet played an extremely important role in narrowing down their search and hence helped the information search part of the decision-making process.

As one of them put it: "I got all the information about this house online. Then we approached the agent, physically inspected the house and then purchased it. Using the Internet saved us time, because by searching for houses online I was able to chalk out my plan of where to go. My husband works and this planning that I had done using the Internet made us utilise what little time he had in the best possible way. We finally bought this house which we had seen and inspected online".

Another interviewee who had used the Internet to gather information to purchase his house had the following to say: "It saved us time in comparison to driving around suburbs and agents. Whereas getting onto the Internet, I had a listing of properties

available within the suburb that I was interested in looking at, even the price range I had in mind, and hence with the Internet I could see these properties without physically going there. This cut down a lot of my searching and I saved a lot of time especially the physical search and both the time and effort. Definitely like I said earlier, in my search I treat the Internet as a starting point to distil from a big chunk of information down to two or three choices. The Internet is a good starting point. So definitely, I would say that the information I seek and received over the Internet helps me in my decision-making".

Many of the respondents began to compare information they received online versus offline and thus in the course of these in-depth interviews issues pertaining to such comparisons began to arise. For example, one of the interviewees felt that with the rapid advancement and usage of the Internet in Australia, he was not able to get much information offline while purchasing specialised photographic equipment. In his own words: "You really cannot get too much of information from people these days unless you chase people for brochures and they then say that the information is provided online anyway".

People interviewed seemed to be using the information they received online in conjunction with other types of information and then decided on the purchase of the product or service. As one of the respondents said:

"I actually went into a store in town and tried on the dive equipment and physically checked the features and talked to the person who would be servicing the equipment

for me, about their insights and experiences. Once armed with this information, I went and investigated it further online and finally bought the gear online".

Another interviewee had the following to say in terms of information search online and decision-making:

"In terms of particularly buying software, I will be alerted to the existence of the software through a journal, which I would like to think has an unbiased view and an open view. Based on that, I might look at an evaluation from somebody like PC world or one of those people and from that I will go straight onto the site have a bit of a look and then make the decision to purchase. I tend to go into the store ask for the salesperson to get some technical specifications, too".

It was interesting to note that females interviewed had a strong feeling that the Internet has made them more in control of the information they receive, and further helped them in their decision-making. Three of the six female respondents interviewed had a negative opinion about sales people who tried often to 'con' them into the purchase. With the information these respondents now receive online they feel much more empowered and as one of them put it: "I cannot be now taken for a ride". Some of their views shared during the interview are listed below:

**Interviewee 1**:

"With sales agents I think they try and exhaust their options and try and sell you everything, though I don't think the travel agent will be replaced. But yes it (the

Internet) definitely does help and I mean I use it constantly. There is hardly a time when I don't use it. Anything I am thinking of I just get straight on to the web even if it is something simple".

**Interviewee 2**:

"If I go into a camera store, there is this balance or trade off between 'is the person selling me the camera giving me a honest appraisal' or 'are they selling it because of surplus stock' or are they talking to me as a photographer, camera enthusiast, or somebody like myself buying it for a specific purpose. So I find that with the Internet the objective nature of the information that is available is very good".

**Interviewee 3**:

"And so all of those things I felt that this middle-man or intermediary was taking away my control and what I really like about buying online is the fact that I have got the control to make a decision. I don't just sit there and feel powerless so in a way it (the Internet) really empowers me. So for what I call a complex decision then I quite like the Internet for the information it gives me to make this decision".

**Interviewee 4:**

"Have power of information in a shorter period of time".

There was a strong consensus that the Internet plays a key role as an information source in consumer decision-making. People interviewed, especially women, now felt empowered with the information that they receive and are now confident of challenging the information being received from sales people. It was also generally felt that the Internet is a compliment to other traditional communication tools such as brochures, salespersons, and other forms of advertising. However, most agree that they use the Internet much more when they seek product and service information from businesses.

Many interviewees felt that the Internet has now become the first port of call to gather information in decision-making and they move on then to access other mediums.

Some of these views are put forward below in the respondent's own words:

"I use the Internet to get information for my decision-making and then use the traditional shops to get more information and then finally purchase there".

"I find that the Internet is my first point of reference for products that are more a need product rather than a want product".

" I view the Internet as a supplement in obtaining information in my decision making".

"As a decision-making tool, the Internet has the ability to get a fairly wide range of prices and information quickly".

## 6.5. Barriers to accessing, searching and shopping via the Internet

In the twelve interviews that were conducted with respondents who were between the ages of 30-45 years labelled "**older generation**", a variety of reasons were given by respondents as barriers for using Internet especially as a source for purchasing and transacting online. The most popular barriers were as follows:

> Convenience of buying from the local store down the road

> The security of the transaction

> The delivery time does not suit the online purchaser

> A price barrier (not wanting to spend too much money online)

> Getting the product right here and now, the Internet cannot do this

> The type of product is a barrier e.g. clothes and furniture are not suitable to be purchased online (the concept of tangibility – need to see and inspect the article)

> Privacy of the transaction (in cyberspace all get to know you)

> Reliability of the organisation (the brand) and reliability of the website

> The effects of "Spam". In receiving too much of junk e-mail makes users feel out of Internet control

## 6.5.a. Convenient to buy from the local store down the road

There were two male respondents who stated that the one main barrier for not purchasing online was that it was more convenient for them to walk down to their local store and purchase products. During this part of the interview, it was made clear by both of them that this barrier exists mainly for low outlay type grocery products, which they preferred to purchase from their local Safeway and Coles.

## 6.5.b. The security of the transaction

One of the male interviewees summed up the importance of this barrier very nicely, when he stated:

"Just yesterday Westpac Bank had this problem and asked their customers not to hand over their identification and PIN numbers as hackers have infiltrated and copied their site. Through this the falsely created Westpac customers were inticed to give confidential information such as their PIN numbers and these hackers would then further access their accounts. So whatever anyone tells me about firewalls and the lot in technological advances I personally am very vary about security over the Internet".

Security as a threat to purchasing and conducting transactions was cited by ten of the twelve people interviewed. One of the interviewees mentioned that both security and privacy are the only two barriers that stand in her way to make a purchase online. One

interviewee mentioned that she had come across arguments about the logic of it being much more unsafe to pay by using a credit card at a restaurant or giving details over the phone, in comparison to providing cedit card details over the Internet, however she just does not buy into this logic. According to her, there is no face or voice to the business online and this makes it all the more worrisome.

Only two male respondents strongly disagreed with this notion of the Internet being an insecure medium to shop and transact. Both felt that trust of the organisation comes first, and hence had no reason to feel that they would lose money through the usage of their credit cards to pay trustworthy companies online. They both felt that if something goes wrong they will be duly compensated and as one put it: "if anything goes wrong I will have a Merry Christmas on their insurance company".

## 6.5.c. The delivery time does not suit the online purchaser

It was quite noticeable that, among female respondents who were the only gender group to shop for groceries online, only two shopped frequently for groceries from Safeway and Coles. In probing deeper by using in-depth questions, most of the female respondents felt that the delivery drop off times for businesses like Safeway and Coles were not convenient. As one put it: "I should dictate the time when I want the produce at home". It was also mentioned that since supermarkets such as Coles and Safeway who trade twenty-four hours around the clock these days, should also be in a position to also deliver around the clock products bought via their website. Delivery was not an issue raised by the male respondents.

## 6.5.d. A price barrier (not wanting to spend too much money online)

Here a majority of male respondents thought that products such as books, CDs and DVDs in fact cost much more to purchase online than offline. They were all of the view that delivery cost both domestically and internationally increased the price of such products. Respondents stated that because of this delivery cost they do not mind waiting for such products to reach the shores of Australia and then go to their local JB Hi-Fi retailer and purchase the product. However, in this context, it should be mentioned that most felt that the information they obtained about artists and movies was most useful in suggesting what to buy when products were released in Australia. Two female respondents felt it was fair for Safeway and Coles to charge them for the delivery cost for as they put it: "We pay for convenience".

## 6.5.e. Getting the product right here and now, the Internet cannot do this

"It all comes back to this notion of delivery. If I am going to buy online I want to buy it here and right now otherwise I will just go into the city and buy it. Unless of course I can buy it online quicker". The concept of instantaneity was relevant to almost half of the respondents in this age group. Products such as software, music, news etc have the quality of being accessed in their total form over the Internet. However, more tangible products have to be ordered and then delivered. This time lapse is seen as a major hurdle for around half the respondents who felt it more appropriate to go into a Harvey Norman retail store and buy a DVD player off the rack.

## 6.5.f. The type of product is a barrier e.g. clothes and furniture are not suitable to be purchased online (the concept of tangibility – need to see and inspect)

There were unanimous and very similar responses regarding the type of products and services that people would not consider to purchase over the Internet. The most unpopular products that marketers need to be aware of, in terms of unsuitability for sale over the Internet are clothes and fashion. Most respondents felt that products and services, which had a high degree of tangibility, and required a human interaction and touch, were not suitable for sale over the Internet. They preferred to go to the David Jones and the Myers of the world to purchase these types of products.

As one respondent put it: "Yes, probably the clothes one because you want to be able to complete a transaction online and you cant and you think well what is the point of going online I may as well do it at a shop". On the issue of the product type, another respondent had the following comment to make: "No! I don not think I will ever buy furniture online and I cannot envisage what the technology will do to change that attitude on my part, just do not think the technology will ever get there". A majority did agree that the more tangible and personal a product is such as fashion, clothes, and furniture the greater it becomes in terms of acting as a barrier to purchase and transact in an online environment.

## 6.5.g. Privacy of the transaction (in cyberspace all get to know you)

Privacy was a concern for most of the female respondents, however it was interesting to note that none of the six male respondents thought of privacy as a barrier for their shopping and transactions online. As one respondent neatly put it, "Both security and privacy are issues for me. I don't give my actual name, but give a fictitious or a pen name, as I put it". Another respondent felt that many organisations keep asking for too much personal information. According to her: "There are some who keep asking for too much of personal information... not that they would require the information For example forms keep asking me to fill in my phone number... not that it would make any difference to the value of shares that I am buying over the Internet".

## 6.5.h. Reliability of the organisation (the brand) and reliability of the website

Consumers seem concerned with the vast number of products and services that the Internet offers. It is rather ironic that one of the barriers to shop online was that the Internet also offered a large number of unfamiliar brand names, which consumers have become vary of.

Respondent: "When I go shopping online, the assumption is the company has done everything they can to cover themselves, and, if they haven't, they are putting

themselves on the line. But nothing untoward has happened so far so it is not a major issue".

Respondent: "I will feel secure and will trust the bigger branded companies".

Respondent: "In terms of security I may not buy from the smaller companies and the lesser known ones to me, I am not sure about their reliability and as long as this prevails I will not buy from them".

