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CONSUMER VALUE IN ELECTRONIC RETAILING: A LABORATORY EXPERIMENT IN BUYING CLOTHS

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Abstract

Electronic retailing is expected to affect consumer behaviour many ways through creating new consumer value. In this paper, we adopt a mixed value approach to the consumer value problem in the context of electronic retailing of clothing. We attempt to discover the dominant value patterns that best characterize the underlying consumer value patterns motivating consumers in their purchase situation. In order to do so, we designed a laboratory experiment with 28 participants. Our findings suggest that even in a relatively simple laboratory setting such as ours, consumers are motivated by a number of drivers, not all of which are covered by the concept of economic rationality. They tend to factor multiple value components into their purchase decisions, yet a relatively limited set of value categories of economic, instrumental, and hedonic value goes a long way towards explaining consumer purchase decisions in electronic retailing.

Keywords: E-retail, apparel, consumer value, laboratory experiment

1 INTRODUCTION

E-commerce is not a new phenomenon anymore, but becoming an alternative channel among others, also in retail. Instead of just using a single distribution channel to acquire products and services consumers are increasingly shopping through multiple channels (Kim et al., 2005). The growth of Internet retail in global scale has been steady, even though not dramatic, and the same has been true in Finland: the total value of e-retail has grown from 1,4 million € in 2000 to 33 million € (estimate) in 2006 (ECF ry, 2006[1]). In Finland, the top four categories for business-to-consumer e-commerce are travel related services, books, apparel and cd's (ECF/Taloussanomat 9.11.2006).

In this paper, our specific focus is on electronic retail of apparel, or cloths. While many of the key issues, such as security, are the same across all product and service categories, there are a few distinct difficulties with apparel: First and foremost, apparel is something to wear, which is a very personal and subjective thing for the consumers. This is translated into very strict conditions for product presentation at apparel web sites. Virtual models that are tailored for the individuals' measures are quite a challenge for the system developers. Also the lighting and reflection properties of clothes are difficult to present with current web technology. (Tuunainen & Rossi, 2002)

Electronic retailing is expected to affect consumer behaviour many ways through creating new consumer value. Customer perceived value results from an evaluation of the relative rewards and sacrifices associated with the offering (Yang & Peterson, 2004). Customers' perceptions of the value of a good or service are based on their own needs, experiences, desires, expectations, and their beliefs about the goods or services (Bowman & Ambrosini, 2000). Most often, Internet is not a substitute for the physical store, but instead is a complement. It has been noted, however, that consumers are in a

[1] www.ecf.fi

different frame of mind and have different informational needs when shopping online and in the physical store therefore the experience of shopping should not be identical in each channel. (Burke, 2002) Hence, also the perceived consumer value should be different.

1.1 Creation of consumer value in electronic retailing

The exact content of consumer value creation may vary across product categories and consumer groups, yet, we can distinguish two basic sources of consumer value that have been connected to electronic retailing: economic value and hedonic value.

Economic value is typically connected to tangible benefits, such as performance gains do to low costs of information dissemination in the electronic retailing context. Consumers are expected to benefit from using electronic retail outlets by easily locating products that best meet their tastes and needs. Lowering search costs will enable consumers to make better purchase decisions or allocate their resources, previously tied to pre-purchase search, to other activities (see e.g. (Bakos, 1997)).

The hedonic value concept (see eg. (van der Heijden, 2004)), on the other hand, is typically used to portray the enjoyment consumer experiences during the purchase product. The exact source of pleasure may vary, yet, many, if not most, consumers tend to enjoy purchasing at least some products. In marketing literature such enjoyment is usually connected to the concept of involvement. Some product categories are more important for the consumer. These products are typically related to his or her interests, self image, and so forth.

What is missing in the academic discourse, we believe, is an attempt to bring actual consumer behaviour and theoretical insights together. While separation of values in economic and hedonic categories is conceptually sound, it may distort our perception of actual consumer motives. It is reasonable to expect that consumers, or at least some of them, factor both economic and hedonic values into their shopping experience.

