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Consumer Online Purchase Behavior: Perception versus Expectation

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Consumer Online Purchase Behavior: Perception versus Expectation

Abstract

Conceptualizing online customer behavior is very important, as more and more customers are interested in buying products through online. To capture online customer behavior, this study has conducted empirical research in Bangladesh among general online customers who have experience in online buying or have an intention to buy from online boutique websites in Bangladesh. In this regard, the Quality-Purchase Interaction Model that was developed, based on both customer perception and the expectation of buying online from business-to-consumer Electronic-commerce in Bangladesh, was used to capture actual customer behavior or behavioral intention for online purchasing. We conducted path analysis through LISREL to reveal the causal relation between independent and dependent variables. There are some significant differences between online buying behavior and the behavioral intention to buy online, that is between customers who have experience of online buying from a boutique website and those who have the intention to buy online but have not yet gotten an online buying experience.

Keyword: Consumer, Consumer behavior, Online buying behavior, Behavioral intention, Electronic-commerce, Perception, Expectation

Introduction

Consumer buying behavior has been drastically changed due to the development of the Internet and the use of this media as an effective and versatile distribution and buying channel for consumers (Richard, 2013). The online distribution channel has developed an entire new dynamic for consumers with flexibility in terms of time, location, scope, and spatial conveyance regarding information collection, product or price comparison, and purchase experience from any location (Chiu et al., 2006; Kim et al., 2008). According to Bucklin (1966), consumers will prefer any channel that can minimize the searching cost, among other critical variables. Through the application of the Internet in business-to-consumer (B2C) Electronic-commerce, consumers now can drastically reduce their searching time for comparing and buying any products through spatial conveyance offered by the online system (Richard, 2013). In this regard, Michael and Becker (1973), while reformulating consumer demand theory and the utility function approach, asserted that consumer preference always centers on the fact that they attempt to maximize the utility of product purchase; however, the time available to a household is a constraint in the purchase mode selection process. An interesting aspect can be observed based on Jeremy Bentham's principles of legislation (1931) where the author set out a list of fifteen critical issues: senses, riches, address, friendship, good reputation, power, piety, benevolence, malevolence, knowledge, memory, imagination, hope, association, and relief of pain. These critical issues provide the pleasure in purchasing products. For consumer preferences in selecting a distribution channel, the sensations of pleasure in online buying can provide a positive thrust (Patwardhan, H. & Balasubramanian, 2013).

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Particularly in the selection of an online channel, consumers may feel pleasurable buying sensations from many of those fifteen items. On the other hand, shedding light on one important aspect of the transaction cost theory (Williamson, 1975/1991), i.e., uncertainty in the product market environment, we find that channel uncertainty can hamper channel effectiveness for consumer preference. As a virtual medium, the online channel has always put some hindrances on the preference of this environment as a buying channel in respect to security, privacy, and reputation (Kim and Benbasat, 2010). As a virtual medium where the physical presence is absent, the sellers' reputation is a critical factor for selecting this channel as a buying process (Shareef et al., 2008a). Several researchers (Kim et al., 2007; Mukherjee and Nath, 2003; Pavlou and Gefen, 2004; Safari & Thilenius, 2013) suggest that the lack of a trusting attitude toward the online channel can create a potential negative effect among consumers toward selecting this channel as a viable purchasing media. Considering all the important and inhibiting issues associated with online buying channel and based on their extensive empirical study of online consumer behavior, Shareef et al. (2013) noted: "Understanding online buying behavior of consumers is very complex, since it is conducted in the virtual medium. There are several driving and inhibiting factors which dominantly influence buyers' decision in purchasing through online medium."