Respondent: If the website doesn't look clean and precise and efficient and like how a business should run you are less likely to trust it. It serves as one's shop front".

## 6.5.i. The effects of "spam", or receiving junk e-mail

Spam the generic term used to describe any commercial email that is perceived to be unsolicited, was another barrier preventing people to search and shop over the Internet. Almost all respondents strongly opposed the use of the Internet and their email to be bombarded with marketing communication and sales.

One of the respondents considered the issue of "spam" to be a major barrier for her continuing searching and shopping activity online. She said: "I don't like getting information all the time that says you have now opted to receive something, I am constantly unsubscribing and they (a company) have now sent my information to 20 more companies and this makes me feel very much out of control and invaded. I don't feel like purchasing sometimes because I know with that one transaction my details are spread out".

Another respondent was of the view that companies indulge in spam using pop-up type advertising tools. According to her, the search engines are also indulging in this practice, which the respondent finds "extremely ridiculous". She states that: "This is shocking behaviour by companies telling me that I can win a million dollars from a USA based company if I happen to click into the pop-up advertisement".

## 6.6. Products and services that consumers search and purchase online

The study investigated what are the most popular types of products and services that consumers searched and shopped for over the Internet. The most popular products that were searched and purchased on the Internet are as follows:

- ➢ Travel
- ➢ Tourism type products that include accommodation, sight seeing, and destination information
- ➢ Banking and bill payments
- ➢ Real estate
- ➢ Computer including hardware and software (mainly male respondents)
- ➢ Grocery from Coles online (mainly female respondents)
- ➢ Products for hobbies and other such things like collectibles
- ➢ Products unavailable in Australia and available overseas
- ➢ Gifts
- ➢ Music

- Leisure type of products including events, musical festivals, and theatre
- News
- Products related to people's study
- Medical and legal services (to a lesser extent)

Travel and tourism types of products were the most popular. All twelve respondents conducted both an information search and transactions such as booking and payments for their travel over the Internet. All respondents felt that a product like travel that was very intangible and information based was well suited to be distributed and delivered online.

It was also felt that the Internet was an appropriate medium for them to access destination information that prepared them well in advance of their travel. None of the respondents ever travelled in recent times without accessing information and bookings online.

Below are some of the statements from respondents with regards to the role of the Internet in their travel and holiday planning:

**Interviewee 1:** "I will organise my travel online any day I don't like going to a travel agent any more. I am planning a holiday to the USA and will be getting online very shortly to organise that".

**Interviewee 2:** "One of the things that I do use the online extensively for is travel arrangements like airline bookings and hotel reservations. I ski, so the online

information is fantastic I get to know about ski lessons online, prices for them, and accommodations at skiing destinations".

**Interviewee 3:** "Other than electronic material and software programs or data I also buy airline tickets and hotel accommodation and services".

**Interviewee 4:** "Booking airline tickets, I don't even bother going to an agent. I just do that even with the accommodation portion. Like travel I also don't bother about going to a bank, just do all my banking and bill payments online".

**Interviewee 5:** "Travel first then banking."

**Interviewee 6:** "Travel and tourism definitely are stuff we do online. I guess basic touristy information, what events, accommodation and so forth. We booked accommodation recently a bed and breakfast type place. We do our banking too".

Other products frequently accessed and purchased online were hobbies and collectibles. As an example two of the respondents collected old classical movies and Chinaware respectively and both of them exclusively used the Internet only to track and make purchases as part of their hobby and collection.

Many of the male respondents sought product information and purchased computers, hardware, and software technology over the Internet. None of the female respondents interviewed conducted such transactions however; purchasing grocery items from places such as Coles online was an online activity exclusive to the females. Banking

and bill payments were done by almost all of the respondents and many mentioned that they had not seen the doors of a bank in a long-long time.

Other products accessed and purchased extensively included real estate and news from sites like the Age, BBC, Washington Post, and the Wall Street Journal. Two of the sample was part time students and they accessed most study materials such as journal papers, cases, business magazines, and other study material.

Most of the respondents also mentioned that they searched and bought products that were unavailable in Australia. Examples of these include software, books, adventure equipment, health and beauty type products, and music. Leisure type of products such as events, theatre, and music festivals are also popular for sale over the Internet. Finally, two respondents to a lesser degree had used the Internet to access medical information and legal type of products.

## 6.7. Products and services that consumers will search for, but not purchase online

A further variable that was investigated regarding people's shopping behaviour online was the types and products that consumers do not purchase online. A question was asked to the respondents regarding the products and services that they did not shop for online. Almost all of the interviewees stated that they would not buy fashion and clothing items, followed by grooming items, everyday convenient type products, medical products, products that required the consumer's kinesic sense, and food type of items. Some of the statements by interviewees are as follows:

**Respondent 1:** "I would not shop  for your everyday things. There is something about clothing and grooming products that I will not buy them online".

**Respondent 2:** "I wouldn't bother about medical type of products and services prefer to speak with my general practitioner (GP)."

**Respondent 3:** "I will never shop for clothes".

**Respondent 4:** "I don't look up for clothes. I would always have to try clothes on, so I cannot imagine being able to buy any clothes without having to try them on".

**Respondent 4:** "I wouldn't purchase items like clothes because of the touch and feel that these products need before I decide to purchase. I mean you cant say how a jumper will look on you unless you try it on the same goes for shoes I haven't got the body like models on the cover".

**Respondent 5:** "Definitely fashion type products. I will not buy online it is a feel and touch type product and I am never ever going to change because you know I can go into a store and pick ten items and think that I am going to like all of them and walk out purchasing a single one of them. I have got to touch and feel these products so there is not a chance that I will buy fashion online".

**Respondent 6:** "Any product where I need to use my kinesic sense as in touching for example if I am looking at a pair of trousers I wouldn't know whether trousers will fit me or not, I wouldn't know how the cloth feels in my hand".

In summary, some reasons mentioned in the course of the interview for not purchasing certain types of products online are as follows:

- ➢ Touch and feel especially when it comes to fashion and clothing
- ➢ Kinesic sense examples such as clothing and food type of products
- ➢ Personal relationship with the product/service provider
- ➢ The physical and human experience
- ➢ Physicalness of the experience
- ➢ Never know what you are getting online

## 6.8. The Internet's Impact on Brands

There have been numerous assertions that the Internet can be partially responsible for the decline in consumer perceptions of well-known brands. This is attributed to the vastness of the Internet, which is able to provide consumers with a very large variety of unheard of brands from a global manufacturing marketplace. As consumers are inundated with variety they may choose to ignore their trusted brands, and become less brand loyal. Based on the literature collected, there was an open-ended question to discuss with respondents, and investigate the likely impact the Internet is having on well-known brands.

"I believe that the Internet has not negatively impacted on the value of brands, I believe the Internet has done the opposite and enhanced the value of branded products. I think it has emphasised brand strength because that's become a hallmark of reliability. If I am familiar with a brand, I'll say I know that brand it has integrity, I can buy that with confidence. So I think the Internet and Internet shopping has acted to enhance the importance of brand value".

"No the Internet has not played down the importance of the brand, I still recognise brands and I still prefer to buy well known brands. I will not buy shareware. I wont buy unknown software products. I still prefer to stick with somebody I know. I also suppose it depends on the product that I am buying. I have actually done this. I bought a piece of no name software the cost of which was $9.95. If it doesn't work bad luck. Whereas when you pay $2500 for a piece of software you want it to be only Adobe".

The above are the reactions of two of the respondents. The literature suggests that with the variety of products and services that the Internet can offer, the brand value of a product can be diminished and lost in the eyes of the consumers. As stated by the two respondents, the Internet has not had any adverse affects on their brand perceptions but in fact it has reinforced the brand values of the products that they purchase. It was interesting to note that the price factor plays a significant role here. As the price decreases many respondents felt that they did not mind changing and trying out new brands. However, in the case of software costing in the thousands of dollars, the value of an Adobe brand once again is at the forefront in the brand decision-making process.

Another respondent made a striking comparison between brand creations using the traditional television media versus the Internet. As he said: "The Internet has enhanced the value of a brand. Simply because you have got to give more information than a 30 second commercial... Because now I am in control when I surf the Net. I don't want a 30 second commercial. I want in-depth facts. So now I get better information in comparison to a billboard or any offline commercial. It makes the brand much more important".

According to one of the respondents it was felt that marketers have used the Internet to offer a myriad range of brand names and this has made her feel lost. In such a situation consumers like herself go back to the trusted brand names that they are accustomed to. Hence, according to her the marketer has to establish the name of the brand in some way or the other before they think of taking it online. This may mean that the marketer will need to create a brand impression offline using conventional media and once the brand has created the required perception it should only then be transferred online. They were at least three more respondents who strongly emphasised this viewpoint, that a brand has to be recognised outside of the online world and only then will it stand a greater chance of being successful over the Internet. As one respondent in no uncertain terms put across the following view:

"The only time that I have been drawn towards a brand is through commercial advertising or through non-physical presence of the launch of the product. So, to me, brand building should be undertaken through the traditional methods such as TV advertising but the purchase for me is through the Internet".

Another aspect of brand that was probed among interviewees, in addition to the price and its implications for the brand as discussed above, was the part that a product type plays and the impact it has on the brand value by being diluted through the Internet. Referring to the travel product, one respondent said: "In the form of travel, I have a philosophy that it really doesn't matter if I can get there on a cheaper carrier. I will go with the cheaper carrier because at the end it is the destination that I want. If there is a small airline flying to Darwin I will go with them so long as they have a reasonable reputation".

Another respondent had an opposite view that the Internet may be responsible for reducing the importance of brands especially for certain types of products. According to him certain products were purchased for the product itself, and what it's offering, the brand played no role in certain types of products. On probing further to understand the issue deeper, the respondent gave the examples such as CDs, DVDs, and books. He cited an example where he had used the Internet to search for the television serial 'Band of Brothers'; the actual brand as to whether it was created by Fox, Sony or HBO did not bother him. The respondent mentioned that the product, which in this instance was the 'Band of Brothers', was the driver and not the brand manufacturer, which may have been either, Fox, Sony or HBO.

One of the respondents interviewed drew an interesting connection between brand building online and the creation and impact that a well designed website has on brand perception. According to her, the Internet gives great opportunities to check and use newer brands especially for overseas products. She stressed that, if the business via

their online web presence could prove to be reliable and professional, they could easily win her over. She cited an example of purchasing a specialised type of shampoo and only came across it while randomly searching online. The website which was based in Perth, Australia, was very good and "consistent" and she ended up buying this new product.

Overall there was a strong consensus among all the interviewees that the Internet has not made any negative dents into the perception of strong brands. All twelve interviewees felt that they still will rely on the image of the brands created via traditional media and will continue to purchase these brands. This was the case even though the Internet offers greater choice and in some instances a cheaper price.

