

Internet is an Effective Tool for E-Shopping

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Abstract

In the online shopping process, when potential consumers recognize a need for some merchandise or service, they go to the Internet and search for need-related information. This study aims to investigate the impact of perceived value on customer intention to use the internet is an effective tool for E-Shopping and, more specifically, the impact that perceived value (comprising functional, social, emotional and epistemic values) has on Indian customer intention to conduct the two distribution channel functions, i.e. information collection and order placement, through the internet. Design/methodology/approach – A total of 295 usable survey responses were collected in the District of Visakhapatnam in Andhra Pradesh. Findings – The findings indicate that both functional and epistemic values have a significant impact on information collection and order placement. Nevertheless, social value has an impact only on information collection, whereas emotional value has a significant impact only on order placement. Originality/value – The aforementioned issue has rarely been researched but is essential to the development of a channel of distribution theory and is of immediate relevance to marketing practices. The paper pioneers the study of the impact of perceived value in this context work that empirically investigated such an issue.

Keywords: Distribution channels and markets, Consumer behavior, Internet, E-commerce, E-Shopping.

Introduction:

Online shopping behavior refers to the process of purchasing products or services via the Internet. The process consists of five steps similar to those associated with traditional shopping behavior. In the typical online shopping process, when potential consumers recognize a need for some merchandise or service, they go to the Internet and search for need-related information. However, rather than searching actively, at times potential consumers are attracted by information about products or services associated with the felt need. They then evaluate alternatives and choose the one that best fits their criteria for meeting the felt need. Finally, a transaction is conducted and post-sales services provided. Online shopping attitude refers to consumers. psychological state in terms of making purchases on the Internet. There have been intensive studies of online shopping attitudes and behavior in recent years. Most of them have attempted to identify factors influencing or contributing to online shopping attitudes and behavior.

Functional value and behavioral intention

Functional value refers to “the perceived utility acquired from an alternative’s capacity for functional or utilitarian performance”. That is, functional value is related to the perceived performance or utility of the product or the service (hereinafter referred to as the ‘offering’), i.e. the intrinsic ability of the offering to fulfill the function that it is created to provide, as well as the benefits associated with owning the offering. These activities have a positive impact on customer intention to utilize the internet for shopping purposes.

Social value and behavioral intention

Social value is “the perceived utility acquired from an alternative’s association with one or more specific social groups” the internet provides an evolutionary communication channel for social interaction by allowing users to efficiently and effectively swap information and share experiences with likeminded online communities and interest- group websites. In terms of trust, the evidence is overwhelmingly in support of the fact that increased trust leads to a constructive relationship that has a positive impact on future purchase intention.

Emotional value and behavioral intention

In this study, emotional value refers to “the perceived utility acquired from an alternative’s capacity to arouse positive emotion and feelings, or affective states in a constructive manner”. emotional value is related to the development of positive emotions such as happiness, interest, pleasant surprise and consistent with optimal stimulation theory, which posits that individuals, in general, are likely to select positive situations. In this study, accepting that the use of the internet is associated with the development of a range of emotions.

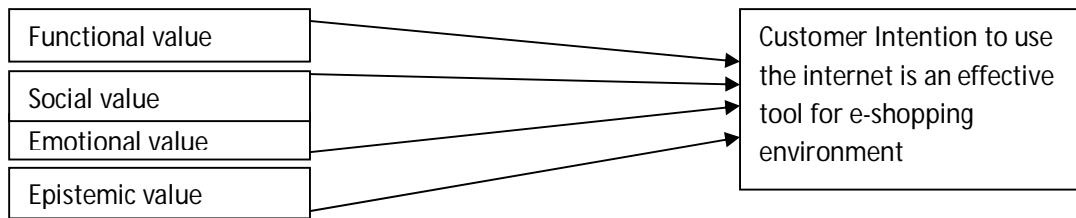
Epistemic value and behavioral intention

Epistemic value is defined as “the perceived utility acquired from an alternative’s capacity to arouse curiosity, provide novelty and satisfy a desire for knowledge seeking’ . Therefore, customers may choose an offering because of boredom with a previously purchased brand, or simply as part of a quest for variety, such as the desire to try a different breakfast cereal. In this respect, epistemic value may be taken as an influencer of both purchase intention and switching behavior. The effect of the epistemic value on shopping intention through the internet can clearly arise from curiosity and novelty as well as from the knowledge-seeking viewpoint. it is reasonable to expect that the epistemic value inherent in the internet will lead to the use of the e-shopping platform.

