Shopping Involvement In Online Buyi Ng Strategic study with reference to antecedents and consequences

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Abstract

An increasing number and variety of firms and organizations are exploiting and creating we based business opportunities. Parallel, several researches has been conducted on business to consumer (B2C) e-retailing (Liu and Arnett, 2000; Collier and Bienstock, 2006; Deng et al., 2010. However, in a country like India where the culture of E retailing in drastically new , but the potential is huge there is a significant need to determine the derivers for customer satisfaction, trust and repeat purchase. Maintaining customer repeat-purchase intention and avoiding significant switching behavior to sustain operations and gain competitive advantage is thus important for E- retailers (Kuo and Hu, 2012).

This paper aims at investigating the impact of convenience, Perceive Risk, Variety, Shopping experience and Price on the Shopping involvement of the online customers. Moreover, the effect of shopping involvement and customer satisfaction is being evaluated on repeat purchase intensions of the customers. Based on the research findings, this study makes suggestions regarding management strategies typically for retailers who see Indian customers as a prospect for E- Retailing.

Key words Shopping experience, Perceived risk, antecedents, Customer involvement

1.0 Introduction:

An increasing number and variety of firms and organizations are exploiting and creating we based business opportunities. Parallel, several researches has been conducted on business to consumer (B2C) e-retailing (Benjamin and Wigand, 1995; Jarvenpaa and Todd, 1997; Liu and Arnett, 2000; Collier and Bienstock, 2006; Deng et al., 2010. With the growth of online shopping web sites the customer database has extensively increased in past few years and so has the research on this area. But the data for these studies have predominantly referred to the US markets or European markets, where determining factors for customer satisfaction have been extensively found out for E-retailing. However, in a country like India where the culture of E retailing in drastically new , but the potential is huge there is a significant need to determine the derivers for customer satisfaction, trust and repeat purchase. According to the report "Rebirth Of E-Commerce in India, by Ernest and Young, 2011 number of online transactions are increasing at a significant pace and cash on delivery is the most preferred

payment option with over 30% of buyers opting for it. Maintaining customer repeat-purchase intention and avoiding significant switching behavior to sustain operations and gain competitive advantage is thus important for E-retailers (Kuo and Hu, 2012).

So far, the Internet shopping has had a limited impact on Indian way of life. But a healthy growth in consumption and the technological awareness which India has witnessed has significantly lead virtual retailers to establish itself in a prominent position in the country's markets. However, with the tightening of time constraints and more busy schedules in today's era has also lead customer's dependence over E- Retailing. According to a report by Internet and Mobile Association of India, 2012 out of 19.6 million who accessed internet for shopping or for finding details related to a specific product or a service, nearly 73% (14.3 million) actually bought a product or a service in the end.

This paper aims at investigating the impact of convenience, Perceive Risk, Variety, Shopping experience and Price on the Shopping involvement of the online customers. Moreover, the effect of shopping involvement and customer satisfaction is being evaluated on repeat purchase intensions of the customers. From the practitioner perspective, measuring customer satisfaction and understanding its underlying dimensions on repeat purchase intension is significant because it enables online sellers to benchmark their

performance and to identify areas that require improvement. Based on the research findings, this study makes suggestions regarding management strategies typically for retailers who see Indian customers as a prospect for E- Retailing.

2.0 Literature Review:

Berry et al. (2002) and Seiders et al. (2007) have extensively reviewed the literature on consumer convenience in a service economy and define "service convenience" as consumers' time and effort perceptions related to buying or using a service. As a context-based concept, consumers' perceptions of convenience can vary from one retail format to other. Much of the existing convenience literature has typically focused to a study of the development of the multidimensional service convenience construct in conventional stores with brick-and-mortar retailing environment (Clulowand Reimers, 2009; Reimers and Clulow, 2009). But in some recent works on online shopping, construct of convenienceis treated as one of the major factors that prompt consumers to access online retailers' web sites (Ahmad, 2002; Jayawardhena et al., 2007, Jiang et al., 2012). Much of the prior research in the field of e-commerce has treated the convenience construct as one of the predictor variables towards customer service and trust,that affect outcome variables, such as customer satisfaction and behavioral intentions (Colwell et al., 2008; Seiders et al., 2007). The study conducted by Beauchamp and Ponder (2010) is in depth work on the convenience construct \which works on both online and offline shopping settings.

