

**An exploratory study to identify the concerns
that New Zealand consumers have
about business-to-consumer e-commerce**

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To date much of the literature on consumers' concerns about business-to-consumer (B2C) e-commerce has described findings from quantitative research. As a result, much of that literature has focused on specific previously-identified concerns (e.g., privacy of personal information, use of credit cards for on-line payment). Also, there has been little research into the concerns of New Zealand consumers, and all of it has been quantitative.

In order to gain a broader understanding, this study took a qualitative approach. Three focus groups were conducted, in order to identify consumers' concerns. The concerns that were thus identified were combined with those that a review of the literature had previously identified, and were used to draw up a set of guidelines to be used in semi-structured interviews. Fifteen interviews were then conducted, in order to gain consumers' views about each concern.

It seems that at a higher level, consumer's concerns have shifted. The literature suggests that in the past consumers' concerns about Internet shopping have focused on the fact that Internet shopping is conducted via the Internet – as a result of which consumers have, for example, been concerned about the privacy of their personal information (“if I give them my e-mail address, will I get spam?”)

This study suggests that now consumers' concerns focus on the fact that Internet shopping is a form of shopping – as a result of which they are now only prepared to use the Web sites of “reputable companies”, and they now require to be able to evaluate an item

adequately before buying it. And it seems that another result of this is that consumers now expect that the “reputable companies” whose Web sites they visit will – as a matter of course - address to their satisfaction issues such as the privacy of their personal information.

While there are some types of products that consumers are prepared to buy on-line (e.g., air travel), there are many about which they are reluctant. Concerns were expressed about a wide range of potential purchases, and for a variety of reasons; also, some data was inconsistent (for example, some consumers were not prepared to buy clothes on-line, but others were). This appears to be an area in which consumer attitudes are still evolving. It is suggested that it may be helpful for further research on this matter to consider both demographic factors and the degree of consumer involvement in particular types of purchases.

Key words: B2C e-commerce, consumer behaviour, consumer involvement, e-commerce, Internet shopping, perceived risk, shopping on-line

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In the course of this research I conducted three focus groups (each of which was attended by 7 or 8 people) and fifteen interviews. I am grateful to all of the 37 participants who took part in this research. Every one of them had a positive, constructive, approach to it, and provided me with useful input. I am equally grateful to the principals, staff and volunteers at each of the six schools who agreed to provide me with participants, and who then arranged such effective and interesting participants for the focus groups and interviews.

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1 Introduction

1.1 How I chose this topic, and this type of research

Over several years my reading had led me to feel that this area would provide a fruitful area for research. As a result, I began my work by performing a review of the literature, with the aim of determining objectively whether or not this suspicion was correct. My literature review confirmed that it was - consumers have indeed expressed a wide range of concerns about business-to-consumer (B2C) electronic commerce (e-commerce).

However (with one exception, which I discuss below), each of the articles that I read only told me about one, or a few, concerns that consumers have about B2C e-commerce. In other words, each of those articles told me quite a lot about one, or a few, concerns in isolation, but (with the above single exception) I did not find any one article that attempted to provide even an incomplete picture of the overall concerns that consumers have. Also, while I felt that my literature review had identified a large number of consumer concerns, I was not sure that it had identified all possible concerns. This was because almost all of the sources in which I identified consumer concerns were the results of quantitative research – i.e., of research activities in each of which the participants had been asked about a closed, finite set of concerns.

My literature review also confirmed another suspicion - that to date there has been little research about how New Zealand consumers feel about B2C e-commerce. And I found that only a part of the little research that has been done in New Zealand with regard to e-commerce is relevant to my topic.

I proposed to address these short-comings by carrying out the research that I describe here.

In this thesis I have sought to identify the concerns that consumers in New Zealand have about B2C e-commerce, so that I can explain what a B2C e-commerce Web site needs to do in order to be acceptable to New Zealand consumers. I recognise that consumers

may have a wide range of concerns about this type of e-commerce, and I hope that I have identified as many as possible. With that aim in mind I have used a qualitative research methodology in order to get the “open-ended”, inclusive, approach that I believed to be necessary if I was to be able to identify all of the concerns that New Zealand consumers have. I recognise that such a methodology cannot identify either the extent to which New Zealand consumers hold a particular concern, or the characteristics of those consumers who do hold that concern.

Also, in this thesis I consider only B2C e-commerce. In other words, in it I ignore the possibility that (some of) the concerns that consumers have with regard to B2C e-commerce may also affect their attitudes towards consumer-to-consumer e-commerce, consumer-to-business e-commerce, or both (although I recognise that this is possible).