In the 21st century, although the online distribution channel has several inhibiting factors regarding security, privacy, reputation, policy, and trustworthiness, its numerous sensational issues regarding interactivity, spatial conveyance, and flexibility in terms of time, location, and scope have a significant driving effect on consumer preference in

selecting the online channel as an effective purchase media (Patwardhan, H. & Balasubramanian, 2013). In 2010, about 85 percent of North American consumers have shown an interest in purchasing products through the online channel (Nielsen, 2010) and this trend is growing all over the world. Since online buying occurs in the virtual medium, the absence of physical interaction and different interactive cues makes the online buying perception complex. More complexity arises in the explicit perception process of any products in the virtual medium through our five senses – vision, hearing, taste, smell, and touch. Also, due to the use of indirect senses in perceiving products through online buying, the driving forces of consumer perception and the expectation process in shaping buying behavior may be substantially different. This has been observed by many online consumer behavior researchers (Heijden van der et al., 2003; Kuhnle et al., 2012; Lieber and Syverson, 2011; Rothschild, 1981).

This current study is attempting to analyze the precise driving factors of consumer buying behavior by segregating the online behavioral process through perception and expectation. Basically, this specific perception is augmented by a prior online purchase experience. And the online purchase expectation is developed by behavioral intention through online interaction. More specifically, this current study is engaged in formulating consumer online buying behavior through an empirical study of two broad categories of consumers: 1) Consumers who already have online purchase experience and 2) Consumers who have interacted in different B2C Electronic-commerce for purchase, but have not purchased yet. Therefore, the first group can expose their perception and the second group can formulate their expectation of driving forces for online buying.

The next section reviews literature regarding epistemological and ontological paradigms of consumer online buying behavior. The following section explains the empirical study conducted to capture the driving forces applicable to propel the consumer toward online buying. Then the analysis and discussion section elaborates the analytical procedure and interprets the major findings. A conclusion is given in the next section and in the final section the research limitation and future research directions are presented.

Consumer Behavior and Theoretical Model

Many researchers (Jin et al., 2010; Razorfish, 2008; Reibstein, 2002) who have studied consumer behavior and the selection process of a purchasing channel have asserted that consumer online buying behavior is different from physical in-store purchase behavior. Darley et al. (2010) asserted, from an extensive study on consumer behavior, that consumers are more concerned about seller trustworthiness while buying from online than buying through the tradition brick and mortar channel. Their behavioral response is much slower in selecting a vendor through online, because they are very concerned about the reputation of the online seller. Trendstream (2009) revealed that a majority of the consumers now select online media as their first preference for buying products. However, as Benjamin et al. (2011) identified, the lack of privacy and security is a major constraint for consumers who want to buy online. Through an extensive literature review, Zhou et al. (2007) acknowledged that online consumer purchase behavior is significantly different from offline behavior. In the online behavior, several factors that have a vital role in selecting the online channel as a buying media are the sellers' reputations, policy,

and trustworthiness as well as the consumer perception of security and privacy (Mari, 2013).

As Rothschild (1981) revealed, in the light of behavioral engagement of consumers in shaping behavioral intention for buying, "Behavioral learning theory would suggest that deals cause brand switching because the deal is more likely to be reinforcing than the product." This finding can provide deep insight into predicting the driving force for online consumer behavior, as online consumers can compare numerous deals from different websites very promptly from anywhere at anytime. This unique characteristic of the online buying process is a sensation pleasure, as depicted by Bentham (1931). However, the technological convergence of product marketing with the traditional selling process also creates complex behavioral issues that need to be resolved in shaping the driving forces of online buying behavior in the light of the reliability of sellers for forward and backward product management policies (Lieber and Syverson, 2011). Hu and Stoel (2004) explored the factors which influenced consumers to buy apparel prodcuts online and they identified several issues that were related to the characteristics of online that showed similar hindering effects in pursuing online behavior. It is quite understandible that buying though online can constrict consumer understanding gained through the senses of vision, hearing, taste, smell, and touch. The studies of other researchers, like Häubl and Trifts (2000) and van der Heijden et al. (2003), also revealed similar hindering effects for online buying; this ultimately raises the sellers trustworthiness as a significant force in cunsumer online buying behavior. The potential effect of trust was obseved in the study of Gupta et al. (2004) and Cheung et al. (2005),

where the authors identified the driving forces perceived and expected by consumers for switching from traditional physical store buying and developing a behavioral intention to online buying.