Convenience as referred earlier is not only in context to the customer convenience but also for the service providers. The level of perceived service convenience is primarily influenced by non-monetary costs – those relating to time and effort (or energy expenditure) (Jiang etal., 2012). Berry et al. (2002) had point out that the benefits of service convenience constitute saving time or effort, elements –time and effort. The impact of service convenience on customer involvement is yet to be evaluated for online shoppers. The less time and effort the customers require booking an order online the better he is satisfied with the service. So we can hypothesis that:

H1: Shopping convenience is positively related to Customer Involvement.

According to Kim and Kim (2005)consumers are given little opportunity to verify the quality of goods on their own and it is also not easy to test goods through interaction with the web vendor. When customers make a purchase from an unfamiliar web vendor, they are unable to judge the quality, and they do not know whether or not the service is reliable and legitimate. Risk affects the attitude and behavior of an individualin dealing with another party. Perceived risk is thought of as the degree to which a consumer perceives a potentially negative outcome from the online transactions Featherman and Pavlou (2002). Kathryn and Mary (2002) suggested that perceived risk represents an individual's assessment ofthe relative probability of positive and negative outcomesof a given transaction or situation. Even though risk is a multidimensional construct, twotypes of risk are categorized in the

context of Internet shopping; product category risk and financial risk. It is suggested that perceived risk correlates negatively with the degree of purchasing products online (Miyazaki and Fernandez, 2001).

H2: Higher the perceived risk, higher is the level of customer involvement.

Compared with a conventional retailer, an e-retailer is typically able to offer a wider range of product categories and a greater variety of products within any given category. A store in a mall is constrained by the availability and cost of floor space, whereas its online counterpart does not have such limitations. The e-retailer that offers greater choice can emerge as the dominant, top-of-mind destination for one-stop shopping and thereby increasing overall satisfaction. The role of shoppers involvement and the number of product variety is significantly not been studied. Although it can be judged with the high number of products available the customer involvement will surely increase. So we can hypothesize:

H3: Higher the Product Variety higher will be the Customer involvement.

The (direct) price of e-shopping over the Internet falls into two parts. An individual must first pay the market participation price or purchase the necessary computer hardware, software, Internet subscription, and provide for future updating and replacement. In our research we have focused upon the price of product as the antecedent to the level of involvement of the customer.

Customer Involvement has often been regarded as one of the important moderators that determine the final purchase decisions of customers (Celsi &

Olson, 1988). According to Suh and Yi, (2006) product involvement is likely to affect the satisfaction-loyalty relations by increasing or decreasing the effects on repurchase intentions of advertising, corporate image, and satisfaction. Thus we can say,

H4: The higher the price of the product the higher is the level of involvement of the customer.

Shoppers are very often of the `touch-and-feel' type, who prefers to handle and compare goods before deciding to buy. Indian shoppers regard shopping as an organic experience, and enjoy roaming the super markets, shopping malls and convenience stores in search of bargains while having an outing with the family. Under these circumstances, it is very important to discover whether consumers perceived at the outset that virtual shopping over the Internet would engender a comparable experience, and how significantly it tends to affect decisions to shop online.

H5: Higher the overall shopping experience higher will be the Customer involvement.

Involvement has been treated as major socio-psychological variable that explains individual differences (Festinger, 1957; Slama, 1985). Zaichkowsky (1985) defined involvement as a person's perceived relevance of the subject based on inherent needs, values and interests. The construct of Shopping Involvement has been studies for different retail formats. The difference our study creates is that the shopping involvement of a customer is being measured for the online

shopping he makes. The variables being studies under shopping involvement are Perceived Risk, Shopping Convenience, Product Variety, Overall Shopping Experience and Price.

H6: More the customer involved in shopping more the desire for satisfaction.