Members of both gender groups felt the same about a range of products. Men interviewed spoke of being brand conscious when purchasing expensive software, high yield travel products, adventure gear etc. While women who shopped for grocery and other fashion related items spoke of sticking with conventional and well known Australian and foreign brands such as Ray White real estate, Edgell food products, Noble Rise bread, Bonds, and the likes of retailers such as Myer and David Jones. It was also felt that a brand has great capacity to further enhance its offline perception online by being consistent through the business' web presence.

## 6.9. Website design

The final variable that was investigated as part of this study was the design of websites and the impact it had on consumers searching and shopping behaviour

online. As part of the investigation in-depth questions were constructed that aimed at understanding website design and consumer behaviour. They were:

> What are good web design characteristics that surfers/searchers like?

> What are bad web design characteristics that turn away surfers/searchers?

> What was the impact of Web design on consumer behaviour ?

> What examples of good and bad sites have the respondents visited?

## 6.9.a. Elements of a well-designed site

Almost all of the respondents mentioned that an attractive site had "sticking power", in that they remained longer at such sites. Some of the key elements that made a site attractive were its design and ease in navigating it, colours and size of text that the site incorporated, quick to download and it being maintained up to date.

> Easy to navigate (three clicks and information can be found)

> Quick to down load

> Basic information should be identified on a home page

> Use of colour and the size of text is important

> Maintenance of the website up-to-date

> Clean pages not cluttered with pictures and/or text (should not be too busy)

> Simple and easy to use (treat me like a sixth grader)- user friendly

> Website should be constructed in a logical manner (designers need to think like a searcher/surfer/consumer)

> Good pictures and good information

- ➢ Has to have local language

- ➢ Most important information should be placed upfront (e.g. on or direct link from the home page)

- ➢ Appropriate provision of a search box on all pages

- ➢ Easy to locate especially when searching using search engines

- ➢ Should not have any entertainment type features

- ➢ Interactive

- ➢ Reflects the company and brand

## 6.9.b. Elements of a poorly designed site

The use of small text, too many so called "bells and whistles", too much information and dead links were the chief properties that made a site unattractive.

- ➢ Small print is very unattractive

- ➢ Gimmicky

- ➢ Too much of information don't know where to start

- ➢ Bells and whistles such as video animations

- ➢ Dead links

- ➢ Loud colours

- ➢ Too many layers and pages

- ➢ Slow to download

- ➢ Most important information at the end of the site

- ➢ Poor navigation tools e.g. scrolling instead of using buttons

- ➤ Process of registering by filling in lengthy forms even for the most simple type information e.g. to find out if a seat available at the MCG cricket ground

- ➤ Software to download plug-ins such as Java Applets etc

- ➤ Poor layout does not help in smooth navigation

- ➤ Terrible graphics

- ➤ Crowded with a lack of white space

## 6.9.c. Examples of good and bad sites

Some examples of sites that respondents used and considered them as good and bad sites are as follows:

GOOD SITES:

- ➤ Virgin Blue

- ➤ Sony

- ➤ Trading Post

- ➤ My Career.com

- ➤ Coles online

- ➤ ABC Radio National

- ➤ Australian Ballet

- ➤ Yahoo

- ➤ Qantas (mixed reaction)

- ➤ Ansett (former airline)

BAD SITES:

> The Age Newspaper

> Air Canada

> Vic Roads

> Monster.com

> Australian Football League (AFL)

> Generally all IT type companies have bad sites

> Coco-Pops (too gimmicky)

Some of the direct quotes by respondents regarding what features make up and constitute a good or a bad website are as follows:

**Respondent 1:** "There should be basic things that can be easily identifiable on the opening or home page. Things like how to contact the company, their address, and how to select items. Searchers do not want to go into the history of the company, let them select to go into history, let them choose to go for that type of background information, don't give this type of information to everyone".

**Respondent 2:** "I like a clean page that loads quickly guess that's the first thing. Flash technologies help a lot. It has made animation a lot less time consuming. But no, I like a page that is crisp, clean, shouldn't be busy. I should be able to see exactly what I want and what I am doing and one that follows a logical trail to where I want to go, these are the things I like about a page and site".

**Respondent 3:** "The search functions I tend to think especially if they are interactive are what makes a site great to me. I think to me it is the search and the quality of feedback which you get particularly when you are buying".

**Respondent 4:** "Web designers splash too much of colours, like the blue. They don't bother to sit down and think that they could be visually impaired people who use their website and colours like the blue are unacceptable for them. Also what frustrates me is the number of times I have to click to get information I should be made to click only three times to get all the information on a site. Why not use words instead of making me click".

**Respondent 5:** "When organisation websites introduce interactive facilities such as suggestions, enquiry, and reply boxes they should take it seriously and reply to information requests. Before migrating from India to Australia I visited various school's websites to seek information for my daughters study. I used most of their enquiry boxes but received a reply from none".

**Respondent 6:** "Slowness, poor layout, poor information, too many pages, having to load too many pages to find information. Too many bells and whistles. Too much of flash technology, too much of graphics I mean these types of site look crappy. I have seen lots of sites where their pages look terrible and they are hard to read because they have this black background and don't always print well".

**Respondent 7:** "I found things like booking theatre tickets very frustrating online. This is because the most important information like seating availability is right at the

end and I have to through hoops to get that basic type of decision-making information".

**Respondent 8:** "I am not interested in entertaining oriented sites and those types of Mickey Mouses jumping up and down at me. I view the Internet as an advanced and interactive catalogue and if I go to a library I don't expect the librarian standing there singing and dancing to me".

**Respondent 9:** "I don't know if it is because I use it so often that I now find the Coles Online easy to use and shop. I find the site quite instructive whereas I find the Green Grocer website quite difficult to use".

**Respondent 10:** "What annoys me is the navigation bit where I find myself sitting there and thinking where the heck I am. Also I don't deal with pop-ups well that's the other thing that annoys me. Sometimes I think that sites are created by people who don't actually seem to know what the business is about and what they are selling".

**Respondent 11:** "The things to me that can make a site either good or bad are design features that affect navigation and location in terms of finding the site using search engines".

**Respondent 12:** "Let me give you an example there was a site called Kana communications I was trying to look for some information at their site. I tried a few links, had trouble with them, got frustrated and logged off the site. A couple of minutes later I got an email from the company saying we noticed you had trouble with

navigating our site and they offered assistance by email and over the phone. Here lies an example telling me that there are dedicated people and companies interested in customers and what they do at their site".

## 6.9.d. Web design – Its impact on online consumer behaviour

Web design and the impact it had on people's search and shopping behaviour was investigated in this study. It was found that features that made up a website design had a major impact on consumers' search and shopping behaviour online.

Almost all except for a two of the respondents mentioned that they would tend to be switched off with badly designed sites and exit the site because of this frustration. This is what some of the respondents had to say regarding their behaviour and actions when it came to experiencing badly designed websites:

**Respondent 1:** "I will try for a while and see maybe I am not thinking the way the web designer is. If that's an issue and I need to get into their head that's fine. But after 3-4 minutes if you cannot figure it out being an experienced surfer like me its bad, I shouldn't have to spend these 3-4 minutes".

**Respondent 2:** "I am patient and will keep finding my way around sites that are bad and will not click off too quickly".

**Respondent 3:** " I don't waste time just click out of the bad sites".

**Respondent 4:** "When I lose my way around a bad site and get frustrated I just click out".

**Respondent 5:** "A very badly designed page and site with lots of sort of slow to load animations can be just annoying and might stop me using it".

## 6.10. The Internet in comparison to other communication tools used by marketers

The Internet is rapidly becoming a strategic tool within the marketing function to disseminate product and service information to consumers via an organisation's website. Speculation and hypotheses have been raised in many publications regarding the role of the Internet in the entire communication mix offered by marketers. Some papers referred to in Chapter 2, for example have suggested that the Internet is rapidly overtaking other traditional communication avenues and is becoming a one-stop communication centre for the consumer.

This research included the role of the Internet and how it compares as a communication tool to the others as a key variable that drives consumer behaviour in an online environment. The in-depth questions asked respondents how and when they used the Internet to seek product and service information, and its value in comparison to the other traditional marketing communication methods such as advertising, brochures, sales personnel, and point-of-purchase appeal.

It was interesting to note that almost all of the six female interviewees felt that with the Internet they had enhanced their product and service knowledge and now could not be fooled by sales personnel. This was especially stressed for products that they said seemed to be 'male oriented' such as automobiles, real estate, and hardware type products. Armed with the communication that businesses now provide about their products via the websites, the female respondents felt more confident about approaching sales people and not being 'taken for a ride' anymore. Some of their direct quotes regarding this are listed below:

**Female respondent 1:** "For me the Internet as a medium of communication by marketers is very important. They (sales people) can't sell you anything and everything. They are really good at sales these sales people. They don't care as to what is the best thing for you that time nor do they give you an opportunity to digest the information. All they want is to sell, they do the hard sell and I hate that. So with respect to the Internet...it is good. I can digest the information. It is good if the sales people can complement the Internet".

**Female respondent 2:** "The Internet to me is very, very important. Because you can get information before you approach the other agents like sales people or marketers. As a customer I am more knowledgeable before I approach these people".

**Female respondent 3:** "The Internet is more reliable than going to a shop and speaking with the sales person".

**Female respondent 4**: "For some strange reason I tend to give it more credibility as being accurate, in comparison to other communications sent out by marketers, including them and their sales people."

Both gender groups interviewed felt strongly that the Internet has become their first port of call in terms of seeking information about products and services that they wished to purchase or learn about. However, it was generally felt by all that the Internet has not and will not in the future take over and replace the other traditional forms of marketing communication such as varying forms of advertising, public relations, publicity, and sales people. Accordingly, each has their own place in the promotional mix within marketing and the Internet must be viewed as an adjunct to the other communication methods. Around half of the twelve respondents also were of the view that the Internet has revolutionised the marketing communication process and this type of technology has never ever been seen and experienced before. Some of the respondent's opinions during the course of the interviews pertaining to this topic are listed below in their own words:

"It has revolutionised because it has allowed the consumer more choices, and by doing that you have to make sure that there is quality in your product, as competition is just a mouse click away".

"I don't think it (Internet) has replaced any of that (traditional communication) what I think it has done is it has given a great deal of depth to that communication. I'll see a product via television advertising and online I can get great depth through the online research that the Internet is capable of and provides."

"I think the Internet is a very important communications tool for the same reason that I think text-based communications is really important. It (Internet) has a greater deal of detail and great deal of more depth".