As shown in this discussion, it is worth asserting that exploring and analyzing consumers buying preference and driving and inhibiting factors for selecting online media as a buying channel through perception and expectation is of utmost importance in recent marketing management.

In this study, the authors have attempted to reveal and conceptualize consumer apparel buying behavior through an empirical study of an important online product globally. The study has been conducted among Bangladeshi consumers in the light of an extensive online buying behavior model of B2C Electronic-commerce, named Quality-Purchase Interaction Model (QPI Model) (Shareef et al., 2008b). This model was used to envisage the critical factors influencing consumer purchasing intention from B2C Electronic-commerce in Bangladesh. This model shows that perceived customer care, perceived customer value, perceived operational security, perceived site security, and perceived trustworthiness all have a potential driving effect on online purchasing preference. However, the perceptions of operational security and site security also have an effect on the perception of trustworthiness. The authors (Shareef et al., 2008b) defined the five independent constructs of online purchase behavior as follows:

Perceived operational security: This refers to consumer perceptions of security while transacting in this virtual medium for purchasing any product online.

Perceived site security: This refers to consumer perceptions of the overall structural authenticity of websites while collecting information from, disposing information to, and/or believing the displayed information of the respected website during interaction for online purchase.

Perceived customer care: This refers to customer perceptions that the overall policy of online vendors, including return and exchange and displayed information, is favorable and customer service is prompt and caring.

Perceived customer value: This refers to the comparable value customers receive by purchasing from online in lieu of offline purchases. This value includes emotional value, price value, and performance and quality value of the product.

Perceived trustworthiness: This is customer disposition to a positive belief about the overall reliability, integrity and credibility of vendors.

Empirical Study

The study is conducted using general consumers who have intention to buy or already have bought clothing (dresses) from Boutique/Apparel websites in Bangladesh through

online shopping. We distributed the same questionnaire that was developed by Shareef et al. (2008b) for their study with some refinements to keep the consistency of capturing buying perception from any apparel website. Since most of the young customers, like students, are customers of these online boutique vendors, we launched this study among 500 undergraduate students in two noted universities in Bangladesh, one in a public university engineering department and the other in a private university business administration department. We distributed the questionnaires among the students during class time and asked them to fill the questionnaires out based on their perceptions from prior experience in buying online or their expectation from prior interaction in online sellers' websites. After distributing the questionnaire based on the QPI Model among those students, we had a return of 413 responses, which represents an 82.6% response rate. We asked the respondents to answer the questions based on their perceptions of the factors driving them to buy any product online if they have already bought any dress from any online boutique stores (B2C Electronic-commerce) in Bangladesh. We also asked customers to respond based on their expectation if they have not yet bought any dress from an online boutique store in Bangladesh, but they have already interacted with any websites of online boutique stores with a positive intention to buy. Out of 413 respondents, 231 customers responded as per their perceptions from an online purchase experience of a boutique in Bangladesh. The rest of the respondents, 182 in all, who do not have any online buying experience from a boutique in Bangladesh answered based on their expectations.

Analysis and Discussion

At the beginning, we analyzed our collected data for certain demographic characteristics such as gender, age, family income level, and comparable interest in buying between online and offline channel. Our respondents are 57% male and 43% female students. The average age level of the students is 21 years and the average family income level indicates that the majority of the students are upper middle class, as per Bangladeshi income classes. These findings represent typical online consumers in Bangladesh. Interestingly, 79% of the customers indicated that they have more interest for online buying behavior than buying from tradition brick and mortar physical stores. This result clearly justifies the importance of this type of study for current market management specialists and online channel designers.

We did not conduct any factor analysis as we used exactly the same questions as in the QPI model; however, certain modifications were done to keep the questions consistent with apparel buying. The questionnaire consisted of 56 questions for the five independent variables and one dependent variable. A five-point Likert scale ranging from 1 (never) to 5 (always) was used in this study. The measuring items used in the study, as per the QPI model, were as follows: five measurement items were used for the dependent construct online purchase behavioral intention. For independent constructs, seven items were used to measure perceived customer care, four items for perceived customer value, five items for perceived site security, two items for perceived operational security, and two items to identify perceived trustworthiness.