1.2 A description of e-commerce

We can define electronic commerce (usually abbreviated to “e-commerce”) as “the involvement of two or more parties in commercial transactions which are (in full or in part) executed via telecommunications facilities”. This is based on the description that Gelinas, Sutton & Oram give (1999, p. 6-2), and is consistent with that which Zwass (1996, p. 3) gives.

It is sometimes wrongly claimed that a transaction must take place over the Internet in order for it to be classed as an e-commerce activity (see, for example, The Economist, 2000b, p. B6). In fact, a transaction that is conducted via the telephone, or via fax, is just as much an e-commerce transaction as one that is conducted via the Internet. It is, however, true that the Internet is currently the channel via which most e-commerce is (and to date has been) conducted (New Zealand Law Commission, 1998, p. x).

Turban, McLean & Wetherbe explain that the main types of e-commerce and their respective acronyms are business-to-business (B2B), business-to-consumer (B2C), consumer-to-business (C2B) and consumer-to-consumer (C2C). They also point out

that business-to-employee (B2E) e-commerce is another type that is becoming increasingly recognised (Turban, McLean, & Wetherbe, 2002, p. 173; p. 209).

Business-to-business e-commerce “accounts for about 85 percent of all [e-commerce] volume” (Turban, McLean, & Wetherbe, 2002, p. 209). It involves businesses buying from and/or selling to each other.

Business-to-consumer e-commerce involves businesses offering goods for sale to individual consumers. The on-line bookshop Amazon (www.amazon.com) is probably the best-known example of a B2C Web site/organisation. It is also one of the oldest, having been established in 1995 (Turban, King, Lee, & Viehland, 2004, p. 81).

Consumer-to-business e-commerce involves individual consumers offering to buy from businesses. There are relatively few consumer-to-business Web sites. The US company Priceline (www.priceline.com) is the best-known example, although there are others, such as Brisbane-based wotif (www.wotif.com – which in fact offers both B2C and C2B functions). Priceline – which “pioneered the ‘name-your-own-price’ model” (Turban, King, Lee, & Viehland, 2004, p. 52) - was probably the first C2B Web site, and began by providing a market where, for example, a consumer could offer to buy an air ticket to travel from one city to another within certain limits that they might stipulate (e.g., acceptable date/range of dates for travel, departure time no later than ...)

Consumer-to-consumer e-commerce involves consumers offering to sell to, or to buy from, one another. There are a variety of consumer-to-consumer Web sites. US-based (and now international) eBay (www.ebay.com) is undoubtedly the best-known one. eBay began as an on-line auction house, in which a consumer would offer a particular item for sale, and other consumers would place bids for it. eBay’s success has led to a raft of imitators, such as NZ’s TradeMe (www.trademe.co.nz).

B2B e-commerce has in fact existed for some years, in the forms of Electronic Data Interchange (EDI) (since the late 1960s and the 1970s) (Schneider & Perry, 2000, pp. 290-

291) and “electronic transfer of funds” (since “the early 1970s”) (Turban, McLean, & Wetherbe, 2004, p. 180). However, those services were conducted via Value Added Networks (VANs), the providers of which charged for the use of the circuits that were used, with the result that each user of those services faced a “high cost of implementation” (Schneider & Perry, 2000, p. 3). This meant that use of those services was mainly confined to large corporate organisations (Turban, McLean, & Wetherbe, 2004, p. 232).

Commercial use of the Internet has only been permitted since 1991 (Schneider & Perry, 2000, p. 14). As a result, what is popularly called “e-commerce” – i.e., commercial activity conducted via the Internet (Schneider & Perry, 2000, p. 2) - is a relatively new phenomenon. And this of course means that B2C, C2B, and C2C (in fact, all forms other than B2B) e-commerce are equally new. This is shown by, for example, the fact (mentioned above) that Amazon, which was founded in 1995, is one of the oldest B2C e-commerce organisations.

1.3 Obtaining goods or services

One (unattributed) model that has been proposed considers that the activity of obtaining goods or services – i.e., shopping – involves the processes of:

- discovery
- ordering
- payment, and
- fulfilment

In this context the term “fulfilment” means fulfilling the contract for sale and purchase that has been established, and doing so by providing the goods and/or services that have been ordered (and possibly already paid for).

1.4 A problem with B2C e-commerce

There is, and for some time has been, a major problem with B2C e-commerce:

Forrester Research, a technology consultancy, found that web users spent \$2.8 billion less online in 1999 than they would otherwise have done because of concerns about privacy. (Economist, 2000a)

Another view of the effect of this problem quotes data showing that “52% of the consumers use the Internet for product information, 42% for travel information, and 24% for buying” (Nie and Erbring, 2000, cited in Ahuja, Gupta, & Raman, 2003, p. 145). In other words, roughly half of the people who visit a B2C Web site in order to perform the process of “discovery” for the above types of information do not then go on to become customers of the Web site.