In this paper, we adopt a mixed value approach to the consumer value problem in the context of electronic retailing of clothing. We attempt to discover the dominant value patterns that best characterize the underlying consumer value patterns motivating consumers in their purchase situation.

We have three propositions that we test in this paper: 1) Electronic retailing related consumer value comprises, in many cases, both economic and hedonic factors. 2) Value creation affects consumer behaviour in some meaningful ways making understanding of it an asset for development of electronic retailing outlets. 3) Value creation can be observed and these observations can be used to create consumers segments, which enable retailers to target likely buyers.

2 EARLIER RESEARCH ON CUSTOMER VALUE CREATION

To provide consumers with more value than its competitors do is the overt goal of any organization as it is also the means to reach the company's ulterior goals such as profit. Consumer value is a much debated topic and has attracted a number of definitions. Much of this discussion has been traditionally rather product-centric (Babin, Darden et al. 1994). Zeithaml (Zeithaml 1988), for example, ends her extensive review of consumer value with the following definition: "perceived value is the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given." Babin et al. (Babin, Darden et al. 1994) point out that shopping demonstrably provides both task-related, or product-acquisition (Bloch and Richins 1983), and hedonic value (Bloch and Bruce 1984). Thus, to capture the salient ingredients of consumer value a shopping value measure should comprise more than just functional utility (Bloch, Sherrell et al. 1986).

In this paper we adopt the wider perspective on consumer value as proposed by Babin et al. (Babin, Darden et al. 1994), since our focus is on the relative merits digital retail channels offer for consumers. Hence, we are not only interested in consumer benefits through market efficiencies and measured with

price or product qualities, but also in value created to through enjoyment related to the shopping process itself. We are not alone in our endeavour. Previous efforts by e.g. Lee and Overby (Lee and Overby 2004) have linked both product and shopping-related benefits to consumer value creation in electronic retailing. In this paper we seek to explore the respective effects functional and experience related value on consumer decisions on electronic markets. We will focus on generality and consistency of the effect of value components on consumer choice.

2.1 The electronic market value propositions

Electronic markets have qualities such as low cost of information dissemination which give rise to expectations of increased value creation to consumer who choose to shop electronically. It may be that some of the value components are new, yet, more likely the value cocktail of electronic retailing contains the same ingredients as conventional retailing, yet, has a consistency different from the value proposition of the more conventional retailing. Understanding the effects of this recipe of value creation on consumer behaviour is essential, we believe, to further develop electronic channels to better meet with the needs and tastes of consumers.

The Internet is currently the only viable technological environment for electronic consumer markets. Hence, we will henceforth substitute Internet for electronic markets when discussing the currently observable phenomena of electronic retailing. The most frequent expectation related to Internet based commerce is that distribution costs are typically low. By distribution costs, we denote costs such as creating and maintaining the physical retail environments. For Internet retailing these costs are relatively low since the retail outlet and the warehouse can be one. Electronic outlets do not have to physically co-locate with customers' manor and the physical environment is of little importance since customers are not able to observe it. Thus, electronic markets are expected to dilute the importance of store location (Rayport and Sviokla 1994; Balasubramanian 1998). Declining distribution costs should be reflected in relatively low average price levels on electronic markets.

For customers the most dramatic direct effect of electronic markets is the decline of information dissemination costs, this in turn is reflected in decreasing search costs. As marginal cost of electronic information transfer is nearly nonexistent consumers may reach farther. Greater number of alternative products available to consumer is hypothesized to enable consumers to more accurately select the good or service best matching his needs and wants (Alba, Lynch et al. 1997). They are also expected to be able to extend other dimensions of their pre-purchase information search and become better informed about available products. A further benefit of electronic markets is the existence of comparison tools that hold the potential of making product evaluations more effective (Bakos 1991b; Bakos 1997; Bakos 1998). Easy price comparison should lead consumers to become increasingly price sensitive. However, both Alba et al. (Alba, Lynch et al. 1997) and Bakos (Bakos 1997) note that electronic markets do not facilitate retrieval of price information only. Independently, the cost of search for product attribute information could also be lowered, which should lead to more accurate procurement decisions and decrease consumers' price sensitivity. To summarize: consumers are expected to have a wider selection of products to choose from, familiarize themselves nearly exhaustively with the available options, and choose consistently the best offering among products best meeting their needs and wants.