We conducted path analysis through LISREL to reveal the causal relation between the five independent variables – perceived customer care, perceived customer value, perceived operational security, perceived site security, and perceived trustworthiness – and the dependent variable purchase decision through an online boutique store in Bangladesh. Since we have measured all the independent and dependent variables using a Likert Scale of 1-5 from customer perceptions and expectations, data gathered from this empirical study is not perfectly continuous. Therefore, a structural measurement through path analysis by maximum likelihood (ML) is appropriate for this type of data (Kline, 2005, pp. 219). For path analysis, we took the average of the measuring items of each of the variables individually for all respondents to find out the causal effect relationships between online behavioral intention for purchase and the five driving factors shaping online behavior. We conducted two separate path analyses, one for new customers who responded based on their behavioral intention to buy products from online boutique vendors (expectation) and another for experienced customers who responded based on their previous experience (perception).

The path diagram displays both the unstandardized and standardized regression weights (factor loadings) for the independent variables. After several iterations with the inclusion of several error covariances among determinants of behavioral intention of online purchase, we accepted the final model that has potential modifications from the QPI model. We have also checked root mean square error of approximation (RMSEA), the $\chi 2$ statistic, the degree of freedom, the comparative fit index (CFI), the relative fit index

(RFI), the goodness of fit index (GFI), and the normed fit index (NFI) with the recommended values in the literature (Hu and Bentler, 1999; Kline, 2005, pp. 133-144). In this check we found justification of our final acceptance of the refined QPI models separately for consumer perceptions and expectations leading to online behavioral intention.

The final output of path analysis showed that for experienced customers who have already bought dresses from a boutique website, customer care is not a significant factor to pursue online buying behavior, as shown in Figure 1. This is not similar to the findings of the QPI model where customer care was significant and had a moderate effect. The effect of customer value is the highest (not moderate), unlike the QPI model. Experienced customers have developed their online behavior in the light that they get more value in terms of emotion, performance, and money from online vendors than brick and mortar stores. Other than these two differences, other causal relations for experienced customers were similar as depicted in the QPI Model (the numerical model from path analysis is shown in the Appendix.
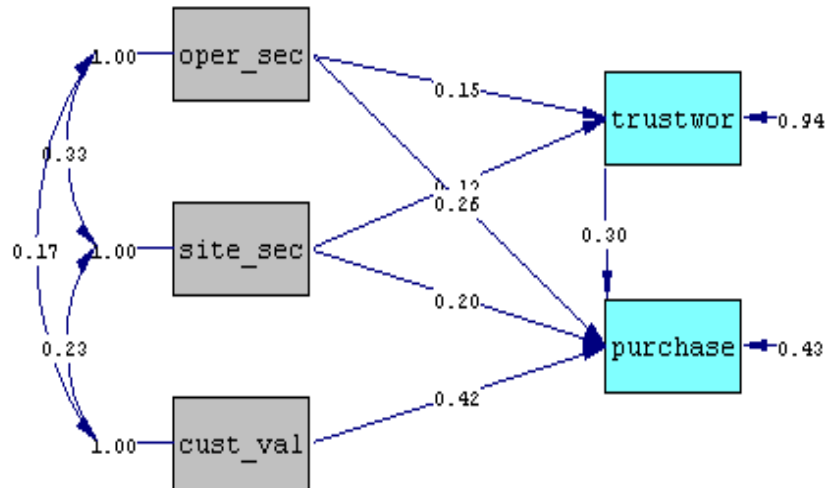
Chi-Square=1.09, df=1, P-value=0.29653, RMSEA=0.020

Figure 1 Driving Forces for Online Behavior: Experienced Customers Perceptions

For new customers who answered based on their expectations, all the independent variables were significant driving forces to pursue an online buying intention for boutique websites, as shown in Figure 2; however, customer value has a moderate effect on the causal relation of the buying intention. For these customers, perceived operational security and perceived site security have no causal effects on perceived trustworthiness; this is the same observation as in the QPI model. Unlike experienced customers, new customers develop their trust in the online vendor based on vendor reliability and credibility and on customer care. If they find that someone behind the website will take care of them, they perceive trustworthiness in that the website and this disposal toward trust is the second most important driving force for these customers to have a behavioral intention to buy online. New customers will buy from online if they find that the online boutique vendor will take care of their problems very promptly and take responsibility, as