In some cases this is because they have never intended to place an order, but have merely visited the Web site to obtain information about a purchase that they intend to make by more traditional means. For example, the Ford Motor Company knows that in America “Over 80% of [its] customers ... have already researched their prospective purchase on the internet before they arrive at a showroom” (Economist, 2005, p. 4) – in other words, those people deliberately use the Internet only for the “discovery” part of the purchase of a new car.

However, in many cases the above behaviour occurs because a person begins the process of “ordering”, but then abandons their virtual “shopping cart”. And there is considerable evidence that this does happen. For example, in 2004 Forrester Research estimated that “53% of people who put items in their online carts leave without buying anything”, and DoubleClick found that “For every dollar spent on e-commerce sites, \$4.10 is left in abandoned carts” (Prince, 2004).

Similarly, the survey conducted in early 2000 for the American Association of Retired People (AARP) of “computer users age 45 and over” found that, of their respondents with access to the Internet, 51% used the Internet to “comparison shop” (i.e., for “discovery”), but only 16% go on to “purchase the product over the Internet” (American Association of

Retired People, 2000 March, p. 31). Kloppping & McKinney (2004, p. 35) quote two further surveys both of which found that the number of people who only perform “discovery” online is significantly greater than the number who go on to buy online.

The above description of the problem is actually rather general. The phrase “concerns about privacy” covers a range of concerns, of which the major ones (as explained in 2.3.1 below) can be summarised as:

- If I send this organisation my e-mail address, will they then send me a lot of spam? (i.e., unsolicited e-mail)
- If I send this organisation my e-mail address, will they sell it to another organisation, which will then send me a lot of spam?
- If I send this organisation my credit card number, will someone discover it while it’s travelling through the Internet, and charge stuff to my card?
- If I send this organisation my credit card number, will someone discover it by hacking into the organisation’s records, and charge stuff to my card?

And it appears that the concerns change over time:

In the past, transmission of credit card information over the Web was a major source of worry. Now, people are more concerned about sites that store and collect personal data. (Glasner, 1999)

Although privacy is a major concern to consumers, it is not their only concern. For example:

1. Security and privacy concerns deter customers from buying.
2. Lack of trust in EC [Electronic Commerce - MJWT] and in unknown sellers hinders buying.
- ...
7. People do not yet sufficiently trust paperless, faceless transactions.
- ...
9. There is an increasing amount of fraud on the Internet.

(Turban, King, Lee, & Viehland, 2004, p. 19)

Another matter that is of concern to consumers is that when considering whether or not to buy a particular item they may wish to be in the same location as the item in order to

evaluate it. For example, Kim & Stoel (2004, p. 620) tell us that “consumers associate a high level of risk to [sic] the purchase of apparel via home shopping methods ... due to the consumer’s inability to touch or try on the garments” (it is therefore interesting that they also point out that “the apparel category” has emerged “as a leader in online sales”). However, it seems that this concern only applies to some of the types of goods that can be bought via B2C e-commerce.

1.5 Which consumers shop on-line?

Bellman, Lohse and Johnson (1999, pp. 34-38) found that “Looking for product information on the Internet is the most important predictor of online buying behaviour”.

They also found that another predictor of whether a person shops online is whether they have only limited discretionary time - i.e., they are “time-starved”. And they noted that

As the total number of hours worked by members of a household increases, the less time there is to search for and buy products and services in the traditional way (by, say, visiting brick-and-mortar shops). More important, this effect is even stronger if one's spouse also works. Dual-income households seek new ways to find information and buy things that are faster and more convenient. In the past, they may have used catalogs; now they take advantage of e-commerce sites on the Web.

Bellman et al also found that “a typical online buyer has a ‘wired’ lifestyle”. They comment that “Such people have been on the Internet for years, not just a few months”. They found that “Time-starved people, as well as those living a wired lifestyle, look for product information on the Internet, and a lot of what they see, they buy”. And they suggested that these people “seem to value the Web's time savings over its cost savings”.

1.6 Which consumers are concerned?

One might think that the consumers who are concerned about “shopping online” are mainly people who know little about computers, and who have even less experience with

them – and that a person who is an experienced “netizen”¹ does not share these concerns, thanks to their greater knowledge. However, there is evidence that this is definitely not the case.

As mentioned above, Bellman, Lohse and Johnson found that “a typical online buyer has a ‘wired’ lifestyle”, which includes an awareness both of security concerns and of the technologies (such as encryption) that are available to address those concerns (1999, p. 38). A survey conducted in the USA in 2002 for the insurance industry similarly found that concerns about personal information are especially held by those Internet users who are “younger, more experienced users” (Trembly, 2002, p. 4).