Keeney (Keeney 1999) probes consumer perceptions regarding the value of Internet commerce to the customer. He identifies nine fundamental, related objectives. Formulated as maxims, these objectives are: maximize product quality, minimize cost, minimize time to receive product, maximize convenience, minimize time spent, maximize privacy, maximize shopping enjoyment, maximize safety, and minimize environmental impact. The list is constructed to be an exhaustive record of objectives linked to consumer value in the Internet. Thus, any objective may exist in consumer decisions in connection to electronic markets while some may be absent. Further, none of these objectives seems to be limited to electronic markets. For example, the objectives concerning maximization of convenience or minimizing time spent have previously been related to direct sales

channels in general. Past research (Eastlick and Feinberg 1994) has shown that convenience is a principal reason for patronage of direct channels. They argue that retail stores provide many benefits over direct channels: quicker gratification, opportunity for physical inspection, and easier product returns. According to them, in the absence of transportation costs, consumers would typically purchase from the retailer rather than the direct channel. (Eastlick and Feinberg 1994).

2.2 Utilitarian and experiental value categories

Lee and Overby (Lee and Overby 2004) advance the broad value base position of Bloch et al. (Bloch, Sherrell et al. 1986) by suggesting that in an online setting customer value consist of two dimensions: utilitarian and experiential dimensions (see Figure 1). Utilitarian value reflects task-related worth, and is an overall assessment of functional benefits including price savings, service excellence, time savings and selection. Price savings are an economic value dimension. Products that are offered at right prices given the quality derive value for the consumers. Service excellence is a dimension that involves quality judgments for the services being offered. Time savings is a dimension that is of special importance to those consumers who are pressed for time and need to conserve it. (Lee and Overby 2004) Wide enough online selection is an important dimension as well, contributing to customer satisfaction in e-commerce (Szymanski and Hise 2000). The importance of the selection dimension is likely to increase when the desired items are not available locally (Lee and Overby 2004).

Experiential value is an overall representation of experiential benefits derived from entertainment, visual appeal, escapism and interaction. Experiential value reflects hedonistic worth found in the shopping experience itself. Consumers may browse through many different sites just for entertainment and fun. The aesthetic and outlook of the sites may create visual appeal for online shoppers. (Lee & Overby 2004) The escapism or escape value refers to the online consumers' out of routine experiences and letting them escape the every day life and worries (Mathwick et al. 2001). The interaction value refers to the value added and benefits gained though interaction with the marketer and other consumers (Lee & Overby 2004).

According to Readon and McCorkle (Reardon and McCorkle 2002) another tradeoff is between time and psychological income. Some consumers will desire a shopping experience that extends beyond the utility of it. These consumers will view shopping in some product categories as a pleasurable and social experience where saving time is not their primary objective. For this traditional retailers may hold the advantage over the direct marketers. However, for more technology-oriented consumers, pleasure derived from shopping on the Internet may be greater than from shopping through other channels. (Reardon and McCorkle 2002)

The relationship of utilitarian and experiental value is still under debate. While Lee and Overby (Lee and Overby 2004) observed a weak association between these value categories, Sheth et al. posit that value categories are independent and their contribution to consumer choice is incremental (Sheth, Newman et al. 1991). For this paper we solve this dilemma by the following reasoning. To warrant the grouping of consumer value into two distinct categories, the groups should be mutually exclusive. Utilitarian value components should not be transitively related to experiental value and the same applies to experiental value components. Thus, any positive perceptions that accrue from gains on functional value components should be ascribed to utilitarian value only. If we can't distinguish positive feelings emanating from utilitarian and experiental gains we have a measurement problem. The only tenable source for an association between the value categories is based on the influence a value category has on perceptions of value components belonging to the other category, not vice versa. Some theoretical grounds for experiental → utilitarian relation exist. Mood has been shown to affect product information processing through evaluation bias (Meloy 2000). Consumers in good mood are demonstrably more prone to positive product evaluations than consumers who display lower levels of positive frame of mind. We have failed to find reasoning to justify the reverse relationship and, thus, posit the one-way relationship experiental → utilitarian between the value categories.