"It is important to see each of the communications marketing mix as a supplement to each other, the same goes for the Internet. I could get information over the Internet and then physically go to the shops and actually see what they have in the shops. The Internet makes me a more knowledgeable customer put it that way".

"This communication question you have asked me is a good one. I tend to unless I've got something particular in mind to go to the Internet to find things and make my decision. But the things that trigger me to do, well could be advertising, brochure advertising, and half a dozen papers. It is all the external stimuli that perhaps don't give me enough information that leads me to the Internet to get more information".

"I suppose in looking at marketing communication in terms of the Internet and whether it is revolutionary, it is probably a revolution for the 18-20 year olds more than it is to the older person".

"The only way a company can afford to give all the information that it has on the Internet is through a brochure and the brochure is as good as the time it was printed so if the information changes the next day then the brochure is out of date. Here I find that the Internet is a revolution in the communcation process".

## 6.10.a. Benefits of the Internet as a communication medium

➢ Convenient to locate and access information

➢ Low cost

➢ Power of information in a shorter period of time

➢ Feel in control with the information

➢ Real time information

➢ More choices for consumers

➢ Can access very precise information

## 6.10.b. Limitations of the Internet as a communication medium

➢ Some may still not be able to access the Internet they may not own a computer and the technology

➢ Information overload (this seems to be on the increase of late)

➢ Not necessarily useful for touch and feel type products like clothes and furniture

# 6.11. How consumers begin their online search?

The method used by consumers to begin their search online is worth investigating. The in-depth questionnaire included a question asking the respondents how they began their search for products and services over the Internet. Ten of the twelve respondents mentioned that they used the 'Google' search engine at the very start. In fact, of all the search engines Google came up as the number 1 search engine. Others such as Yahoo and NineMSN received very poor ratings from the respondents.

As one respondent put it: "I use Google, not so much NineMSN and Yahoo I don't like them.... they are very limited and restricted. You type in something and you get totally different information. But I find Google and Wombat...where those type of things are a bit more intensive in their search".

Another respondent had the following to say about her experience with search engines: " I definitely use search engines at the beginning of any search for products and services. I used to use Yahoo but of late I don't seem to be getting the results I need. More recently I have changed to Google and I think that it is much better in getting me search results. I also use NineMSN to a lesser degree. That's more for general information but certainly Google is the one that I use at the moment".

A third respondent mentioned that he prioritised his search engines and mentioned the following: "I usually start off with Google or Yahoo these are my two favourite. If it is something within Australia that I am looking for I go to the Yellow Pages website and take it from there".

Closely following on the heels of Google, Yahoo, NineMSN, and the Australian Yellow Pages Online were mentioned as other types of Internet search tools that were used by respondents to search their way for products and services online. Some comments that have been mentioned by respondents are as follows:

"I go into Yahoo. Oh, sorry, one of two ways, either, in doing my research I find a reference to a product and that will be hyper-linked if it is online or I will get the

name of the product or the name of the company or whatever the words are and use Yahoo".

"I found the Yellow Pages an interesting way to get around if I know that I need a particular topic as you can search by topic or category and without having to go to Google necessarily because half the time they (Google) give you products from overseas. Hence the Yellow pages helps me to get something nationally".

Other methods highlighted during the in-depth interview regarding starting a search online, was to just type in the name of the brand or the company in the address bar or even opening a search engine and then typing in the brand or company name. As one interviewee described this by mentioning that she went into NineMSN and then straightaway typed in the name of the product, by typing in a sentence or a word with a sentence.

Another who was searching for merchandise of the Banana & Pyjamas characters knew they were owned by the Australian Broadcasting Corporation (ABC) and simply went into the ABC website using Yahoo. Many of the respondents also mentioned that they relied on word of mouth from friends and relatives about products, brands, companies, and websites and then began their search using the popular search engines.

Hence, overall the initial search behaviour begins after a consumer knows the brand and company and conducts a targeted search using Yahoo or Google, or simply by using generic product descriptions via the search engines. As mentioned, of all the

search engines Google was endorsed by most of the respondents as the best search engine in terms of generating good results.

There were no differences recorded between this initial search behaviour of males and females who were interviewed.

## 6.12. Results – "The Younger Generation"

## 6.13. Motivators: Reasons for consumers to search and shop for products online

There were eight interviews conducted in this study with respondents who were between the ages of 18-25 years and labelled the "younger generation". During the interview process with eight "younger generation" members, the key motivating factors that were highlighted by them and that drew them to the Internet to search and shop for products are as follows:

➢ Price and lots of special offers (cheaper online)

➢ Search for hobby related products, services and information

➢ Enjoyment of the experience

➢ Convenience

➢ Ease of assessing information

➢ Rare products (they are easier to access online)

➢ Heaps of information about anything and everything

➢ Variety factor (much more variety online)

➢ Global coverage that the Internet offers

➢ Information available at a place and time I want

➢ Comparison of prices even if it is not cheap online

➢ Its flexibility

Below are some of the comments mentioned by the interviewees regarding the key motivating factors that draw them to search for products and services over the Internet:

**Interviewee 1:** "I would say it is just this convenience factor. Probably I wouldn't be able to search for products and services as much if there was no Internet. Now if I get a spare minute I can spend it searching for products and services".

**Interviewee 2:** "For me what draws me to the Internet is that it is very convenient. I also find products and services cheaper to buy online. I also get lots of information about products and services from the Internet I find it flexible in its delivery".

**Interview 3:** "What motivates me to the Internet is that I find the experience enjoyable because websites such as travel.com, they do all the searching for you, so all you do is type in what, you want and it will say, and will show you, all the airlines their prices from most to least expensive".

**Interview 4:** "Most of the products you will find in all its details online. It (Internet) is very convenient and the last motivating factor for me is that I do believe that prices are cheaper online. When I booked and went from Melbourne to Tasmania I managed

to get an Internet airfare for $100 instead of the regular offline price of $200. I also think that there is much more variety online".

**Interview 5:** "The information about products and services is accessible and convenient and it is available to me at any given time and place. When a thought comes to my mind I can instantly log on and can see these products right in front of me".

## 6.14. The Experience of 'Flow' Online

The Flow experience, described in the literature review, in a CME is defined as the state occurring in a person during network navigation, and is best described by the following characteristics:

(1) Is characterized by a seamless sequence of responses facilitated by machine interactivity;

(2) Is intrinsically enjoyable;

(3) Accompanied by a loss of self-consciousness; and

(4) Is self-reinforcing.

In this research the concept of flow was examined in a three dimensional manner, i.e. at the outset respondents were asked whether they experienced flow whilst searching and or shopping for products online. If they did experience flow further in-depth questions were asked that pertained to the following issues:

- Are there any specific products and/or services that you search and shop for online that make you experience flow?

- What effect does flow has on your search and shopping behaviour online?

- Do you experience flow in any other type/s of activity?

All eight respondents mentioned that they experience flow while surfing the Internet to varied degrees and under different circumstances. On the question of experiencing flow over the Internet, below is mentioned what some of the respondents had to say:

**Respondent 1:** "Definitely I experience flow. Because I get so side tracked with all of these hyper links and I feel that I will be missing out if I don't use and click into all of these links. So I end up on the Internet for quite a while".

**Respondent 2:** "Yeah I do experience flow basically when I am searching for something that interests me like games and demos that are provided online by marketers who want to sell their games online".

**Respondent 3:** "This (flow) happens to me when I chat online and it takes up most of my time. It also happens when I want to travel I go online visit hotel websites and then start looking at their facilities, then look at the shopping in that city, and then the attractions and I lose track of time and place".

**Respondent 4:** "Yes it surely happens to me. Four hour stretches on the Internet is not uncommon for me".

**Respondent 5:** "Used to happen a lot to me when I first started using the Internet, does not happen so much these days. Like I used to chat online I never bothered about time and other security concerns. However I had some pretty bad experiences like people finding information about me by us just chatting online and they used to start calling me up on my phone. Now offcourse my search behaviour is more objective oriented".

**Respondent 6:** "Definitely I experience flow online when I am searching for products and services. Yeah I lose track of time and when I turn around it will be like 2 am in the morning and I may have got onto the Internet at 10pm. These are because of the various links that I keep following from the various websites".

## 6.14.a. Products and services that enhance flow online

The types of products and services that enhance flow over the Internet were as follows:

> Music

> Software

> Travel type products (include destinations)

> Education

> Electronic gadgets

> Hi-fi music systems

> Books

> Fashion and clothing

## 6.14.b. The effects of flow on search and shopping behaviour online

There was a mixed reaction by respondents when it came to the effects that flow had on the intention and action of purchasing. Half of the respondents reported that flow does not have any effect while the other half stated that the action to purchase offline which may have been the reason for them to visit the site, was forgotten once they were trapped within flow. Some of their statements pertaining to this aspect are as follows:

**Interviewee 1:** "Flow has no affect on me visiting music sites. But yes, with travel, because what may happen while I experience flow. It takes me much longer to arrive at a decision to buy and I get confused and exit before buying".

**Interviewee 2:** "Sometimes it does happen. When you realise that you do have other things to do and then you realise that all your time has been wasted doing this on the Internet".

**Interviewee 3:** "I usually book mark sites if I think I will get lost in flow and then come back and revisit and maybe buy online or offline".

**Interviewee 4:** "Yes experiencing flow acts as an interrupter. When I visit music sites I decide and say yep I will buy this and a link takes me to more and more information, and then you go on and I am finally undecided. And then I may either go to another site, or don't go anywhere, and forget about all of this, and exit the Internet".

**Interviewee 5:** "Experiencing flow doesn't interrupt me from actually buying online. I may get lost but I will surely come back later and buy the product. The only thing is if you don't get something during the time you have been searching online it is disappointing however I sometimes come back for the product. Yes, I do end up getting lots of information, but always come back and buy the ones I initially set out to buy".

## 6.14.c. Other activities where flow is experienced

Some other activities that promoted flow in the respondents that belonged to the younger age group were as follows:

- Watching television and movies
- Sport
- Shopping
- Reading

## 6.15. The role of the Internet in consumer decision-making

All eight respondents agreed that the Internet helps them in their purchase decision-making by providing them with information about products and services. Two of the interviewees stressed that the product type may have implications for the importance attached to information received from the Internet and used in decision-making. One respondent stated that the Internet helped him in decision-making when it came to looking for and purchasing real estate property. However when it comes to purchasing

music CDs and software he does not rely on the Internet to get information and decide to buy. Below are some of these candid comments that the respondents gave during the in-depth interview:

**Respondent 1:** " I definitely rely on the Internet for information to help in my purchase decision-making. For, example I knew nothing about motorbike helmets and I needed to get one. I thought I am not going into a store and ask someone to explain therefore I went online first using Yahoo. I didn't know where to begin first but eventually worked my way around and got all the information I needed. Yes, in this instance definitely the Internet helped me in gathering information and eventually led to an informed decision as to which brand of helmet to buy".