In other words, the people who are concerned are people who are experienced with and knowledgeable about the Internet, rather than Internet novices expressing a fear of the unknown. It seems that as one learns more about the Internet, one becomes more aware of the dangers there – and, also of the means of protecting oneself against those dangers. It would also seem that Internet novices are probably in a state where “ignorance is bliss”, and where they are unaware of the dangers they face.

1.7 The objectives of this research

In this research my primary objective has been to identify the concerns that New Zealand consumers have about business-to-consumer (B2C) e-commerce. I have not attempted to identify by whom, or by which sub-sets of the population, a particular concern is held. I think that that will be an appropriate objective for another research activity – but one that I hope will be well informed by this one. However, I have attempted to give as thorough as possible a picture of the concerns that New Zealand consumers currently hold.

¹ “a citizen of the Internet, as in, one who spends a significant amount of time online or is an experienced user of the Net” – www.netlingo.com

I hope that this research will also assist future research in this area by providing some insight into the variables that can be used to model the behaviour of New Zealand consumers with regard to business-to-consumer e-commerce.

1.8 The structure of this thesis

The various parts of this thesis have the following roles. Firstly, this Introduction seeks to provide the reader with background information by explaining, for example, what electronic commerce is, and what the objectives of this research are. The Literature Review considers relevant theory, other relevant concepts, other relevant empirical research, and finally relevant research that has been performed in New Zealand.

The section on Methodology explains the approach that I chose for, and the process by which I performed, this research. The Findings set out the key points of the data that this research obtained, while the Discussion analyses that data and, in many cases, evaluates it for consistency with theory, concepts or research that has been described in the Literature Review. Finally, the Conclusions give an overview of what I have found, explain the limitations of this research, and list the various avenues for further research that, based on this present research, I believe could usefully be followed.

2 Literature review

2.1 Introduction

In this Literature Review I begin by considering relevant theories. It is, perhaps, a reflection on how new e-commerce is that the theories that I discuss here are drawn from economics, marketing, and information systems. Next I discuss the concepts of privacy, and of trust. I then review empirical research. Under this heading I begin by considering research on individual topics (such as consumer's concerns about using credit cards when shopping on the Internet). I conclude by reviewing relevant research to date in New Zealand, and then summarising the key issues that I have identified in this chapter.

2.2 Relevant theory

2.2.1 Transaction costs

In my research I found that often a consumer would not be prepared to buy a particular item via B2C e-commerce, but instead would only be prepared to buy it from a shop. In many cases I found that this was because the consumer was concerned that if they bought the item on-line:

- they would not be able to evaluate it sufficiently thoroughly before deciding whether or not to buy it, and
- as a result, there was too much chance that an unsatisfactory outcome would result.

The concept of transaction costs explains why consumers have this concern. The economist Ronald Coase proposed this concept in his paper "The nature of the firm", which he first published in 1937 (Coase, 1937), and which re-appears as the second chapter in his later work "The firm, the market and the law" (Coase, 1988).

McMillan (2002, pp. 9-10) discusses transaction costs, and points out that they can arise at various times during a transaction. He notes that:

certain kinds of transaction costs have been lowered by the internet; the cost of acquiring information, the time, effort and money needed to learn what is available where and at what price. (McMillan, 2002, p. 19).

But later he points out that when buying on the Internet one type of transaction cost – the cost “of observing quality” – has actually increased, and that as a result “The need for buyers to be able to trust sellers has been heightened by the internet” (McMillan, 2002, p. 50). In other words, when compared to buying from a “bricks-and-mortar” business, in B2C e-commerce most transaction costs (e.g., locating a potential seller) have decreased, but the transaction cost of evaluating the goods on offer has increased. This is, of course, because a person considering buying a particular item:

- can see and touch it, and evaluate it by inspection, when in a “bricks-and-mortar” shop, but
- has to rely on the information that the B2C Web site presents to them about the item – i.e., has to trust the seller more - when buying via e-commerce.

McMillan (2002, pp. 49-50) goes on to explain that if, in B2C e-commerce, the seller has a good reputation, a recognised brand name, then “buyers willingly pay more to reduce their uncertainty”, which is why, for example, sites such as Amazon.com can offer a particular book for sale at a higher price than Alldirect.com, and still stay in business – whereas at the end of January 2007 www.alldirect.com explained that “we are closing our ‘virtual doors’ and will not be taking any more orders”.