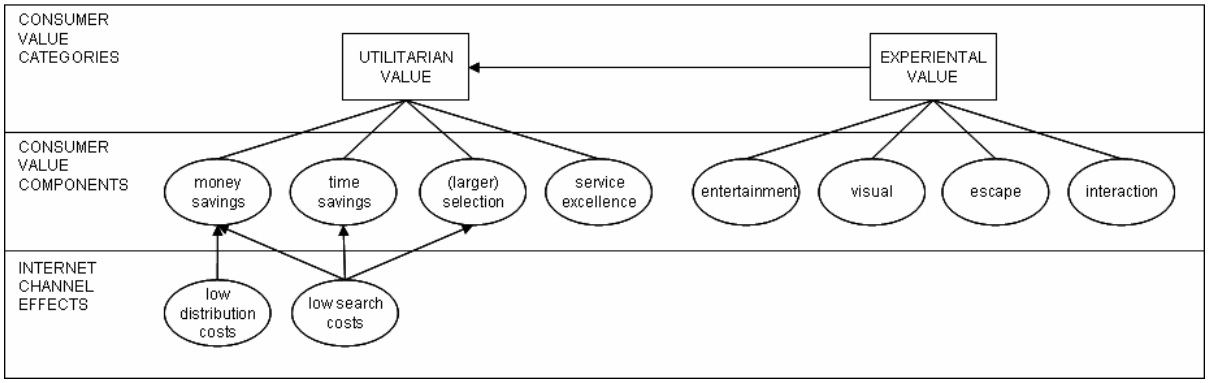

Figure 1: Consumer value creation in the Internet.

We aim to explore the effects of utilitarian and experiental value on purchase decision. In particular, we are interested in testing generality and consistency of the value category effects. We also seek to single out the most salient value components in both value categories. Hence, we limit ourselves to study the effects of the two value categories, utilitarian value, and experiental value, we have identified as the most likely drivers of consumer decisions.

3 EMPIRICAL STUDY

In order to test our proposition, an experiment was designed to gauge the sources of consumer value and to investigate perceived net customer value of shopping for clothes online. The data was collected with observation of the experiment subjects' actions and behaviour, as well as a pre-test and post-test questionnaires. Observation included making notes about the actions of the subjects. The pre-test questionnaire was used to gather demographic information as well as information about their Internet related experience and earlier involvement related to clothes purchases. The post-test questionnaire was used to find out about their perceptions and opinions about their online shopping experience.

3.1 Subjects of the experiment

We used university level students as the subjects in the experiment. Use of university students is in line with Swinyard and Smith (Swinyard & Smith, 2003), who claim that online shoppers differ substantially from online non-shoppers in that online shoppers seem to be younger, wealthier, better educated, have higher computer literacy, spend more time on their computer, spend more time on the Internet, find on-line shopping to be easier and more entertaining, and are less fearful about potential financial loss resulting from online transactions.

All together 28 people took part in the experiment. The group of people who participated was rather homogeneous. All but one of them had an academic background. Most of them were young adults in their twenties with a few more mature participants in the group. Half of the participants were female and half were male. Most of the participants were single, but a good part was either married or living with a partner. Only one of the participants had children.

All of the participants have used the Internet at least for seven years, almost half of them more than ten years. All but one participant had purchased something online prior to the experiment. The majority of participants shop something online at least twice a year, most of them between three to five times per year. Only a few of the participants had previously purchased clothes online. The majority of participants occasionally shop for clothes just for fun. Women in this sample had a more recreational attitude to shopping than men who tended to emphasize need when shopping for clothes.