**Respondent 2:** "Yes, surely, the Internet helps me in my purchase decision-making. Especially when I am in a hurry and cant wait to get information from a store or wait for a brochure to be posted I can simply go online and all the information is there for me. The Internet helps me a lot in decision-making.

**Respondent 3:** "Yes it helps me a lot in decision-making and it is very important in helping me to make my buying decision. Sometimes, like, my Dad will tell me you believe all what they say over there (online) more than what other people tell you and I answer back saying yes, if I go to reputable sites I get expert reviews of products and services like the online PC magazine and stuff. They have got the reviews of the zip discs and zip drives so if I want the information I can easily go there to websites and get it".

**Respondent 4:** "Yes, definitely. As I have indicated earlier in this interview the Internet is a very valuable help in my decision-making for products even though I may end up buying the product offline. Often when I go to the Internet and websites about a certain category of products it helps me to narrow down the alternatives. For example, when travelling I search for accommodation, and see the hotels brochures online and decide at which to stay in. So I guess here it helps me a lot in my decision-making, and a few times I have even looked at clothes and decided on the retailer and then gone there and bought it at the shop".

## 6.16. Barriers to accessing, searching and shopping via the Internet

There were eight interviews conducted in this study with respondents who were between the ages of 18-25 years and labelled the "**younger generation**". This segment had a further variety of barriers or reasons for not using Internet. The most common of these barriers were as follows:

➢ Security of the transaction

➢ Touch, feel and the personal inspection of the product

➢ Confidentiality

➢ No credit card

➢ SPAM such as junk emails

The younger age group are sceptical about the security and confidentiality that the Internet provides. Along with this a few members interviewed in this age group had just turned eighteen and still had not thought about owning a credit card, for these two respondents this acted as a major barrier.

Below are some of the comments the interviewees made regarding the barriers they faced for using the Internet:

**Respondent 1:** "I don't feel quite secure giving my credit card details over the Internet. Also the other thing that worries me is whether I have actually completed the transaction process".

**Respondent 2:** "I don't have a credit card and even if I did I would only go to secure sites that have these Veri signs and that sort of stuff and I will deal with the ones that have very high encryption.

**Respondent 3:** "Security is my biggest concern along with the feel and touch of the product. I would like to see the person and organisation selling me their products and services, would like to see how the store is too".

**Respondent 4:** "I don't have a credit card at present that is the biggest barrier and to me at present that is the only barrier.

# 6.17. Products and services that consumers search and shop for online

The most popular products searched and shopped for online by the group of "younger generation" interviewees are as follows:

- ➢ Travel and tourism products (e.g. Airline tickets and Accommodation)

- ➢ Music

- ➢ Computer peripherals and accessories (e.g. Blue tooth adapters)

- ➢ Hardware and software

- ➢ Education (information to pursue higher degrees)

- ➢ Education (text books, journals and other readings as part of their present education)

- ➢ Medical services (Medicare and other related e.g. dental information)

- ➢ Computer games (consoles like X-Box, Play Station 2, and Nintendo)

- ➢ Computer Disks (CDs) for computer games such as X-Box etc

- ➢ In pursuit of hobby related products and services

- ➢ Pets

- ➢ New and old cars (information only) purchase in a physical world

- ➢ Banking (to a much lesser extent)

- ➢ Memorabilia offered at auction sites such as E-bay

## 6.18. Products and services that consumers will search for, but not purchase online

Some products and services the "younger generation" find uncomfortable to buy online, and hence do not purchase online but only seek to find information about them. Here is what some of the respondents had to say regards products and services they don't purchase online:

**Respondent 1:** "Definitely no banking. I never do banking online. Not interested in that at all. I am an ATM person. No, not really I haven't purchased anything online except travel. Clothing is also something that I will never buy online. I thought about it sometime back but because of the cost associated with clothing and also if it didn't fit there is too much inconvenience to return it back, and so forth".

**Respondent 2:** "No certainly not banking and finance, however I should say that this (banking & finance) is popular in my home country Dubai. Even though you can buy online these days to me the physicalness of the shop is important. I know that I can go and meet people the same people that work for the organisation. I wouldn't buy groceries online, I guess it is better to go and look around".

**Respondent 3:** "Banking and finance not so much, because I am a student and banking is pretty limited for me at this stage".

**Respondent 4:** "Personally I wouldn't buy clothes online here. It is a question of size, the look, the feel and the texture of the fabric. The other thing which I will not buy

online is food, though food may look appetising in pictures I like to see, smell and taste if possible before buying food".

**Respondent 5:** "Though I search for clothes and fashion online I wouldn't purchase it online. All I do in these instances is to narrow down my outlet selection and get a better understanding of what is available and then choose where to go".

**Respondent 6:** "Having been born and brought up in India, there seems to be a culture there that regular customers receive better service. Hence I would rather seek information online and for all the purchase actions I personally go over to the store and build a relationship with the person. In India, people prefer not to buy from large departmental stores, but go back to the old "general" type store where they get to know the establishment and owners. They get to know the owners so well that they (customers) have a strong belief that he/she (the owners) would never ever sell them any defected products".

## 6.19. The Internet's Impact on Brands

The study aimed to investigate whether the Internet has depressed the importance of brands (as discussed in the literature chapter), many less well-known brands are now available online from different parts of the globe. To ascertain this the in-depth question asked was two pronged. The first part aimed at investigating whether this group of respondents valued brands in their purchase decision. The second part of the question asked the interviewee whether the Internet made well known brands less

desirable especially with an array of less and cheaper known brands now available at the click of a mouse online.

All except one of the eight respondents unanimously stated that brands play a key part in their decision to purchase especially when it concerned the high end products like cars, music systems, and hi-tech software. It was interesting to note that these respondents used examples like cars and music systems as high end product items when it came to differentiating between high and low end product items. Here is what some interviewees had to say regarding the value of a brand and their decision to purchase:

**Respondent 1:** "Yes definitely a brand name plays an important role when it comes to the high end product item range like when I am looking for a music system for my home. I consider this a high end product item and I will look for a brand that I trust very much and will go out for the ultimate".

**Respondent 2:** "Yes a brand plays an important role especially when I want to purchase a car. In this instance I will search and buy a Holden actually I bought a Holden recently because I trust the brand".

**Respondent 3:** "Yes brands play a lot of importance I go out and look and purchase the popular brands like a Panasonic television or a Sanyo brand for my car stereo system".

**Respondent 4:** "In terms of travel and airlines there are some brands of airlines that I wouldn't travel with. Not to say that I don't look out for a good price but I will also look for quality and the reputation of the airline".

The second part of question on brands and the Internet aimed at investigating whether the growth of the net resulted in the decline of well known branded products and the value they exhibit.

All eight respondents strongly felt that the Internet has not caused a decrease in brand equity. A few respondents, however, added that the product type and cost of the product would certainly be a factor in this regard. Below are some comments by the made by the interviewees regarding this question and issue:

**Respondent 1:** "I think it depends on the particular product. If I came across a brand that I have not heard of before but if it is well known and prominent brands say an Italian brand, this might influence me to buy. I am brand conscious when it comes to electronics and when the Internet retrieves heaps of information about electronic products I will go straight into the brand I know and am familiar with. Just to make it easier I would ignore the electronic brands that I have not heard of unless there si something outstanding about it".

**Respondent 2:** "I don't think the Internet has played down and can play down the importance of a brand. This is true so long as these well known brands keep their websites well maintained and give consumers like myself much more details. I think

that the Internet has helped to have a brand's online presence, has added to the brands goodwill and value rather that the other way around".

**Respondent 3:** "The brand issue will always remain the same if a customer is loyal to that brand. I think he or she will never change the brand. So in my own case I will always go for a brand that I am loyal to because I trust the brand. So hence in my own experience the Internet has not played down the importance of brands".

**Respondent 4:** "Yes, I value brands a lot and I think that the Internet has increased the value of a brand. In the online world I will first of all interact with big and good brands. One should understand that big brands would be the first to be marketed online. On the same token I should add that I have seen a lot of lesser-known and branded travel products online. Looking at the bigger picture however larger and well-known brands have used the Internet well and the Internet has in fact added more value to a brand. I have no problems buying from Myer online as it is a well known and a trusted brand to me.

**Respondent 5:** "No I don't think that the Internet has and will ever play down the importance of a brand to me. I think that the Internet as a medium is secondary, as it only increases awareness of the brand in just the same way that other communication mediums do. Like say Mercedes Fashion week I read about it in magazines and learn about the Subi brand and I will then go to the Subi website and have a look at what is going on over there. To me I get the awareness from television and other media and I may use the Internet to get more information about the brand. I wouldn't buy lesser or unfamiliar brands just because they are available online".

# 6.20. Website design

The final variable, which was investigated as part of this study, was the design of websites and the impact it had on consumers' searching and shopping behaviour online. As part of the investigation in-depth questions were constructed aimed at understanding the following in terms of website design and consumer behaviour:

> What are good web design characteristics that surfers/searchers like?

> What are bad web design characteristics that turn away surfers/searchers?

> What impact does web design have on consumer behaviour?

> Examples of good and bad sites that the respondents have visited?

## 6.20.a. Elements of a well-designed site

The elements that made up a well-designed site, according to the younger generation respondents were as follows:

> Definitely easy to navigate

> Should highlight the company and brand name to add credibility to the site

> Regular maintenance of the site

> Current and regularly updated

> Good use of colours

> Informative (proper information no overload of information)

> Photographs of products and services at times 360 degree angles e.g. the Nokia website and their new mobile phones and BMW and Mercedes with cars

> Clear and simple

> Website and pages should be simple and not very busy

> Sites should be localised

> First page should be designed well it is the gateway

> Easy and fast to download

## 6.20.b. Elements of a poorly designed site

The elements that made up a poorly designed site, according to the younger generation respondents were as follows:

> Text size (too small) and bad placement of text on a website

> Overload of information (text and pictures)

> Too many options on the home and other pages within the site

> Complex and too many pages to download

> Slow to down load

> Too many "bells and whistles". Too much of the flashing lights and all that "yuck" stuff

> A third party linking the consumer to a manufacturers site isn't good

> Wrong type of information e.g. a manufacturer telling the consumer who all sell the products and lack of adequate information about the product itself

> Too bright and gaudy colours

> Too many pictures on one site and on one page

> Too much advertising e.g. Yahoo website inundated with advertisements

> Most sites are constructed without the customer in mind and hence web designers should focus more in this area

> Too many advertisements especially in the forms of "flashes" and "banners"

> Pass words and emails just to view pages in a website

> When printing, the entire page that one views on the computer screen does not come out on paper, the edges keep missing

> Bigness is a problem e.g. the Microsoft site is too big

> Annoying reminders e.g. when on the flu.com site there is a sneeze sound emitted from the site constantly

> Poor options for users e.g. Jet Airways, an Indian site, takes the user through hoops just to get basic schedule information about their service

> Varying colours used by the same company. This confuses their brand image e.g. Thomas Cook UK has a different site to Thomas Cook Germany

## 6.20.c. Examples of good and bad sites

Examples of good and bad sites that the younger generation consumers used and navigated were as follows:

GOOD SITES:

> Bacardi Rum – very interactive, good games

- Minority Report – better than the movie which was a let down after visiting the site

- USA and UK sites generally better than the Australian ones

- Nokia

- Qantas

- Music Mania

- Rare Records

- E-bay

- Auto Barn

- Virgin Blue

- ATS (Australian Tourism Statistics)

- Gucci

- Flight Centre

- National Australia Bank

- Herald Sun

- BMW

- Mercedes Benz


BAD SITES:

- Microsoft

- Singapore Airlines

- Dick Smith Electronics

- Telstra

- British Airways

- Manitowk (USA)
- Seek.com
- Flu site
- Thomas Cook

Some of the direct quotes by respondents regarding what features make up and constitute a good and a bad website are as follows:

**Respondent 1:** "Yes I very much like the Bacardi Rum website it has got a lot of feeling about it. If you don't have a cable connection getting into this site can be a problem as it is extremely slow with a modem".