2.2.2 The theory of perceived risk

Mitchell states that the concept of perceived risk was first put forward in 1960 by Bauer, who proposed it as a tool that might be used by the marketing community. He points out (1999, p. 2) that this concept has been applied to a wide range of areas both by practitioners and academics for a variety of reasons, which include:

- the fact that “perceived risk theory has intuitive appeal and plays a role in facilitating marketers seeing the world through their customer’s eyes”

- the facts both that “it can be almost universally applied”, and that this has been successfully demonstrated, and
- “it is suggested that perceived risk is more powerful at explaining consumer’s behaviour since consumers are more often motivated to avoid mistakes than to maximise utility in purchasing”

Mitchell (1999, p. 9) discusses the relationship between risk and trust, and concludes his discussion with the comment that:

From these discussions, we can see that perceived risk is a necessary antecedent for trust to be operative and an outcome of trust building is a reduction in the perceived risk of the transaction or relationship. As relationships develop and trust builds, risk will decrease.

In his discussion of that relationship Mitchell considers trust between two businesses, rather than between a business and an individual. However, he then points out (in his discussion of the applications of perceived risk) that it has been applied both in consumer markets and in organisational markets (i.e., in B2C and in B2B markets respectively).

When discussing the applications of perceived risk Mitchell (1999, p. 10) distinguishes between goods and services, with the comment that:

“A number of authors have shown that services are riskier than products ... because of the inherent properties of services, i.e. heterogeneity, perishability, inseparability and intangibility which undermine consumer confidence and increase the perceived risk, mainly by augmenting the degree of uncertainty in the decision.”

Mitchell (1999, p. 20) then discusses some of the proposals that have been made for modelling risk, and notes in his Conclusion that “A universally-agreed theoretical or operational definition still eludes marketing academics in the field”. However, he points out (1999, p. 5) that much research favours Cunningham’s conceptualisation of perceived risk as having “two components: the probability of a loss and the subjective feeling of unfavourable consequences” (Pires, Stanton, & Eckford, 2004, pp. 119-120).

The relevance of this topic to e-commerce has been shown by Doolin, Dillon, Thompson & Corner (2005, pp. 68-70, p. 80), who considered consumer’s perceptions of the risks of, and

of the benefits involved in, “Internet shopping”. They found that perceptions of risk negatively affect the likelihood of consumers shopping online, and that perceptions of benefits affect it positively.

Nena Lim performed quantitative research into the concerns that consumers have about B2C e-commerce. She held two focus groups in which there were a total of 16 participants, all of whom were “consumers in Queensland, Australia”, were at least 18 years old, and “had access to the Internet” (Lim, 2003, p. 223). The title of her article - “Consumers’ perceived risks: sources versus consequences” (Lim, 2003) – shows the perspective from which she approached her research. Given that both Australia and New Zealand have similar cultures (see 6.3 below), it is likely that Lim’s findings are also applicable to New Zealand.

Lim (2003, pp. 224-226) provides an excellent taxonomy of the risks that Australian consumers perceive to be associated with B2C e-commerce. She groups those risks into categories depending on their respective sources, which she considers to be perceived technology risk, perceived vendor risk, perceived consumer risk, and perceived product risk. So, for example, she states that perceived technology risk “refers to the degree to which individuals believe that if they purchase products or services through the Internet, they will suffer losses caused by the Internet and its related technologies”, and she includes in that category concerns such as uncertainty about the identity of the organisation behind a particular Web site, privacy of personal information, and the consequences of having a “cookie” put on one’s computer. I will refer to relevant categories in Lim’s taxonomy in the rest of this thesis.

Pires, Stanton and Eckford (2004, pp. 120-121) point out that “Perceptions of consumers towards internet purchasing may alter with experience”. They go on to suggest that “the role of experience requires further research”, and they support this with the observation that “Distinguishing initial from repeat purchasers is supported by previous studies of risk in other media”.

Although Lim's research did not focus on this issue, she gives a few individual examples that indicate firstly, that the outcomes of prior experience do influence the perception of risk by a (potential) consumer, and secondly, that a consumer with little or no personal experience of purchasing online will take the experiences of one or more others as a proxy for their own experience (Lim, 2003, p. 225) – in other words, such a consumer will rely on the opinions of others with more relevant experience.

Bhatnagar & Ghose found (2004, p. 1358) that when a person was considering buying a product, the potential purchaser considered the product risk to be lower for products with a higher proportion of “attributes that can be evaluated before purchase”, and to be higher for products with a higher proportion of “attributes that can be evaluated only after purchase”. In other words, as the information available to the potential purchaser increases, their perception of product risk for that purchase decreases.

2.2.3 Does an item require low- or high- involvement in the purchase decision?

Loudon and Della Bitta explain (1993, p. 341) that (in 1965) “Herbert Krugman proposed the concept of involvement to characterize differences in the intensity of interest with which consumers approach their dealings with the marketplace” – in other words, it was developed in order to help explain consumer behaviour in general. And they tell us that:

most definitions acknowledge that involvement:

1. Is related to the consumer's values and self-concept, which influence the degree of personal importance ascribed to a product or situation.
2. Can vary across individuals and different situations.
3. Is related to some form of arousal.