Research hypotheses

The following research framework and related hypotheses in Figure 1 reflect the anticipated relationships between the four perceived value dimensions proposed (i.e. functional, social, epistemic and emotional values) and the intention to use the internet in its capacity as an e-shopping.

Figure-1



H1. The perceived functional value of the internet is positively associated with customer intention to use the internet as an effective tool for e-shopping environment.

H2. The perceived social value of the internet is positively associated with customer intention to use the internet as an effective tool for e-shopping environment.

H3. The perceived emotional value of the internet is positively associated with customer intention to use the internet as an effective tool for e-shopping environment.

H4. The perceived epistemic value of the internet is positively associated with customer intention to use the internet as an effective tool for e-shopping environment.

Research methodology: A self-completion intercept survey was carried out in the district of Visakhapatnam, during weekdays and weekends and between 7:00 am and 9:00 pm to avoid potential bias. A systematic sampling with a one-in-ten selection of those passing the entrances of the designated locations and aged between 13 and 50 years old was employed. The determination of the respondents' age interval was based on the rationale that those below 13 lacked the necessary skills and maturity required to complete the questionnaire. Those over 50 were omitted because of an anticipated low level of experience and competence in the use of the internet. I have collected data from 295 respondents through structured questionnaire. Each of the respondents was requested to complete a three-part questionnaire. In part one, respondents were requested to indicate their perceptions of the four value dimensions. The task was repeated twice for two distribution channel functions, i.e. information collection and order placement. In part two, they were asked to indicate their intention to use the internet as a effective tool for E-shopping environment to carry out the two indicated functions. These two distribution channel functions were considered to reflect the two main types of functions associated with the use of the internet as a E-shopping environment. Information collection reflected the search aspects, whereas order placement was the transactional aspect for e-shopping purposes. The final part collected demographics such as gender, age, disposable allowance and educational level. The purpose of asking respondents to give their viewpoints associated with a second type of distribution channel function carried out through the internet for e-shopping purposes was to validate and strengthen the findings of the current study.

Data analysis: The information presented in Table I indicates that there was a relatively even percentage of male and female respondents. Over half of those sampled were below the age of 22 with few being over the age of 30. Less than half of the respondents had been educated above the junior college level. The current survey contained more female respondents. Of the sample respondents, 53.6 per cent were female.

Measurement accuracy analysis: The data collected were based on multi-item scales. Thus, before testing the specified hypotheses, research constructs had to be assessed for measurement accuracy. Measurement scales related to the two distribution channel functions, i.e. information collection and order placement, were examined, respectively. Internal consistency reliability was tested using a Cronbach alpha coefficient of 0.7, a composite reliability (CR) index of 0.7 and an average variance explained (AVE) value of 0.5. As can be seen in Table II, all values exceeded the recommended levels. Thus, the results provided evidence for internal consistency reliability. As for validity analysis, a confirmatory factor analysis was applied. The evidence of convergent validity was assessed by the significant loadings of each measurement item to its latent construct, whereas discriminant validity was evidenced by the correlation estimate of each pair of any two research constructs <1.0 , and the AVE value greater than the squared correlations between each of the research constructs. As shown in Tables II and III, not only did all indicators of discriminant validity fall within the accepted ranges, but all required correlation values and AVE values did, too.

Accuracy analysis statistics: Thus, it is confidently concluded that the analysis results provided support for convergent and discriminant validity. Structure model and research hypothesis testing Structural equation modeling (SEM) using LISREL 8.7 was employed to assess all hypotheses simultaneously as an integrated model based on information collection and order placement data sets. All fit measures and indices of the two data sets were above the generally accepted benchmarks (Table IV). The results indicated satisfactory overall structural model fit. The tests of hypotheses H1-H4 with information collection and order placement data sets then proceeded. The results are presented in Table V. They indicated that the four values exhibited considerable explanatory power as indicators of the intention to use the internet is an effective tool for e-shopping to carry out the two distribution channel functions of information collection and order placement (squared multiple correlation of 51 and 63 per cent, respectively), thus offering confidence in the assessment of the four hypotheses. As can be observed, three of the four hypotheses, in each of the distribution channel function data sets, were supported: (1). The expected positive relationships between functional and epistemic values and intention were supported for information collection and order placement. (2) Social value had a significant impact on only one of the two distribution channel functions, namely the intention to collect information through the internet. Conversely, emotional value had a significant impact on the intention to place an order through the internet.