**Respondent 2:** "Disney websites are pretty interactive. They have got a lot of things to do. Also they had this movie called 'Minority Report' that came out last year I actually liked the website as it was fully interactive. You could play a game and also drive the car that was featured in the movie. When I actually watched the movie it didn't turn out to be all that good but the website was fantastic".

**Respondent 3:** "The Telstra website I found very poor it didn't have relevant information to enable me, a consumer, in decision-making about mobile phones".

**Respondent 4:** "The British Airways site was a bit confusing I remember when I went and was looking for information there, it was all very complex to get around the site".

**Respondent 5:** "And they have this company in the USA called Manitowk a beverage system company, and being in this industry I had to look at websites. So I want to look at their catalogue and when I go to their website I need passwords and email addresses for just getting such basic information. Also I then needed to download certain programs and that's very frustrating to go through to get such basic information".

**Respondent 6:** "My favourite site is Gucci it is just so nice I love the style of it and yeah it is just so easy to look at the product range. They have beautiful colours very pleasant to the eyes and then the site begins lighting up all done so cleverly. I don't know I love the site very much".

## 6.20.d. Web design – Its impact on online consumer behaviour:

Nearly half of the respondents in this age group mentioned that they would click out of badly designed websites; the other half stated that they would try and find their way around for some time. A couple mentioned that they would try and get into the web designers "mind" and work their way around seeking information. Below are some of their candid comments:

**Respondent 1:** "Sometimes I might stick with badly designed sites and see and try and work out how they have actually designed it. Then, that's fine being there. However there are sites, which I classify as too complex. I will leave them immediately. If I can get a product or service from somewhere else and it is easier I will go to that somewhere else".

**Respondent 2:** "Dick Smith the Australian electronic dealer's site is very confusing. Once I went to the site to search for a mobile phone and I didn't find that particular brand, and when I finally found it after much searching the sites takes me to the Telstra website. I would have preferred to get general information about mobile phone handsets from the actual retailer (Dick Smith) and not to be taken to Telstra for the information, and to add misery to this even Telstra didn't have the information. They must understand as a shopper I need to have all the relevant information before I buy and this should have been made available at the retailer's site. I just clicked out of the Dick Smith's site and never re-visited it".


**Respondent 3:** "I don't like pages with lots of information. The first page should not have lots of information and be less on details. Otherwise it is just like a newspaper. I generally click off and go to other sites or pages when I find sites badly designed and too complex".

**Respondent 3:** "If I can't find information on a site I will exit and then go to Google and type in what I am looking for and, usually all the information will come up. The Microsoft site is very big with its visuals and this makes the site very big. I cannot be "stuffed" going through all the steps of finding things on the Microsoft site. I will go "stuff" this as I realise this is going to take me ages and I will probably not find the information. So I will go to Google for example and I will type VB (visual basic) programming tips and this will take me to the exact location on the same Microsoft site".

**Respondent 4:** "I generally am patient and will try and find my way for anywhere between 5-10 minutes but after then if the site is still complex and not user-friendly I will click off and never visit the site".

## 6.21.The Internet in comparison to other communication tools used by marketers

The Internet was viewed as a very important source of product and service and other marketing information by the younger generation of interviewees. However, most felt that the Internet will not be able to replace traditional methods of communication such as radio, television and newspaper advertising. There was a strong feeling among this younger segment that the Internet is making marketers more honest in their communication about products, services, and company information to the general public. Most of the interviewees also stressed that they rely a lot on the Internet as a channel for providing them with product, pricing, distribution and other marketing types of communication disseminated by the organisation.

Some key points that surfaced during the interviews regarding the Internet as a communication tool and in comparison to other communication tools are as follows:

> Much more honest as there are lots of reviews from others

> Good educational tool

> Supplements other communications methods

> Not the be all and end all in marketing communication

- News paper advertisements is and will be the most basic marketing communication tool

- Each communication method used by marketers compliments the other, and nothing is independent of the other

- All goes together in today's world

- Most often product and other marketing information is got from the Internet these days

- The Internet gives much more details in terms of product and service information

- As a communication too, the Internet makes a customer much more knowledgeable

- The Internet makes the sales person's job much more superfluous

- The role the Internet plays as a communicator depends on the type of product e.g. people searching to purchase real estate property conduct an in depth search online, while do not bother when it comes to purchasing music CDs and software offline

- The Internet has made the task of communicating much harder for the marketer

- Too much of "crap" online

- Wading through this garbage of information is often frustrating

Below are included some comments by the interviewees regarding the Internet as a channel for the communication of marketing information, and the threats it may pose to other more traditional communication methods:

**Interviewee 1:** "I think that the Internet is very important in providing information, advertisements can be seen or heard. With the Internet I think what it does for a company is that it provides extra information".

**Interviewee 2:** "Like brochures sent to my home I prefer not to see them. Once I get them to me, it is rubbish and I throw away junk mail into the dustbin. Nowadays, I get so much of junk mail type brochures that even my dustbin is not big enough to throw them away. I think the Internet is good as it gives me information when I want it and not the other way around".

**Interviewee 3:** "With the Internet I know I am becoming a more knowledgeable customer. It used to happen when I was working in Dubai in a travel agency where most people who came had lots of information with them because they would do this preliminary online search for travel information".

**Interviewee 4:** "Yeah don't value too much of the advertising in the newspaper even the TV ones after all it is somebody's opinion. I guess I place an equal amount of value on all the information not a greater emphasis of one over the other".

**Interviewee 5:** "The other communication methods are also very important, but the good thing about online is that it is available these days all around the world and becoming much more accessible. Advertising gives a broad type of information, whereas the Internet gives in-depth information and that is the key difference".

**Interviewee 6:** "Internet communication conducted by marketers is very different for me in comparison to say a television advertisement. The advertisement through television makes a lasting impression and it is always there in your mind. It is movable and real. I think the Internet is different in that there is a lot of information, provided they can compile and send you all this information, which is very good in its own way I think".

**Interviewee 7:** "I seem to have, I suppose, to be putting trust in the information that I receive through a website online and I accept it, yes. I must say that I also value this information a lot. I also rate the Internet very important in comparison to other communication methods. Yeah and I think once I graduate from University I will be using it much more. I also think it has revolutionised the communication process in the marketing of products and services; however there can be an information overload at times. Nevertheless you have information at your fingertips".

**Interviewee 8:** "It is definitely determined by product or service. For instance with seeking information for holidays and travel this medium is become very important for me. So when it comes to travel I can confidentially say that the Internet has become the best source of communication in comparison to any other communication medium used by marketers and the company. However, for clothes and fashion it will probably be the fashion magazines that I will consider first before the Internet and then TV and lastly the Internet. So for me, only for travel products, the Internet will be my first port of communication. The other ones I would say it (the Internet) will be the secondary medium".

# 6.22. How consumers begin their online search?

As in the case with older generation members who were interviewed regarding the methods used to begin their search, younger generation members, too, utilised a range of search methods to begin their journey online. The most popular and common of these methods were as follows:

- ➢ Search engines

- ➢ Portals

- ➢ Read news and business websites and then search

- ➢ Manufacturers and brand names used

The younger group of respondents interviewed for this study seemed to rely heavily on search engines and portals to begin their searching journey on the Internet. This group were well aware of the technology behind search engines and portals. Majority of respondents mentioned that they changed the search engine and portal brand to match the products and services that they were searching for online. They were also quite familiar with industry portals with majority of them mentioning that they directly go into sites like Travelocity.com when gaining information about travel products. Below are some of the respondent's comments made during the interviews:

**Respondent 1:** " I usually use Yahoo that gives me all the information about other websites. For example if I am looking for a holiday, hotel, or destination website I give the name of the place or hotel and begin from there. With one word in Yahoo you can get the airline or destination website".

**Respondent 2:** "I find more information using Google earlier I used to use search engines like Yahoo and Lycos but have found Google much more helpful".

**Respondent 3:** "Just by using and going straight into Internet portal sites like Travelocity.com and Travel.com. I also use the company and brand name too for example if I want to check air schedules and fares I straight away use Virgin Blue's website by typing in their address. I remember these addresses from the advertising".

**Respondent 4:** "Basically when it comes to car accessories I go straight into Scratchfield.com and for the rest I go to places such as E-bay and just browse through what is available. Apart from that I just read the news and some of the business news sites and there they make public about new products that are launched so if anything interests me I search for the particular product by visiting the manufacturers website".

People belonging to a younger age group are more familiar with Internet technology, and are generally well versed in using very specific search engines and portals to obtain marketing type information.

## 6.23. Summarising and comparing online consumer behaviour between the two different age groups

### 6.23.a. Motivators for using the Internet to search and shop for products and services

Some similarities displayed between the older and younger generation groups, studied in terms of their motivations in using the Internet to search and shop, are as follows:

- o Convenience

- o Prices and lots of special offers available online

- o Speciality and hard to get type of products

- o Information availability, access and consumer control of the information

- o Comparison of products/services including their prices

- o Ease of accessing information

Generally both groups are motivated by the above factors.