Repeat-purchase is the degree to which customers are willing to purchase the same product or service and it is predictor of future buying behavior (Lin and Liang, 2011). In this customer-oriented era, all retailers pursue customer satisfaction as essential to gaining sustainable growth and competitive advantages (Deng et al., 2010; Udo et al., 2010). That is, higher cumulative satisfaction can lead to higher repeat-purchase intention and frequency (Maxham and Netemeyer, 2002; Seiders et al.,2005). But the studies which talk about the same in online retailing are limited. Like the same was found among studies of e-retailing and online shopping (Collierand Bienstock, 2006; Lee and Lin, 2005). So we can frame our hypothesis as:

H7: Customer satisfaction positively influences repeat-purchase intention in online shopping. Conceptual Framework:
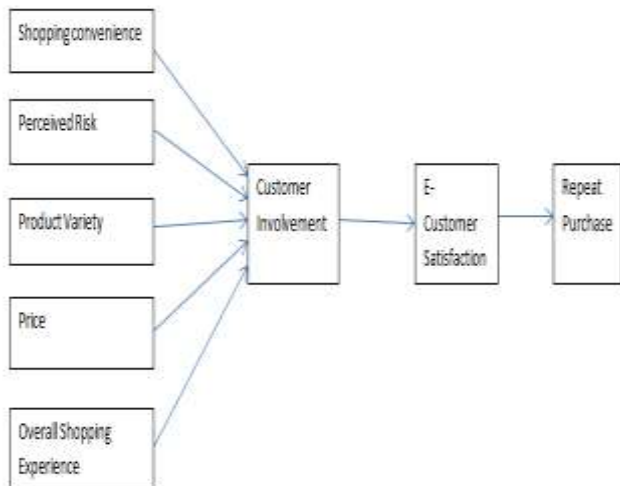
3. Research Methodology:

A structured questionnaire was developed which comprised of valid and reliable questions extracted from the previous literature. The questionnaire was then adopted in a pilot test involving 100 undergraduate and graduate students from two universities (Kerala Agricultural University and Kerala University of Fisheries and Ocean Studies, KUFOS) in Kerala. Subsequently, this study used Cronbach's α to test the construct reliability.

According to the results of the above analysis, no items were deleted and all constructs had Cronbach's a coefficients exceeding the 0.70 threshold, revealing considerable reliability (Nunnally, 1978).

Data were collected from a formal questionnaire consisted of four sections. The first section asked certain questions related to online shopping and shopping websites. The second section screened participants by its demographic profiling, the third part consists statements of variables Perceived Risk, Shopping Convenience, Product Variety,

Price and Overall shopping Experience. The fourth part of the questionnaire had variables of Customer Involvement, Customer Satisfaction and Repeat Purchase. All items were assessed using five-point Likert scales ranging from 1= "strongly disagree" to 5= "strongly agree." Except for "Pricing" and "Product involvement" all the other constructs are derived from the previous literature works. Table I lists the research constructs and items included in the questionnaire which were taken from existing literature. A total of 300 respondents from different areas of Kochi were catered. But there was a risk of whether the respondent had a prior knowledge of shopping online or not. To eliminate this we asked the first set of questions which had information about certain shopping websites. Later the questionnaires were screened for the answers; the respondents who gave the right answer for the first set of questions those questionnaires were included. So in all 264 questionnaires were screened as ideal for the further investigation.

Data Analysis

The process of purification considered of factor analysis (varimax rotation and elimination of items with multiple loading above 0.74) followed by examination of the levels of internal consistency (Coefficient Alpha Criteria).The KMO Bartlett test for scale relaibilty was .692.The sample items were first checked for the reliability using Cronbach's Alpha. A value of 0.6 or less generally indicates unsatisfactory results (Malhotra, 2007, p. 282 and Hair, 2007, p.88). The value of Cronbach's alpha for the sample selected for the study came .885 which is greater than .6; it implies that data collected was reliable. Reliability of data collected was tested on individual scales also. The Cronbach's alpha for the individual constructs was tested and was satisfactory. The model was tested using structural