3.2 Experiment setting and task description

The experiment was set up as a laboratory experiment, since it was not possible to go and observe participants at their homes or other 'natural' environments shopping online. There was a computer for the participants to shop online and a separate monitor reflecting the screen of the computer for the researcher to observe what the participants were doing online. Roughly described, the experiment was planned to go as follows. The participant first filled out a background form. Then he or she performed the given task, and after the task the participant filled out a questionnaire about their opinions on the shopping experience (see Appendix).

A small pilot experiment was conducted before launching the actual experiment to see if there was something that needed to be adjusted. One male and one female took part in the pilot, each completing one of the two predefined tasks. The rationale behind this was to see if the time frame was realistic and the tasks could be performed in the given half an hour. Also feedback was requested concerning the questionnaires. Based on the pilot it was concluded that the planned time frame was appropriate and two questions concerning the familiarity of the site and online store were added to the questionnaire.

The subjects were randomly allocated to two groups of even gender distribution with two different task descriptions. The basic difference between the two groups lied in task related uncertainty. The first one was a specific task asking the participants to buy Levi's 501 jeans online. Levi's 501 jeans were chosen as the product since it is a universal product and it could be expected to be familiar to all the participants. The other task was less defined, asking them to buy trousers online. On both tasks the participants were asked to think out loud and explain what they are doing. This stream of thought and action was recorded. The participants were also instructed not to make the actual purchase but to take the purchase process near to completion without committing to buy anything. The participants were not obligated to make a decision to buy anything, but they were instructed only to make a decision to buy if they would do so in a real shopping situation, as well. The instructions for the tasks were given in written form to the participants to keep the instructions constant and to eliminate the effects of possible verbal variation in explaining the task. The participants were given a loose time restriction, and they were allowed to stop after a half an hour.

4 RESULTS OF THE STUDY

We will first summarize the results of the experiment in terms of the dimensions in Lee and Overby's (Lee & Overby, 2004) model on online shopping value, namely utilitarian and experiential value. The presented figures are based on the post-test questionnaire (Appendix 1) responses. We will then move on to a more detailed explanation on the buying decisions of the subject, in terms of our proposed mixed value approach of economic, instrumental and hedonic consumer value.

4.1 Online shopping values in the experiment

In general, the participants in our experiment did not find either of the tasks to offer significant customer value. Overall, the results from both the utilitarian values and the experiential values in the experiment yielded an average customer value score of 3.74, which implies minor dissatisfaction with the shopping experience among the participants. The trousers task received an average score of 3.9, when the Levi's task was given an average score of 3.54. The female participants felt they found less customer value in Levi's task (3.47) than the male participants found in the same task (3.74). With the trousers task, the values were the other way around: men were slightly less satisfied with the customer value of the trousers task (3.8) than the women were (3.93). On the whole, the average customer value scores did not differ much between men and women participating in the experiment, both were equally neutral or slightly discontent with the customer value of shopping for clothes online.

The participants found the utilitarian values to be greater than the experiential values. The average score for utilitarian values was 4.55 and for experiential values 3.27. The female participants were less satisfied with the utilitarian values offered by the Levi's task (3.99) than the trousers task (4.86), while tthe male participants were slightly more pleased with the utilitarian values offered by the Levi's task (4.7) than the trousers task (4.58). There was a significant difference in utilitarian values between the participants who decided they would buy the product (4.93) and the participants who did no wish to purchase the product (3.89), indicating that utilitarian values were an important factor among the participants in making a purchase decision.

Experiential values were not found to be as significant as the economic values by any of the participants. The participants were slightly more pleased with the experiential values of the trousers task (3.43) than the Levi's task (3.13), but neither task received a positive evaluation of the experiential values. Overall, the female participants were, to some extent, more content with the experiential values than the male participants. There was not a significant difference between the participants who would have purchased the products (3.2) and the participants who did not want purchase the products (3.12) implying that the experiential values were not highly essential to the participants in making the purchase decision.

All in all, the utilitarian values received a positive or neutral evaluation by the participants, where as the experiential values received negative evaluations with the exception of visual appeal. The order in which the participants appreciated the customer value dimension the most was: price savings, selection, visual appeal, time savings, service, entertainment, escape and interaction.