### 6.23.b. Flow and its impact on online consumer behaviour

The types of products that create and enhance flow whilst searching and shopping between the three different demographic groups i.e. females (older generation), males (older generation) and both males and females (younger generation) are as follows:

**Table 6.1: Comparing flow behaviour among different demographic groups**

| Female (older) | Male (older) | Both gender (younger) |
|---|---|---|
| Travel | | Travel |
| Chatting online | Software (video and audio editing etc) | Software |
| Hobbies | Hobbies | Electronic gadgets |
| Real estate | Real estate | Books |
| Leisure activity/ies | Books and news articles | Education |
| Art galleries | Computers | Hi-Fi music systems |
| Exhibitions | | Music |
| Organising events (Xmas lunch, weddings) | Searching for DVDs and CDs | |
| Fashion, clothes (lesser extent) | | Fashion and clothing |

Older generation men and women who experienced flow online, were unaffected in their goal-oriented shopping behaviour and either overcame flow and purchased or book-marked sites to revisit and purchase. However more than fifty percent of the younger generation group that were interviewed, mentioned that flow distracted their shopping behaviour and they lost sight of their original intentions of searching and shopping.

## 6.23.c. The role of the Internet in consumer decision-making

It was generally felt by both groups that the Internet plays a key role as an information source in their decision-making as consumers. The older generation group felt that the

Internet is not a replacement, but a compliment to the other traditional communication tools used by marketers. Women and the younger age groups especially felt that the marketing information they receive via the Internet has made them much more confident shoppers. Both groups also stated that the Internet has now become the first port of call for collecting product and service information before embarking on a purchase.

## 6.23.d. Barriers to searching and shopping online

**Table 6.2: Comparing barriers of Internet usage among older and younger surfers**

| Older generation group | Younger generation group |
|---|---|
| Security of the transaction/s | Security of the transaction/s |
| Convenience of buying from local store | No credit card |
| Home delivery time is not suitable | |
| A price barrier (too expensive online) | |
| Immediacy of getting the product, shopping online cannot satisfy this need | |
| Type of product is a barrier (e.g. physical products such as clothes and furniture not suitable to be bought online) | Touch feel and the personal inspection of the product |
| Privacy of the transaction (no privacy) | Confidentiality |
| Reliability of the organisation | |
| Effects of unsolicited email (called SPAM) | SPAM such as junk emails |

There was a certain commonality regarding barriers to search and shop online, between the two different age groups. Issues pertaining to security, confidentiality/privacy, the type of product (touch & feel) and junk email bombarded from companies were common barriers between the two groups. However, since the older age group in this study mentioned that they were the only ones to actually shop online, three other barriers that are commonly associated with the act of shopping acted as further barriers. These include: price of obtaining products via the Internet, lack of immediately accessing the product and unsuitable timing of the delivery of the products to consumer's homes.

## 6.23.e. Products and services that the two groups of consumer's search and shop for online

The following table depicts the most popular products searched and shopped for by the two demographic groups:

**Table 6.3: Products searched and shopped for online – A comparison between older and younger Internet users**

| Older generation | Younger generation |
|---|---|
| Travel & tourism type products | Travel & Tourism products |
| Banking and bill payments | Music |
| Real estate | Computer peripherals (Blue tooth adaptors etc) |
| Computer products (hardware/software) | Education products |
| Groceries | Pets |
| Gifts | New and old cars |
| Leisure type products (event, musical festivals, theatre bookings) | Memorabilia from E-bay |
| Music | Hobby related products |
| Hobbies & Collectibles | Computer games |
| Products unavailable in Australia | Computer disks for games like X-box |

## 6.23.f.Products and services that the two groups of consumers will search for but not purchase online

Both groups unanimously exhibited similar consumer behaviour, and stated that they would never buy fashion and clothes online. Other shopping items that the older generation group mentioned that they would never buy include grooming items, everyday convenient type products, medical type products, products that required the intervention of their kinesic sense and food type items.

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Both groups stressed that the higher the degree of touch and feel, along with the physicalness of the experience the more they would avoid the Internet, and go to a physical shop to make the purchase.

## 6.23.f. Internet's impact on the brand

Both demographic groups emphatically stated that the Internet has not and will not in the foreseeable future have any negative impact on an organisation's brands of products and services. This was the case even though both groups felt that a huge quantity of unknown and reasonably cheap products, from across the globe has infiltrated branded products in the online medium. Both of these groups stated that when it came to high involvement and high priced items, they would rely on well-known brands that have been marketed conventionally.

## 6.23.g. Website design

Table 6.4: Differences in the features that make a site either good or bad – A comparison of older and younger Internet users

| Older generation | | Younger generation | |
|---|---|---|---|
| Good Site | Poor site | Good Site | Poor site |
| Easy to navigate | Small print | Easy to navigate | Text too small |
| Basic information | Gimmicky | Clear and simple | Too many options |
| Colour and text | Loud colours | Good colours | Too many pictures |
| Quick to load | Slow to load | Regularly updated | Slow to load |
| Good pictures | Dead links | Maintenance | Passwords |
| Local language | Terrible graphics | Localised | Annoying reminder |
| Search boxes | Crowded | Informative | Advertising |
| Interactive | Poor layout | Not busy | Bright & gaudy |
| Reflects the brand | Bells & Whistles | Highlight the brand | Bells & Whistles |

The ease of navigation, quality of information, colour and text used in websites and brand image are some of the common elements that made a site attractive, according to both the age groups investigated. On the other hand too many annoying messages and constant use of "bells and whistles" used in site design formed some common features amongst both groups, that made sites unattractive and hence said to be poorly designed.

## 6.23.h. The Internet in comparison with other communication tools used by marketers

Both age groups felt that the Internet had certain advantages and disadvantages as a marketing communication tool, and in comparison to other traditional methods such as television, billboards, company brochures and sales people.

**Table 6.5: Advantages of the Internet in comparison to other traditional communication methods used by marketers**

| Older generation | Younger generation |
| --- | --- |
| Convenient to locate & get information | Information is more honest |
| Low cost | Supplements other communication |
| Information quicker to collect | More detailed information |
| Feel more in control of information | Makes sales job more superfluous |
| Real time information | Good education tool |
| More choices for consumers | Makes consumers more knowledgeable |
| Can access precise information | Detailed product information is possible |

**Table 6.6: Disadvantages of the Internet in comparison to other traditional communication methods used by marketers**

| Older generation | Younger generation |
|---|---|
| Some people may still not be able to access the Internet | Too much of "crap" online |
| Information overload | Wading through this garbage of information is frustrating |
| Not necessarily useful for the touch and feel type of products (clothes & furniture) | |

Some key advantages according to the older age group that the Internet had over other traditional communication methods was that it was convenient to locate and access information, low cost and users felt in control of the information. In comparison the younger age group felt that the information was more honest, it was more detailed and it was a good education tool. With regards to the disadvantages both groups felt that there now seemed to be an information overload and there was too much of "crap" online these days.

## 6.23.i. Comparing how the two consumer groups begin their online search

Both groups relied on a variety of methods to begin their search, the two common methods included search engines and using a company or brand name in the address

bar. However, the younger generation group also relied on industry portals when beginning their search.

# Chapter 7 - Discussion

This study investigated key themes in online consumer behaviour, using a qualitative research method. There were ten key variables identified through a thorough search and understanding of the past literature in online consumer behaviour. An aim of this study through the understanding of online consumer behaviour was to suggest what implications this would have on the marketing function, and on marketers, who are increasingly using the Internet to communicate and sell their products. The study utilised demographic variables especially age and to a certain extent gender, in trying to understand if people of different age groups behaved differently in their search and shopping behaviour online.

This study found that generally 'convenience' was a key motivating factors for people to use the Internet to shop. The older age group, which consisted mainly of white-collar workers, stated that it (the Internet) saved them time and effort and released them from tasks such as mundane shopping. Cheaper prices, and the large variety of products and services, that are now available from around the world were other key reasons for both groups (older & younger) to search and shop online. Having said that, it was ironical to note that one of the barriers for people shopping online was that they considered the Internet too expensive, especially with delivery costs. Another motivating factor, found uniquely in this study, was that consumers used the Internet to search and shop for hard to find products, unavailable in their local marketplace and in Australia. People interviewed mentioned that they used the Internet to satisfy their hobby seeking behaviour, and increased their collectibles. These findings can have enormous implications for hobby, collectibles and global marketers to raise awareness and their product profiles using such online methods.

On the issue of what barriers still exist that prevent consumers from shopping online, it was found that consistent with earlier literature, security and privacy were the leading barriers reducing and at times, inhibiting shopping online. Both of the age groups investigated for this study supported the view that security and privacy were major concerns of theirs. Due to the age factor, the younger group who could not get access to credit card facilities found this to be a major barrier.

The convenience factor that acted as a major motivator to the older generation group was dramatically reduced because of inflexible delivery schedules by major supermarkets such as Coles and Safeway in Melbourne. This was of great concern to the working female segment interviewed, who suggested that retailers should deliver products ordered online for at least between 18-24 hours of the day. This group found it extremely inconvenient to wait for the delivery of their groceries between 9am – 5pm, Monday to Friday, which was the case now. Delivery as an inhibitor to shopping online has not been specified in other past literature.

The type of product and/or service also acts as a barrier especially when it comes to the final act of purchase. Consumers in this study are satisfied with accessing information for products such as clothes, fashion and furniture. However when the actual time arrives for the purchase, it was felt that the product would have to be physically inspected. This is consistent with assertions made by Peterson et.al. (1997) and Phau and Poon's (2000) study of the Singapore online consumer, where it was found that high-involvement and the touch and feel type products was harder to sell and distribute online. Travel, tourism and destination marketers should include the

Internet as part of their strategic marketing planning process, as all interviewed from both age groups strongly emphasised that these type of products topped their list in terms of searching for information and purchasing. This study's finding was consistent with Peterson et.al. (1997) hypothesis, and Phau and Poon's (2000) findings, that the more information based and digital in nature that the product was, the more it would be suitable for sale and distribution online. Hence products such as travel & tourism, music, software, books and news were purchased directly from the online medium.

This study also investigated what were the products and services that consumers searched information for online, but did not actually buy, and the reasons for not buying online. The younger generation group mostly conducted searches online, but they did not have facilities such as credit cards to make the purchase online. Many of the younger segments were wary of using the Internet to conduct their banking and finances and preferred to use banks and automatic teller machines (ATMs).

Most products and services that involved the kinesic senses were not considered suitable to be purchased online. This was the general feeling of both age groups. Products such as fashion, clothes, furniture, and prepared food were often cited as examples of products that were not suitable to be purchased online. However, a majority stated that they accessed information about these products over the Internet, and used that information to go to retail outlets to physically inspect these products. Marketers should note this with care. Information about such products and services needs to be provided online, coupled with a choice of retail outlets for consumers to visit, inspect and compare.