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in a physical store. Consequently, customer care is the most important factor for these customers to develop online behavioral intention (the numerical model from path analysis is shown in the Appendix.
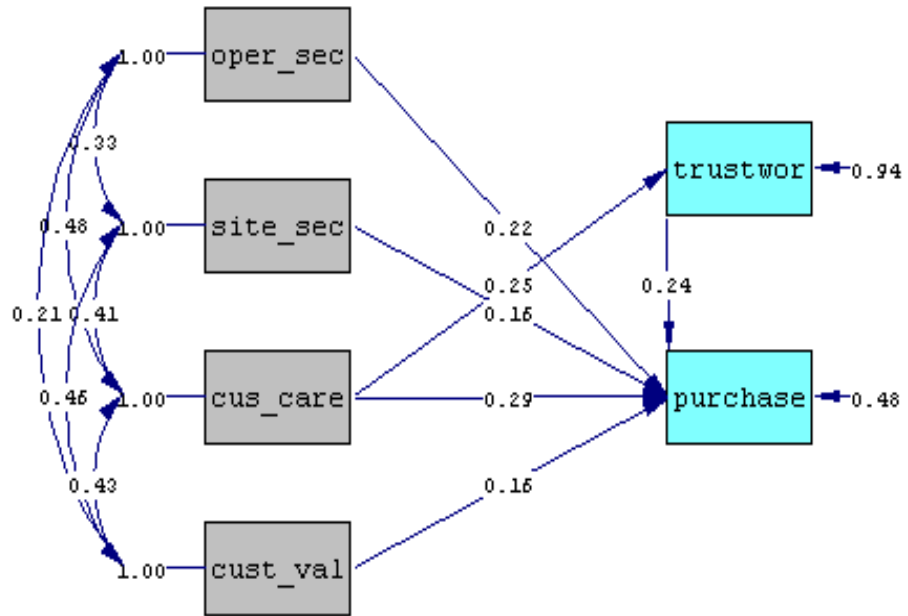
Chi-Square=4.15, df=3, P-value=0.24605, RMSEA=0.046

Figure 2 Driving Forces for Online Behavior: New Customer Expectations

There are some significant differences in online buying behavior and behavioral intention between customers who have experience in online buying from a boutique website and who have intention to buy online but do not yet have an online buying experience. The differences are presented in the following table (Table 1).

Table 1 Comparison of Online Behavior for Different Groups

Causal relation	Experienced Customer (Perception)	New Customer (Expectation)	QPI Model (Combined effect of perception and expectation)
Operational security with purchase decision	*This is the third most important cause for pursuing online behavior.*	*This is the third most important cause for online behavioral intention.*	It has a moderate effect for behavior/ behavioral intention.
Site security with purchase decision	*It has a moderate effect for pursuing online behavior.*	*It has a moderate effect for online behavioral intention.*	Second most important cause for online behavior/ behavioral intention.
Customer care with purchase decision	Customer care has no causal effect on pursuing online behavior.	Most important cause for online behavioral intention.	Third most important cause for online behavior/ behavioral intention.
Customer value with purchase decision	Most important cause for pursuing online behavior.	It has a moderate effect for online behavioral intention.	It has a minor effect (marginally significant at 0.10 level) for behavior/ behavioral intention.
Trustworthiness with purchase decision	*Second most important cause for pursuing online behavior.*	*Second most important cause for online behavioral intention.*	Most important cause for online behavior/behavioral intention.
Operational security with trustworthiness	*Operational security has potential causal effect on developing trust in the online vendor*	Operational security does NOT have potential causal effect on developing trust in the online vendor	*Operational security has potential causal effect on developing trust in the online vendor*
Site security with trustworthiness	*Site security has potential causal effect on developing trust in the*	Site security does NOT have potential causal effect on	*Site security has potential causal effect on developing*

	online vendor	developing trust in the online vendor	*trust in the online vendor*
Customer care with trustworthiness	*Customer care does NOT have potential causal effect on developing trust in the online vendor*	Customer care has potential causal effect on developing trust in the online vendor	*Customer care does NOT have potential causal effect on developing trust in the online vendor*