Stepwise regression was then used to examine the importance of these facilitators in predicting consumer intention to collect information and to place orders online. Multiple regression models using a stepwise procedure were developed. Prior to regression tests, potential threats of multi-collinearity were checked. All the variance inflation factor (VIF) values were below 10 (1.51 for information collection; 2.34 for order placement), which indicated an absence of serious multi-collinearity threats. The stepwise method revealed that epistemic value was added first to the regression model in the data set of the intention to collect information ($R^2 = 0.376$, $\beta = 0.614$, $t = 13.3$, $p < 0.001$), and functional and social values were then added in that order, whereas emotional value was not. As with the previous SEM analysis results, epistemic, functional and emotional values were included in the final stepwise regression equation. Therefore, these three facilitators

were found to be important in influencing consumer intention to collect information online. Regarding the data set of the intention to place orders, emotional, functional and epistemic values were added in that order in the stepwise regression equation and were deemed important in facilitating consumer intention to place orders online. Therefore, consumer intention to place orders was influenced mostly by emotional value, followed by functional and epistemic values. Social value was the only non-significant and non-influential facilitator. The findings were also consistent with the previous SEM analyses.

Findings and Suggestions: This study suggests that implementation of the internet as a part of our e-shopping environment must encompass a comprehensive (rather than a partial) set of customers' perceived value. In other words, the temptation to focus exclusively on the provision of functional value should be resisted in favor of a holistic e-shopping environment. This study therefore suggests that the findings of these perceived value dimensions associated with e-shopping environment lead to the following managerial implications. On the basis of the results presented in Tables III and V, this study suggests that the provision of mechanisms designed to enhance the use of the related epistemic value be considered to have the highest priority. This study suggests that websites should place particular emphasis on the provision of information that goes beyond the functional or technical aspects of the offering. Arousal of curiosity, perceptions of novelty and other forms of knowledge enhancement must be incorporated. Mechanisms aimed at the development of functional value are considered to be the next highest priority. The design of websites should be capable of improving the whole shopping efficiency thereby enhancing internet surfers' perceptions of the derived functional value. Although emotional value has been found to have an impact only on order placement, the related high coefficient, when taken together with the earlier debate as to its possible synergistic effects with epistemic value, leads us to suggest that activities leading to the development of emotional value should be assigned the second highest priority. In terms of social value, the sharing of experiences with other users and other forms of socialization are also importance.

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Table I. Sample demographic characteristics (n = 295)

Gender	Frequency	%
Female	158	53.6
Male	137	46.4
Total	295	100
Age	Frequency	%
13-15	41	13.9
16-18	56	19.0
19-22	72	24.4
23-25	52	17.6
26-30	30	10.2
31-35	15	5.1
36-40	15	5.1
41-45	9	3.1
46-50	5	1.7
Total	295	100
Education	Frequency	%
Junior high school	60	20.3
Senior high school	104	35.3
Junior college/University	115	39.0
Master	15	5.1
Doctor	1	0.3
Total	295	100