4.2 Buying decision explained

Since the aim of this study is to determine the effect of consumer value patterns on the purchase decision, we first created a Boolean table to investigate the association between the value patterns the subjects reported and the buying decision they made. The explanatory variables selected for testing are congruent with the components of the value categories previously identified in relation to consumer decisions. The explanatory variables were measured in the experiment with Osgood scales. The response variable was a dichotomy. For the actual analysis the explanatory variables were also converted to dichotomies. We interpreted negative values as zeros and non-negative values as ones.

We chose to use the comparative method (Ragin, 1987) to investigate the association of the value categories and the buying decision for the moderate number of observation. The transformed measurements were imported into a truth table to investigate the value patterns and their association with the buying decision. We first identified the salient value components in the value categories. We created competing truth tables to find solutions that combined good predictive qualities with parsimony of the explanation. We finally settled on a solution that retained value components as explanatory variables. The resulting truth table is presented in Table 1.

The explanatory variables are labelled A (price savings), B (time savings), and C (escapism) in the truth table to facilitate presentation of value combinations in the following discussion. The columns contain value 1 for observations where the type of value was reportedly perceived in relation to the most preferred option the subject found. The decision column displays the reported buying decisions. We have grouped similar observations together in the table and the count of each variable combination encountered appears in the fifth column of the table.

The table shows that easy explanations for buying decisions are hard to find even in a relatively simple setting such as our experiment. However, one can glean from the table two rather clear value patterns affecting the buying decision. Subjects who expressed that they experienced price savings, time savings, and escapism (pattern ABC) consistently chose to buy while those who experienced none of the values (pattern abc) included in our study unfailingly chose not to buy.

A [a]	*B* [b]	*C* [c]	*Decision* [d]	*Count*
1	1	1	1	2
1	1	0	1	5
1	1	0	0	2
1	0	0	1	5
1	0	0	0	2
0	1	1	1	2
0	1	0	1	2
0	0	1	1	1
0	0	0	0	5
Total				26

a) 1 = price savings present, 0 = economic value not present
b) 1 = time savings present, 0 = time savings not present
c) 1 = escapism present, 0 = escapism not present
d) 1 = buy, 0 = do not buy

Table 1: Truth table of value-buying decision relationship.

A number of other patterns also lead to decision to buy, yet not consistently. Combinations ABc, and Abc produced ambivalent results. Therefore, we deem that the value categories included in our study, price savings, time savings, and escapism comprise the drivers necessary to a positive buying decision, yet this value combination is not sufficient to explain all variation in buying behaviour. We included in our laboratory experiment all value components found in the Lee-Overby model, yet none of the components added to our selected value categorization. We will next discuss the effects of the value categories separately.

4.3 Utilitarian value

It is easy to observe that price savings were involved in most (16) decisions. What is more interesting, though, is that not all positive buying decisions could be explained with a favourable price perception. Four subjects reported positive price perception, yet decided not to buy and another five subjects reported positive buying decisions even if they judged the economic value of the decision to be low. Thus we can say that a positive price perception is not a mandatory precondition of positive buying decision.

Time savings were present in eleven positive buying decision and missing from two. In two cases time savings appeared as the sole value component responsible for the positive buying decision (pattern aBc). What is curious, however, is that two subjects reported both positive price and time savings (ABc), yet, chose not to buy. This leads us to suspect that there is some interpersonal variation in the 'calibration' of reported value perceptions. One possible method that could be used to get rid of these anomalies is to scale the answers proportionate to the reported personal average perception as suggested by e.g. Hair et al. (Hair Jr. et al., 1998).

In summary, it can't be said that economic value actually dominates consumer decisions in electronic retailing. The high frequency of economic value as a predictor of positive buying decision suggests that the product category, i.e. clothing, is expensive enough to lead most consumers to focus on the expenditure. Budget constraints are everyday reality for most consumers, and cost frequents as a criterion in their buying decisions.