Conclusion

Revealing online customer behavior is very important, as more and more customers are attracted to buying products online. To capture online customer behavior, this study has conducted an empirical study in Bangladesh among general customers who have experience in online buying or have the intention to buy online from boutique websites in Bangladesh. In this regard, the QPI Model, which was developed based on both customer perceptions and expectations to buy online from B2C Electronic-commerce in Bangladesh, was used to capture actual customer behavior or behavioral intention for online purchasing. Experienced customers are concerned about transactional and site security and the overall trustworthiness of the boutique vendor's website; however, customer value is the most important since they already have online buying experience and perceived that this buying has potential return values (Kuhnle et al., 2012). After being accustomed to online buying, they find the trustworthiness of the vendor to be the second most important factor for online buying from boutique websites. It is interesting that they find operational security much more important than site security. It means that

after buying online from certain boutique vendors, they find that the credit or debit card's transactional security is very sensitive for them. Arguably, it can be noted that for a developing country, this perception is justified. For experienced customers, customer service does not have any causal effect on shaping online buying behavior.

On the other hand, the customers with no online purchasing experience said that customer service was very important in their intention to purchase through online shopping. These customers develop trust separately, not through the perception of the interactional and transactional security of the website. Basically, unlike experienced customers, these intended customers tried to develop trust in the online boutique vendors as an overall impression and the reputation of the website in connection with customer service and their caring presence in the virtual medium, not as a causal effect of perceived site and operational security. For this group, similar to the experienced customers, trustworthiness is the second most important factor in developing an online buying intention.

Academics and practitioners can learn online consumer buying behavior from the differences of the driving forces and their causal effect on experienced and intended customers. From the findings, they can clearly get some guidelines for designing their online channel. Particularly important are the differences in driving forces, which ultimately shape consumers buying behavior; this study revealed those differences between the customers who already have purchase experience from online and those who have the intention to buy but have not purchased any products through online. These differences can provide important criteria in formulating the online channel

characteristics, designing service output requirements, and developing policies for the online pre-purchase, purchase, and post-purchase experience.

Limitation and Future Research Direction

This study, which depicts online behavioral differences based on consumer perception from prior experience and expectation from prior interaction (not transaction), has several limitations. Both the QPI model and this current study were developed considering consumer perceptions and expectation for a developing country. However, several studies identified substantial differences among consumers of developed and developing countries. So to conceptualize a generalized behavioral model for online consumers, this study should be extended into developed countries. The study should be conducted using other types of websites dealing with different kind of products. Future researchers can consider moderating the effects of certain demographic variables of consumers like gender, age, and educational level.

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Appendix

Experienced Customers

trustwor = 0.15*oper_sec + 0.13*site_sec, Errorvar.= 0.94 , R² = 0.055

	(0.068)	(0.068)	(0.089)
	2.26	1.97	10.65

purchase = 0.30*trustwor + 0.26*oper_sec + 0.20*site_sec + 0.42*cust_val, Errorvar.= 0.43 , R² = 0.56

	(0.045)	(0.047)	(0.047)	(0.045)	(0.040)
	6.71	5.51	4.24	9.38	10.65

New Customers

trustwor = 0.25*cus_care, Errorvar.= 0.94 , R² = 0.064

	(0.073)	(0.100)
	3.46	9.41

purchase = 0.24*trustwor + 0.22*oper_sec + 0.16*site_sec + 0.29*cus_care + 0.16*cust_val, Errorvar.= 0.48 , R² = 0.51

	(0.054)	(0.061)	(0.062)	(0.067)	(0.062)	(0.051)
	4.48	3.66	2.62	4.26	2.63	9.41