

Chapter 6.9

Drivers and Barriers to Online Shopping:

The Interaction of Product, Consumer, and Retailer Factors

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ABSTRACT

Through a review of the literature, this chapter focuses on three key influences on purchase behavior on the Internet: product, consumer, and retailer factors. Product characteristics and branding not only influence many consumer-related factors (e.g., the need to handle the product and risk perceptions), but also affect retailers' strategic and tactical online decisions (e.g., the balance between off-line and online retail provision and the breadth and depth of products and brands selection). This chapter also examines how consumer-related factors (e.g., consumers' expertise, attitudes toward the Internet, and shopping orientation) affect online purchasing

and the implications for e-retailers. Finally, the chapter discusses how e-retailers marketing efforts (retailer factors) can be used to overcome the barriers to Web purchasing resulting from specific product and consumer related characteristics. Clear and easy to implement recommendations to managers are offered.

INTRODUCTION

Although the statistics change almost on a daily basis, the use of the Web as a distribution channel remains limited, in spite of the ever-increasing use of the Internet for other purposes. Internet sales figures indicate that online selling is far from

replacing traditional channels or other nonstore retailers. For instance, online expenditure in the UK amount to about 6% of total retail spending (Interactive Media in Retail Group as cited in Hall, 2003). Many Internet users appear reluctant to shop online and use the Internet only as a means of gathering information before purchasing in a traditional brick-and-mortar environment. Dieringer Research Group (cited in Mazur, 2003) reports that in the past year \$138 billion were spent by U.S. consumers for purchasing products off-line after seeking information online, compared with \$95 billion spent for shopping directly online. Finally, many brick-and-mortar retailers do not have a presence on the Web or, if they do, they use their sites as a communication and promotional tool rather than for selling (compare Hart, Doherty & Ellis-Chadwick, 2000).

Retailers and other organizations that either already have an online selling facility or are considering doing so would benefit from a better understanding of the factors that influence (either positively or negatively) consumers' motivations to purchase online. This understanding would help managers to better plan their Internet strategies, design their Web sites more effectively, select the assortment of goods more likely to sell online, and attract a larger number of Internet buyers, converting browsers into shoppers.

The first objective of this chapter is to provide a synthesis of the key factors that influence consumer purchasing behavior on the Internet, starting with (1) product-related factors (and the effect of brand name) and (2) consumer-related factors. Although the literature considers these two factors from many different perspectives, there is shared agreement about their importance for understanding (and directing) consumers' behavior online. A review of these factors not only will be useful to academic researchers but may also help managers to improve the effectiveness of their online strategies. Appropriate retailer factors (i.e., retailers' Internet strategies and tactics) are further key elements influencing

how the Internet is used (e.g., for buying rather than browsing) and how the overall online shopping experience is evaluated (compare Cowles, Kiecker & Little, 2002). Conversely, while new technologies can enhance the shopping experience, their application "must be tailored to the unique requirements of consumer segments and product categories" (Burke, 2002, p. 411). The second objective of this chapter is therefore to provide practical suggestions for retailers' Internet strategies and tactics (retailer factors).

Building on the model proposed by Cowles et al. (2002), this chapter is structured on the framework depicted in Figure 1. First, we review the literature concerning product-related factors: product typologies and the effect of brand name within an Internet mediated environment. Product characteristics are found not only to influence many consumer-related factors (e.g., the need to handle the product and risk perceptions) but also to affect retailers' strategic and tactical online decisions (e.g., the relationship between off-line and online provision and the Web site content and layout). We then go on to analyze consumer-related factors (e.g., consumer expertise, attitudes toward the Internet, and shopping orientation), how they affect online purchasing, and the implications for e-retailers. Finally, we discuss how e-retailers marketing efforts can be used to overcome the barriers to Web purchasing resulting from specific product and consumer related characteristics. We aim to offer clear and easy to implement recommendations to managers.

PRODUCT RELATED FACTORS

Researchers agree that product type and related characteristics have a significant effect not only on consumers' online purchase intentions and behavior (Brown, Pope & Voges, 2003; Peterson, Balasubramanian & Bronnenberg, 1997) but also on e-retail decisions, including Web site design and assortment planning (Alba et al., 1997; Burke,

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