Loudon and Della Bitta suggest (1993, pp. 341-346) that involvement “appears to have a number of important dimensions” which include antecedents (e.g., situations), moderating factors, involvement properties (e.g., intensity) and response factors (e.g., the amount of effort put into, and the duration of, the consumer's search for information).

Laurent and Kapferer (1985, pp. 41-42, p. 52) observe that “when quantitative indicators are used”, often involvement is shown as a single variable or index. However, they point out that several commentators have found involvement to be a more complex phenomenon, and one for which a single indicator is inadequate. They go on to note that those who deal with the phenomenon consider that there are several types of involvement. Zaichkowsky makes similar comments, and as a result also advocates a “multiple-item measure of involvement” (Zaichkowsky, 1985, pp. 341-342).

Laurent and Kapferer then note that their “review of current research and practices indicates five antecedents, or facets, of involvement”, as a result of which they consider that it is not appropriate to use a single index to measure involvement. Instead, they suggest “that it seems essential to keep the full picture of the nature of consumer involvement by measuring the consumers’ position on each of these five facets – thus providing their involvement profile” (Laurent & Kapferer, 1985, p. 43).

It is interesting to note that Laurent and Kapferer include in the facets of involvement:

the perceived risk associated with the product purchase, which in turn has two facets (Bauer 1967):

- the perceived importance of negative consequences in case of poor choice and
- the perceived probability of making such a mistake

This echoes the description given in 2.2.2 above of the components of perceived risk.

In his discussion of the applications of perceived risk Mitchell (1999, p. 9) distinguishes between “high and low involvement goods”, with the observation that a variety of different studies “have shown that, in general, the higher value, more complicated and more involving products are more risky than the lower value, low-involvement simpler convenience products”.

The other facets that Laurent and Kapferer (1985, p. 43) describe are “The perceived importance of the product”, “The symbolic or sign value attributed to the product, its purchase, or its consumption”, and “The hedonic value of the product, its emotional

appeal, its ability to provide pleasure or effect”. They illustrate each of the five facets with these examples of survey items:

<i>Facet:</i>	<i>Examples of items:</i>
Product perceived importance	_____ is very important to me
Perceived importance of negative consequences of a mispurchase	When you get a _____, it’s not a big deal if you make a mistake
Subjective probability of a mispurchase	When you get a _____, it’s hard to make a bad choice
Hedonic value of the product class	I can’t say that I particularly like _____
Perceived sign value of the product class	You can really tell about a person by the _____ she picks out

Table 1: Examples of measures for the facets of involvement that Laurent & Kapferer proposed

While Laurent and Kapferer (1985, p. 45) did find that a “relationship does exist between facets”, they also found that “one facet cannot be fully predicted by another”, that a single index is in fact insufficient to adequately measure involvement, and that as a result “a consumer may be high on one facet but low on another”. They also concluded that it was appropriate to combine “the perceived importance of the product” and “the perceived importance of the consequences of a mispurchase [sic]” into what, in Table 2 below, is shown as “Importance of negative consequences”. They noted that “It appears that involvement cannot simply be equated with perceived risk”.

For their research Laurent and Kapferer identified 14 product categories. They then surveyed 207 French housewives, and asked each one about two of those product categories. (While their article was published in 1985, there was no such thing as e-commerce until some years later because, as explained in 1.2 above, commercial use of the Internet was not permitted until 1991 (Schneider & Perry, 2000, p. 14)).

The following table gives the involvement profiles that Laurent and Kapferer established for some of their product categories²:

<i>Product category:</i>	<i>Importance of negative consequences (*):</i>	<i>Subjective probability of mispurchase (*):</i>	<i>Pleasure value (*):</i>	<i>Sign value (*):</i>
Dresses	121	112	147	181
Bras	117	115	106	130
Washing machines	118	109	106	111
TV sets	112	100	122	95
Vacuum cleaners	110	112	70	78
Irons	103	95	72	76
Yoghurt	86	83	106	78
Chocolate	80	89	123	75
Detergents	79	82	56	63

* Average product score = 100

Table 2: Examples of some of the involvement profiles that Laurent & Kapferer identified

Laurent and Kapferer (1985, p. 52) concluded that:

though they were correlated, each facet of involvement brought some specific information. One could not capture the consumer's involvement through a single index; all facets of the involvement profile must be taken into account simultaneously.

In their discussion of marketing issues that are relevant to Web site design, Palmer and Griffith (1998, p. 46) discuss information intensity, which in their opinion includes:

the amount of information that goes into the development of the product or the service, the amount of information required by consumers to utilize the product, and the amount of information required across the value chain to develop and deliver the product or service.