An erosion of brand names in association with the rise of the Internet has been hypothesised by researchers but not yet tested. It has been suggested that as the Internet continues to grow, leading to not only more variety in products but also a depression in prices, consumers will change brands constantly and become less brand loyal. This in turn will considerably reduce brand equity and finally lead to brand erosion. This research has uncovered that leading brand names will continue to enjoy equity and goodwill, and furthermore, that the Internet can enhance brand awareness by companies designing suitable websites for consumers to visit. A key variable that links the continued goodwill of a brand is price.

Consumers felt that the higher the price of a product the more they would gravitate to consuming well-known brands. To illustrate this further, one of the interviewees used the example of Adobe (the software manufacturer). Accordingly the higher the price of a software program the more this consumer would purchase the Adobe brand. However, if the software were between $5-10, the consumer would have no problems buying private labels, lesser-known brands and switching between brands constantly.

Marketers should extend their brand name and image, and build equity by using the Internet. Many respondents felt that products and services via company websites should be consistent and have the same appeal that they have offline. A product such as Pepsi has an appeal of fun and excitement and appeals to the younger age segment. Hence, in accordance with this offline appeal, Pepsi has created a site, which has a mixture of fun and excitement, it has music stored for the young and gives information about surfing and extreme sports that young people these days have

interest in. The Internet has to be included in the strategic brand building process by the product and brand managers in the organisation.

The Internet, contrary to various suggestions has not replaced the role that traditional media plays in disseminating marketing information to consumers. All respondents interviewed for this study still believe that traditional media such as television, newspapers, radio, billboards, company brochures and sales personnel have a role to play in communicating marketing information from the organisation. However, it was strongly emphasised that the Internet is being regarded as the key source for accessing product and service information these days. In comparison to other traditional communication channels, consumers find the Internet to be a source producing more in-depth information. Traditional channels such as television, radio and the print media can offer only broad brand awareness. The Internet on the other hand can give consumers much more detailed information about the product, service and the organisation.

It was generally agreed that the Internet should not be treated as a substitute to other traditional media used by marketers. On the other hand it is an extremely exciting compliment to the other traditional media and can emphasise and disseminate deeper product and organisation knowledge to the consumer. Most consumers interviewed for this study felt that the Internet and its power in disseminating information has made them much more knowledgeable consumers, which some felt could be a threat to marketers.

The Internet undoubtedly has now become the first port of call for consumers to collect product, brand and organisation information. Some respondents felt that while television advertisement conveyed all those fuzzy and emotional feelings about a brand, the Internet conveyed more cognitive type information. Both age groups had very similar feelings and beliefs about the role of the Internet as a medium for communication. In this context it must be mentioned that older generation females felt very powerful with information they collect online. They seem to now think that they are much more confident shoppers especially for gadgets, cars and financial products, considered for ages as being male oriented and dominated.

All respondents both young and old, unanimously stressed that the Internet and its power in disseminating and communicating marketing information has become a leading influence in their consumer-decision making process. The Internet has become first port of call for consumers to collect information in the decision-making process. Almost all respondents in this study emphatically stated that they would never purchase a product without seeking information online.

The flow construct pioneered by Mihaly Csikszentmihalyi, was later proposed by Donna Hoffman and Thomas Novak as a means of investigating and measuring consumer behaviour in an online environment. The latter two researchers measured 'flow' devoid of any real-world marketing issues. For example the concept of flow and its reactions was measured using students as a sample. This and the quantitative research method were cited as limitations by Hoffman and Novak (1996) and later by Rettie (2001). With this study, for the first time real consumers and a qualitative

research method was used to investigate the concept of flow, its influence on online consumer behaviour and likely implications to marketers.

Most of the older generation segment felt that flow did not hinder their searching and shopping behaviour. Flow seemed to distract them when they were novice users, whereby they became so fascinated with the amount of websites and information online that they constantly seemed to be getting lost. However, as they matured and mellowed as Internet searchers and shoppers, they had a firm handle on how to accommodate 'flow' when they begin to experience it. They stated that flow was not a distracter to them anymore, and they most often achieved what they set out to do online. They also felt that they now accommodated flow very well and were more goal-oriented in their shopping behaviour online.

In comparison, the younger age segment suggested that they kept getting lost when experiencing flow. It was not uncommon for this group to spend hours online and exit the website and the Internet without completing the task they set themselves in the first place. Flowing in a cyber environment such as the Internet was a major distracter, in the sense that it served to enhance their navigational, rather than goal-oriented behaviour.

Some common types of products and sites where older generation men experienced flow type behaviour were at travel, tourism, hardware, software and at hobby sites. Women in this age group experienced flow while chatting, planning events such as weddings and company parties and travel and tourism related sites. In comparison,

younger generation men and women experienced flow while surfing music, hardware and software, hi-fi equipment and entertainment-oriented websites.

Marketers need to understand clearly the relationship between website construction and search, shopping and general consumer behaviour online. This study investigated the relationship between search behaviour and the characteristics and features of websites. It aimed at investigating what features constituted a well-designed site, and what constituted a poorly designed one. It also investigated consumers reactions to good and poorly designed sites, and finally found examples or good and badly constructed Australian company websites.

In line with some earlier research in good web design, some of the key design characteristics that online searchers thought were critical to the success of a site were as follows:

- ❖ Easy and simple to navigate, hence site should not have many layers

- ❖ Text should be readable and use of colours should enhance the readability

- ❖ Corporate or brand name should be emphasised

- ❖ Should be quick to download

- ❖ Site should be interactive

- ❖ No "bells and whistles"

Both groups of consumers studied found the above to be critical in designing a good site, the older segment stressed that designers should not flaunt their technical know for the sake of it, but should keep in mind that consumers wanted simple and not

technically complex sites. The younger segment felt that sites should be more entertainment-oriented and did not mind the "bells & whistles", so long as the site is exciting and entertaining. All felt that designers should treat a website like any office or shop front, and similarly, if the office or shop looks and feels shabby, customers would feel reluctant to enter.

This study has tremendous implications for the marketing department within an organisation, which relies on the Internet to communicate and sell products to their consumers. The key consumer behaviour variables introduced and analysed in this study from an online perspective can give valuable information to marketers of products and services. Some of the lessons that marketers can take from this study are:

- Barriers still exist and prevent people from purchasing online and, this needs to be addressed to encourage more consumers to shop online.

- The Internet and a company's website is key in enhancing, extending and building the brand. It is imperative as part of a marketing strategy to generate the same feelings, emotions and awareness online as well as offline.

- The Internet is not a replacement for other traditional media when it comes to obtaining marketing information, but should be considered as an extremely important complement by marketers.

- Company websites accessed via the Internet for product and service information have rapidly become a key source for consumer decision-making activity.

- Websites need to be constructed with consumers in mind. They should be simple, not technical, and provide basic and adequate information.

- With the growth of the Internet, consumers feel much more in control of information they seek and obtain, and also feel in control when it comes to making purchase decisions.

- Marketers need to understand that the type of product has tremendous implications as to whether consumers will purchase it online. Products high in kinesic sense such as fashion, clothes and food are more likely to be purchased in a physical store rather than online.

- The Internet has revolutionised the marketing communication process.

- Research into areas such as the Internet and marketing are still in their infancy stage and hence research in this area needs to be progressed much further.

This study of online consumer behaviour in computer-mediated environments such as the Internet, is one the first doctoral theses in Australia. Some key limitations of this study stem from the fact that the study was conducted in Melbourne, Australia and hence broad generalisations across other cities and countries may not be made. The study investigated the online shopping behaviour of the demographic variables age and gender. Further research needs to be conducted with other demographic and psychographic variables.

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# Appendix 1 – Questions

*Initial Open-ended questions:*

1. Tell me about your shopping behaviour online

2. When was it that your first started searching and shopping for products online

3. What is it like? Do you enjoy the experience? Who if anyone, influenced you to search/shop online?

4. What made you to shift from searching/shopping from offline (bricks & mortar) to an online store?

5. What type/s of products do you search/shop for online (the research is specifically looking for behaviour when it comes to service type products – travel/tourism, banking and finance, education, insurance, legal practice, and medical services)

*Intermediate questions:*

1. Have you experienced flow when you shop/search for products? (After explaining what 'flow' is)

2. Is there any particular type/group/category of products that you search for or intend to purchase online that makes you experience flow?

3. Does flow interrupt you from actually buying the product online? Have you purchased a product online after experiencing flow?

4. Do you experience flow in any other type/s of activity (hobbies, work, walks etc). Is it similar to flow over the Internet when you search/shop?

5.  Why do you search/shop for these (ones mentioned) by the interviewee online? (Possible responses: convenience, cheaper, variety, flexible)

6.  How do get to know about where to begin your search? For example do you rely on search engines and use the company/brand name, or use special agents like portals – NineMSN, Greypath, Yahoo, Travelocity.

7.  Do you search online after you collect information from other sources and know precisely what and where to look at? (or) Do you begin with the Internet only and navigate along till you find what you are looking for? Is the product type the main determining factor for this behaviour? For example I learn about a brand of shoes offline and precisely buy for convenience or price online and in the case of my holiday I spend hours navigating.

8.  Do you find the Internet and certain web sites too challenging and overwhelming for you to navigate? Would you be able to name a couple of these sites? What made the site so complex? Will you keep finding your way around these sites and later buy or do you get frustrated and click off? What are the main elements that make these sites unattractive?

9.  What according to you are elements that make up a good site? (Prompt: simple, local, language, easy to navigate, entertaining, others) Can you remember and name a few outstanding sites? What made them so attractive? Did you purchase and have you or will you revisit these sites?

10. Why did you purchase/not purchase online?

11. Can you remember and name some of the most interactive sites that you have visited? What makes them so interactive?

12. Does seeking product information online help you in the decision-making process? How important is the information that you receive online in

comparison to other methods of communication by organizations and their products?

13. Does the value of a brand play a crucial role in helping you to decide about purchase? Has the Internet played down the importance of the brand of a product? Or does it make the brand more important? Does this depend on the type of product (high involvement v. low involvement and/or Copeland's classification i.e. Convenience, Shopping, and Specialty products)

14. In comparison to other communication methods from marketers (advertising, publicity, public relations, personal selling, company brochures, mobile advertising) how important do you rate the Internet? Has this tool revolutionized the communication process in marketing of products and services?

15. If you only search and do not buy online what are the reasons for doing so? Are there any barriers that you need to overcome before shopping online? If so what are these barriers? How can organizations address and reduce or even eliminate these barriers?

*Ending questions:*

1. Have you changed the way you seek product information after you started using the Internet for the same?

2. Similarly has your shopping behaviour changed over the last few years?

3. What type/s of consumer activity do you think has the Internet had its most impact upon? (Prompt: transactions, communication, seeking information, no

longer relying on offline word of mouth, no value for opinion leadership, broken down specific consumer cultural behaviour)

4. Is there anything about online searching/shopping that you might not have thought about before that occurred to you during this interview?

5. Is there anything you would like to ask me