4.4 Experiental value

Escapism is the least frequently perceived value component in our experiment. Purchase related experiences are often related to product involvement and it is likely that buying clothes does not invoke involvement in all of our subjects or in consumers at large for that matter. While the relative

infrequency of purchase related experiental value is not unexpected, its consistent effect on the purchase decision is.

Of those five subjects who reportedly perceived experiental value in the experiment setting, all also reported a positive buying decision. Experiental value was, thus, the least frequent yet the most reliable determinant of the buying decision in our experiment. We will elaborate on that, along with other findings in the following discussion chapter.

5 DISCUSSION

The picture that emerged from examining the behaviour of the subjects does not portray an economic value maximizing consumer. That is not to say that our subjects, or consumers at large, neglect economic value or that they behave irrationally. The image is just more complex. Our findings suggest that even in a relatively simple laboratory setting such as ours, consumers are motivated by a number of drivers, not all of which are covered by the concept of economic rationality. They tend to factor multiple value components into their purchase decisions, yet a relatively limited set of value categories of utilitarian and experiental value goes a long way towards explaining consumer purchase decisions in electronic retailing.

Utilitarian value measured by price savings was the most frequent perceived value component reported. While price savings appears to be the most frequent determinant of consumer value creation contributing to the total value of 16 (61,5%) subjects, it is also the least reliable in our tests. Of the 16 subjects, who reportedly perceived price savings in the best option they found during the laboratory experiment, four decided not to buy the garment. Thus, price savings succeeded in explaining consumer decisions in three cases out of four in which they were reportedly present.

Experiental value can not be applied to a similarly wide audience of consumers. Five subjects reported that they perceived escapism in their chosen option. The desirable feature of experiental value as a determinant of consumer decisions is its reliability. In our sample escapism succeeded in determining purchase decisions unfailingly. This finding suggests that there are opportunities to exploit consumer value structures to extract relatively high economic rents. Consumers commit themselves more strongly to purchase decisions in the presence experiental value drivers.

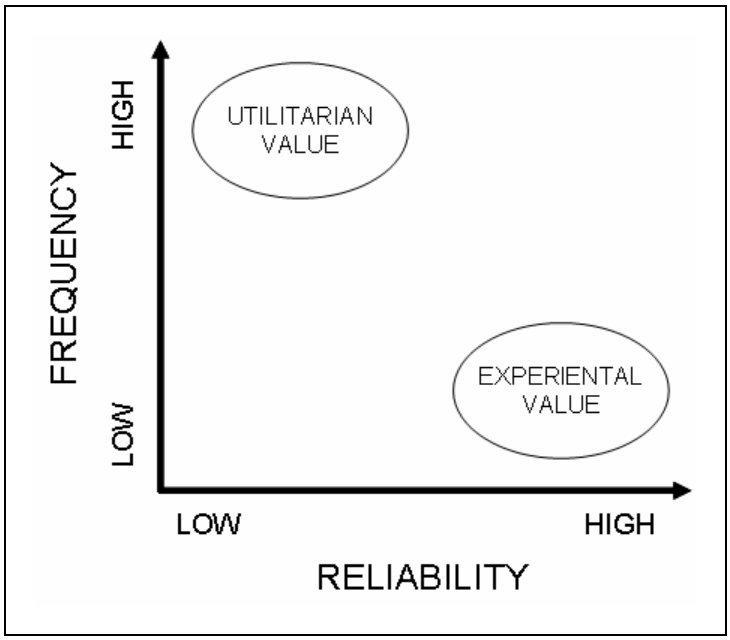

Figure 2: Value as determinant of buying decision.

Utilitarian value measured as time savings looms somewhere in between other utilitarian and experiental value components in both frequency and reliability of economic activity. The desirable characteristic of time savings is that they offer the sellers another opportunity to lessen consumer focus on price and, thus, extract economic rents that exceed the marginal costs of offering the products. When compared to experiental value components time savings appear to be a lot more frequent, yet, they are also less reliable and close to other utilitarian value components in this respect.

Our findings suggest that two properties of the consumer value components should benefit studies of consumer value accumulation and resulting buying decisions in electronic retailing context. We propose that frequency and reliability of the value category as a determinant of the buying decision (see Figure 2) should be included to capture the effects of the value components as drivers of the consumer purchase decision.

