Chapter 2.19
e-Search:
A Conceptual Framework of Online Consumer Behavior

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ABSTRACT

The continued success of online shopping will be determined by the degree to which consumers utilize the Internet during their decision making process, mainly the acquisition of product information. This chapter addresses consumers' goal-directed information search in the online marketplace. To understand consumer search behavior in this unique environment, relevant theoretical perspectives are drawn to provide a conceptual framework that provides an explanation of consumers' online search behavior. In an environment characterized by human-computer interaction, the framework includes consumers' choice to search information online and two sets of variables—domain and system (personal) and interruptions and information load (system), affecting information search between and within Web sites. Several implications of this conceptual framework are also discussed.

INTRODUCTION

Background

At the turn of a new millennium, the business environment has undergone a rapid transformation with the Internet, making it possible for a large number of users to access vast amounts of information through a diverse array of technical tools and services. Never before have consumers been able to shop from anywhere at anytime with

a few clicks of their mouse. As a result, online shopping, an unforeseen event only a few years ago, has continued to grow. Between 1998 and 1999, business-to-consumer Internet sales in the United States grew by 120%, to approximately $33.1 billion (Shop.org & Boston Consulting Group, 2000). In 2000, Forrester Research (2001) reported that online sales to consumers amounted to $48.3 billion, representing an annual growth of 45.9%.

Despite these impressive sales growth rates, evidence suggests that many consumers search retailer Web sites intending to purchase, but subsequently abandon these purchase attempts. Jupiter Communications reported that approximately 72% of online users research products once per month (Shop.org, 2001). Such high levels of search activity should translate into similarly high purchase levels. However, it was estimated that business worldwide lost approximately $6.1 billion in 2000 due to failed purchase attempts (Blank, 2000). Conversion rates, the proportions of consumers buying from sites visited remain low, ranging between 2.8% and 3.2% according to a 2000 Boston Consulting Group study (Shop. org & Boston Consulting Group, 2000).

Moreover, a recent survey of 9,500 online shoppers conducted by BizRate.com revealed that as many as 55% of online shoppers abandon their shopping carts prior to checkout, and 82% abandon them at the point of sale (Shop.org, 2001). These statistics suggest that while the Internet has become a significant source of product information, several barriers exist that inhibit consumer movement from information search to product purchase. Among reasons commonly cited include reluctance to supply personal and credit card information, technical problems with Web sites, and difficulty in locating products.

Problems

In theory, the Internet provides vast possibilities for information search and comparisons uncon-strained by time and place which traditionally restricted consumer behavior in the physical marketplace (Alba, Lynch, Weitz, Janiszewski, Lutz, Sawyer and Wood, 1997; Bakos, 1997; Sheth and Sisodia, 1999). To examine this distinctive change, several studies have adopted the economic perspective in analyzing the efficiency of the electronic market (Bailey, 1998; Bakos, 1997; Brynjolfsson and Smith, 2000) and implications for consumer information search with the focus on search costs (Degeratu et al., 1998; Hoque and Lohse, 1999; Lynch and Ariely, 2000). These studies, using conventional economic theories, have simply assumed that consumers search the same way in an online environment as they do in the physical environment. Furthermore, these studies presume a total separation of the physical and electronic marketplaces and often limit their investigation to a particular Web site and its design.

Several reasons suggest that conventional economic theories do not adequately explain consumer behavior in this new marketspace. First, the fundamental premise of economic theory is that information search will increase when search costs are reduced (Stigler, 1961). Empirical evidence, however, has shown otherwise. By examining the shopping patterns of a large panel of online users over time, Johnson et al. (2000) found that the levels of search across three product categories are fairly low, ranging from 1.1 (stores for books) to 1.8 (stores for travel-related products). Another study by Jansen et al. (2000) revealed a similar pattern from the analysis of transaction logs containing 51,473 queries posed by 18,113 users of Excite (http://www.excite.com). The results show that Web queries are short. Most users had only few queries per search. In fact, 76% of users did not go beyond their first and only query.

Second, convenience is often cited as the major reason for consumers to shop online (Burke, 1998; Jarvenpaa and Todd, 1997). When consumers perceive greater search costs in the physical marketplace, it is likely they search for information

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