However, Palmer & Griffith (1998, p. 51) then mention, in their "Concluding Remarks", that there may be still more relevant characteristics that need to be considered, and they suggest that one such characteristic might well be "the level of consumer involvement" that the purchase decision requires. In support of this they explain that a product with a high information intensity "could be either a high or low involvement purchase from a

² I have included in this table only product categories that are either identical, or similar, to product categories that participants in my research mentioned. As a result this table shows only nine of the 14

consumer standpoint”, and they suggest that high-involvement products both “would be less likely to be sold online” and, if sold online, would need to be supported by more information than would be provided for a low-involvement product. To illustrate these points, they put forward insurance as an example of a product with high information intensity, and they then explain that while “For many people, car insurance is a low-involvement decision”, buying life insurance “tends to be a high involvement decision”.

2.2.4 The Technology Acceptance Model

Davis proposed the Technology Acceptance Model (TAM) in his doctoral dissertation in 1986. He undertook the research that led to the TAM in an attempt to identify why computer users were much more prepared to use some computer systems than they were prepared to use others. He found that perceived usefulness and perceived ease of use (Davis, 1989, p. 320) both significantly affect user acceptance of systems. He defines these terms as “the degree to which a person believes that using a particular system would enhance his or her job performance”, and as “the degree to which a person believes that using a particular system would be free of effort”, respectively. Davis found that the perceived usefulness of a system has a strong effect on user acceptance of it. He also points out that perceived ease of use may have a causal effect on perceived usefulness, rather than being independent of it, and suggests this as an avenue for further research (Davis, 1989, p. 334).

A related article that was published a month earlier, and of which Davis was a co-author, explains that the TAM is an adaptation of Fishbein and Ajzen’s Theory of Reasoned Action (TRA), and gives a good discussion of the theoretical basis of the TAM (Davis, Bagozzi, & Warshaw, 1989, pp. 983-989). The research that it describes supports the suggestion noted above that perceived ease of use may have a causal effect on perceived usefulness, rather than being independent of it (Davis, Bagozzi, & Warshaw, 1989, pp. 997-998). Interestingly, it also resulted in the findings that perceived ease of use and perceived usefulness both affected the intentions of the users initially, but after they had

been using the system for 14 weeks, user's intentions were directly affected only by usefulness, "with ease of use affecting intention only indirectly via usefulness".

Davis and his co-authors explain that the TRA postulates that a person's intention to perform a particular behaviour is determined by both the person's "positive or negative feelings ... about performing the target behaviour" (Davis, Bagozzi, & Warshaw, 1989, p. 984) and by the person's subjective norm. In a later work, Venkatesh & Davis (2000, p. 187) explain that:

Subjective norm is included as a direct determinant of behavioral intent in TRA (Fishbein and Azjen 1975) and the subsequent TPB (Azjen 1991). The rationale for a direct effect of subjective norm on intention is that people may chose to perform a behaviour, even if they themselves are not favourable toward the behaviour or its consequences, if they believe one or more important referents think they should, and they are sufficiently motivated to comply with the referents.

Davis, Bagozzi & Warshaw (1989, pp. 984-998) note that:

A particularly helpful aspect of TRA from an IS perspective is its assertion that any other factors that influence behaviour do so only indirectly by influencing A [the person's attitude - MJWT], SN [subjective norm - MJWT], or their respective weights.

They point out that "TAM does not include TRA's subjective norm (SN) as a determinant of BI [behavioural intention – MJWT]". In fact, their research found that the subjects' respective subjective norms "had no significant effect" on their behavioural intentions. They point out that this may be due to the "personal and individual" nature of the word-processing application studied. However, they also suggest that there is a need for further research into the "specific types of social influence processes at work in a computer acceptance context".

In 2000 Venkatesh and Davis (2000, pp. 187-188) published the results of research that extends:

TAM to include additional key determinants of TAM's perceived usefulness and usage intention constructs, and to understand how the effects of these determinants change with increasing user experience over time with the target system.

They explain that the extended model, which they call TAM2, "incorporates additional theoretical constructs spanning social influence processes (subjective norm, voluntariness,

and image) and cognitive instrumental processes (job relevance, output quality, result demonstrability, and perceived ease of use)", and that the term "voluntariness" is included in order to reflect the finding of Hartwick and Barki (1994, p. 458) that subjective norms are "the most important antecedent" of users' intentions where use of a system is mandatory, but have little if any effect where use is voluntary.

TAM2 extends the original TAM by (at least partly) explaining the factors that influence "one of its two belief constructs, perceived usefulness". Also, TAM2 recognises that, where use of a system is mandatory, subjective norm initially has a strong influence on use of the system but is significantly moderated as the users' experience of the system increases over time (Venkatesh & Davis, 2000, pp. 197-200).