The low average scores attached to experiental value in our experiment suggest that current electronic retailers do not make full use of the possibilities related to experiental value creation, not at least in the clothing industry related electronic retail outlets. The retailers have either failed to grasp the relatively high impact experiental value has on consumer decisions, or they have failed to implement systems that meet most consumers' threshold for experiencing shopping related enjoyment.

6 SUMMARY AND CONCLUSIONS

Our study on electronic retailing of clothes sheds new light into consumer value creation in Internet environment. According to the results of our experiment, consumers are motivated by a number of drivers, not all of which are covered by the concept of economic rationality. They tend to factor multiple value components into their purchase decisions, yet a relatively limited set of value categories of utilitarian and experiental value goes a long way towards explaining consumer purchase decisions in electronic retailing.

At the outset of the study, we set up to test three propositions, which were all confirmed by the experiment: 1) Electronic retailing related consumer value comprises, in many cases, both economic and hedonic factors. 2) Value creation affects consumer behaviour in some meaningful ways making understanding of it an asset for development of electronic retailing outlets. 3) Value creation can be observed and these observations can be used to create consumers segments, which enable retailers to target likely buyers. Further research is, however, clearly needed. Hence, we are in a process of setting up a larger scale laboratory experiment to further refine and test our threefold model of customer value creation.

In electronic commerce improvements in the utilitarian consumer value components, with the possible exception of service excellence, seem evident. However, the effects of Internet retailing on experiental consumer value seem less obvious. There is scarce evidence to lead us believe that Internet retailing has substantially enhanced the shopping experience and even fewer extrapolations linking technological advances conceivable in the near future to massive improvements in this regard. We feel that experiental value has received undeservedly little attention since the focus of enhancing consumer benefits has been solidly placed on utilitarian value creation where the technological promises are strong.

While utilitarian value is certainly sought after by many if not most consumers, we feel that experiental value creation holds a lot of potential for enticing customers. Utilitarian value category may dominate the choice between conventional and electronic channels, yet, once the consumer has entered the electronic market, it is reasonable to expect utilitarian value components to loose in power of differentiating retail outlets since networking technology overcomes many of the traditional sources of retail outlet differentiation – such as geographical location. As utilitarian value looses in discriminate power experiental value gains on importance as a consumer motive of retail outlet patronage. Hence, we feel that experiental value category warrants more attention than it is getting at present.

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7 APPENDIX

Post-test questionnaire on the shopping expermiment

The opinions were measure on a scale from one: (1) complete disagreement to seven (7): complete agreement).

A: UTILITARIAN VALUE

Price savings:
1. The seller offerd a good economical value
2. Overall, I am happy with the prices of the seller.
3. The price-quality relationship of the product I purchased from the seller is good.

Time savings:
4. My life was made easier by buying from this internet site.
5. I saved time by making purchases from this site.
6. By buying from this site, I managed my time efficiently.

Service excellence:
7. The seller is a competent expert in the products on sale on the site.
8. I experience excellent service from the seller.
9. The seller aims at excellence.

Selection:
10. The wide selection of products offered by the seller satisfied my needs.
11. The seller has a good selection of products.

B: EXPERIENTAL VALUE

Entertainment:
12. In my opinion, the site of the seller is very entertaining.
13. The seller did not merely sell products, but also entertained me.

Visual:
14. The site of the seller is aesthetically pleasing.
15. The visual appearance or style of the site is pleasing.

Escape:
16. Making the purchase completely captured me.
17. Buying from the seller's site let me escape the everyday life.
18. Making a purchase from the seller's site helped me to forget today's problems.

Interaction:
19. I like to help others, particularly when visiting this site.
20. I believe it is beneficial to participate in the product evaluations, surveys or discussion groups on this site.
21. I enjoy helping and giving advice to other users.
22. When I need help, I turn to discussion groups, notice boards and other electronic forums offered by the seller.
23. When the seller offers information or something else of value, I try to respond with equal amount of information or feed-back.