Table: II Accuracy Analysis statistics

Research constructs	Information Factor	collection loading	Coefficient	CR	AVE	Order placement Factor	Coefficient	AVE	CT
IN	I intend to use the internet to [collect information/place an order].	0.89*	0.913	0.91	0.78	0.87*	0.909	0.70	0.90
	I plan to [collect more information / place more orders] using the internet.	0.87*				0.91*			
	I will [collect information / place an order] using the internet in the near future.	0.89*				0.84*			
FV	The internet is a reliable medium for [information collection/order placement].	0.79*	0.865	0.87	0.56	0.66*	0.880	0.74	0.89
	The internet is a satisfactory medium for [information collection / order placement].	0.84*				0.79*			
	The internet is a good medium for [information collection / order placement].	0.82*				0.79*			
	The internet provides timely service for [information collection/order placement].	0.65*				0.80*			
	[Collecting information/Placing an order] on the internet fulfills my needs well.	0.68*				0.82*			
SV	The public has a good impression of [information collection/order placement] on the internet.	0.54*	0.865	0.84	0.52	0.80*	0.922	0.60	0.93
	Sharing my experiences with [information collection / order placement] on the internet with others will make me more popular.	0.65*				0.85*			
	Sharing my experiences with [information collection/order placement] on the internet with others	0.79*				0.81*			

	allows people to understand each other.								
	People will notice me if I can share my experiences with [information collection / order placement] on the internet with them.	0.82*				0.87*			
	I will have close relationships with people if I can share my experiences with [information collection/order placement] on the internet with them.	0.78*				0.87*			
Em	[Collecting information / Placing an order] through the internet is interesting.	0.75*	0.861	0.87	0.57	0.81*	0.923	0.71	0.93
	[Collecting information / Placing an order] through the internet is enjoyable.	0.86*				0.85*			
	I feel relaxed when I use the internet to [collect information/place an order].	0.83*				0.83*			
	I feel good when I use the internet to collect information / place an order].	0.66*				0.87*			
	[Collecting information/placing an order] through the internet is a pleasurable activity.	0.64*				0.84*			
EpV	Collecting information / Placing an order] through the internet is interesting. Item	0.77*	0.871	0.87	0.63	0.81*	0.891	0.77	0.89
	[Collecting information/Placing an order] through the internet is enjoyable.	0.83*				0.84*			
	I feel relaxed when I use the internet to [collect information/place an order].	0.77*				0.81*			
	I feel good when I use the internet to [collect information / place an order].	0.79*				0.82*			

Notes: IN, intention to utilize the internet as a retailing platform; FV, functional value; SV, social value; EmV, emotional value; EpV, epistemic value; CR, composite reliability; ** significance level <0.001; *significance level <0.05; *** significance level <0.01

Table III. Correlations between research constructs

Information collection							
Research constructs	Mean	SD	IN	FV	SV	EmV	EpV
Intention (IN)	5.46	1.12	1.00				
Functional value (FV)	5.45	0.98	0.49	1.00			
Social value (SV)	4.71	1.01	0.37	0.37	1.00		
Emotional value (EmV)	5.15	0.98	0.42	0.51	0.50	1.00	
Epistemic value (EpV)	5.29	1.02	0.61	0.53	0.41	0.61	1.00
Order placement							
Intention (IN)	4.61	1.30	1.00				
Functional value (FV)	4.74	1.12	0.61	1.00			
Social value (SV)	4.39	1.15	0.57	0.60	1.00		
Emotional value (EmV)	4.67	1.12	0.70	0.67	0.71	1.00	
Epistemic value (EpV)	4.75	1.16	0.58	0.50	0.61	0.62	1.00

Notes: Scores 1, strongly disagree; 4, neutral; 7, strongly agree

Table: IV Structural Model Fit

Information collection							
Absolute-fit measures			Incremental-fit measures				Parsimonious-fit measures
ρ	GFI	RMSEA	AGFI	NFI	IFI	CFI	χ^2/df
0.00	0.85	0.080	0.81	0.95	0.97	0.97	2.90
Order placement							
Absolute-fit measures			Incremental-fit measures				Parsimonious-fit measures

Table: V Testing the hypotheses

Hypotheses	Information collection	Order placement
H1 (FV \rightarrow IN)	0.19**	0.23**
H2 (SV \rightarrow IN)	0.12**	0.03
H3 (EmV \rightarrow IN)	0.11	0.48***
H4 (EpV \rightarrow IN)	0.60***	0.19**
Squared multiple correlation	$R^2 \frac{1}{4} 0.51$	$R^2 \frac{1}{4} 0.63$

Notes: * $p < 0.01$; ** $p < 0.05$; *** $p < 0.001$; IN, intention to utilize the internet is an effective tool for e-shopping FV: functional value; SV: social value; EmV: emotional value; EpV: epistemic value