equation modeling in LISREL 8. The whole statistics establish acceptable model fit (CFI= .985, NFI= .984, RMSEA=.072, χ^2 = 359.86 with df= 163). Normality, skewness, and kurtosis were examined through descriptive analysis. The outcome of confirmatory factor analysis demonstrate overall fit was acceptable (CFI= .988, NFI=.991, RMSEA = .063,χ^2 =381 with 191 df). The above result was supported by previous research (Kline, 2005, Steiger, 2007). Consequently convergent validity was evaluated by examining the magnitude, direction, and statistical significance of the examined standardized factor loadings (Anderson and Gerbing, 1988).The entire significant factor loading are represented in Table.1. This research reported the average variance extracted (AVE) and reliabilities for different construct. The result was braced by previous research Gerbing and Anderson (1992). The reliability and AVE of different construct were reported for perceived risk (0.95, 0.869), Shopping convenience (0.93, 0.927), product variety (0.85, 0.827), price (0.88, 0.852), customer involvement (0.86,0.793), overall shopping experience (0.93,0.901), customer satisfaction (0.96,0.846), repeat purchase (0.91, 0.846). Table2. Explained the correlation which supported the AVE value of any two constructs should be greater than squared correlation. The outcome of nested models, sequentially fixing correlation (phi's) to 1 Anderson and Gerbing (1998). This research examined one pair of factor at a time, and found support for discriminant validity which was supported from (Dabholkar et al., 1996).

A multiple regression analysis was run to assess the degree to which the shopping convenience, perceived risk, product variety, price and overall shopping experience are associated with the customer involvement. In Table 3.Depicts the results of multiple regressions. Entering the five variables as the independent variables in the multiple regression the R value came out to be .843 and p=.000.The Durbin and Watson value was recorded as 2.65. The findings of the result depicted shopping convenience (B= 0.353), Perceived Risk (B=0.316), Product Variety (0.492), price (0,410) and Overall shopping experience (0.463) all five had a strong impact on customer involvement. Among thefive variables, product variety was found to have the strongest impact with t=3.807, p=0.000. So the results of

multiple regressions prove our hypothesis H1, H2, H3, H4 and H5.Another important aspect of the study was to study the relationship between customer involvement and customer E satisfaction and also to analyze the relationship between Customer E satisfaction and Customer Retention. A linear regression was run to analyze the customer involvement is significantly related to customer satisfaction, the results also demonstrate the same. The linear regression was run between customer involvement as independent variable and customer E satisfaction as dependent variable. The R value came out to be .862 and p=.000. The findings of the result depicted that customer involvement (B = 0.534, T = 3.084 and p= 0.003) had a strong impact on customer E satisfaction. Hence hypothesis H6 is proved. Similarly, the linear regression between Customer E satisfaction and Customer Retention was run. The value of R came out to be 0.813 and p= 0.000. The findings depicted that customer e satisfaction is (B= 0.424, T= 0.360, p= 000) had a strong impact on customer E satisfaction. Hence hypothesis H7 is proved.

Conclusion:

The conclusions drawn from this study make contributions in two main areas. Firstly it helps to derive the antecedents to customer involvement and secondly it explains the relationship of customer involvement, Customer E satisfaction and Customer Retention. More specifically, Perceived Risk, Shopping Convenience, Product Variety, Price and Overall shopping Experience have significant relationship with online shopping involvement. Further, the results showed a positive relation between customer involvement and customer E involvement and also between customer E satisfaction and Customer Retention. The analytical results are generally consistent with previous studies (Muniz and Guinn, 2001). Our study is important from the perspective of academicians and managers. E-Retailers must

build and manage high quality, long-term relationships with their customers. Therefore, our study has important implications for the management of online customer retention. Moreover the study focuses on the construct of Customer involvement. It suggests that e- retailers should pay more attention towards building customer involvement. Specifically through emphasizing of the five variables being focused in the study. It is widely recognized that customer retention has a powerful impact on the performance of Internet based businesses. This study confirms the robustness of Shopping involvement, explaining Perceived Risk, Shopping Convenience, Product Variety, Price and Overall shopping Experience for users within the context of online shopping.

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