The concept of "normative beliefs" is similar, and related, to the concept of "subjective norms", as the following passage explains:

Normative beliefs refer to "the perceived behavioral expectations of such important referent individuals or groups as the person's spouse, family, friends, and—depending on the population and behavior studied—teacher, doctor, supervisor, and coworkers" ([Ajzen 1991], page 412). Normative beliefs can influence behavioral intention through "subjective norms" (e.g., the perceived social pressure to engage or not to engage in a behavior) based on the theory of planned behavior [Ajzen 1991] (Zhou, Dai, & Zhang, 2007, pp. 46-47).

In other words, the concept of "normative beliefs" is part of the TRA, from which the TAM is adapted (see above). And Vijayasarathy (2004, p. 758) found that normative beliefs had a significant effect on consumers' intentions to use on-line shopping.

Chen, Gilleson & Sherrell (2002, p. 707) note that TAM has been "successfully adopted ... to study the acceptance of Internet related technologies, such as e-mail [and] the World Wide Web" (see, for example, Lederer, Maupin, Sena, & Zhuang, 2000, p. 275 and p. 277). Similarly, Eleanor Loiacono, when developing her WebQual model for assessing (B2C) Web sites, used "as a general underlying theoretical model the ... TRA", and particularly its application "to information technology, in the form of the ... TAM" (Loiacono, Watson, & Goodhue, 2002, p. 5). And Salam, Iyer, Palvia & Singh (2005, p. 74) also draw both on the TAM and the TRA.

Pavlou (2003, pp. 104-110, pp. 119-122) proposed, and carried out research that validates, a model that is based on the TAM and which studies consumers' intentions to engage in B2C e-commerce transactions. He found that the consumer's trust, the perceived usefulness of the Web interface, and the perceived ease of use of the Web interface all have positive influences on that intention, and consumer perceived risk has a negative effect on it. He defines trust as "the belief that allows consumers to willingly become vulnerable to Web retailers after having taken the retailers' characteristics into consideration", and notes that this actually requires consumers to trust the Internet (which presents issues of "environmental uncertainty") as well as trusting specific Web retailers (who present issues of "behavioural uncertainty").

2.3 Other relevant concepts

2.3.1 Privacy, and the use that businesses make of consumers' information

Clarke (1999, p. 66) tells us that "The concept of privacy is traditionally traced to an article by US Supreme Court justices at the close of the 19th century". (For more detail on that article, see Introna, 1997, p. 261).

Turban, McLean & Wetherbe (2001, pp. 286-287) tell us that:

It is common to identify four states of privacy: (1) solitude – the state of being alone, away from outside interference; (2) intimacy – the state of privacy one wants to enjoy from the outside world; (3) anonymity – the state of being free of external surveillance; and (4) reserve – the ability to control information about oneself.

In general, privacy is the right to be left alone and the right to be free of unreasonable personal intrusions. A definition of information privacy, according to Agranoff (1993), is "the claim of individuals, groups, or institutions to determine for themselves when, and to what extent, information about them is communicated to others."

Discussions of the various aspects of privacy are also provided by Introna (1997, pp. 260-265) and by Clarke (1999, p. 60), who tells us that:

Privacy is often thought of as a moral right or a legal right. But it's often more useful to perceive privacy as the interest that individuals have in sustaining a personal space, free from interference by other people and organizations.

Personal space has multiple dimensions, in particular, privacy of the person (concerned with the integrity of the individual's body), privacy of personal behavior, privacy of personal communications, and privacy of personal data.

Culnan & Bies (2003, p. 326) define personal information as “information identifiable to an individual”, and they agree with Westin’s (1967) definition of privacy as “the ability of individuals to control the terms under which their personal information is acquired and used”. Clarke (1999, p. 60) similarly states that:

Information privacy refers to the claims of individuals that data about themselves should generally not be available to other individuals and organizations, and that, where data is possessed by another party, the individual must be able to exercise a substantial degree of control over that data and its use.

Privacy is not a simple matter. For example, Culnan & Bies (2003, p. 329) point out that “It is not just whether the disclosure was authorized, but to whom the information was disclosed, and the nature of the information that was disclosed”.

In a paper with the sub-title “A Buyer’s-eye View of Online Purchasing Worries” Wang, Lee & Wang (1998, p. 64) put forward the view that consumers are not using (B2C) e-commerce as much as they could because they lack confidence in it. They also tell us that “The most crucial issue that Internet consumers have identified is fear and distrust regarding loss of personal privacy associated with the emerging electronic marketplace”, where in the context of e-commerce:

privacy usually refers to personal information and the invasion of privacy is usually interpreted as the unauthorised collection, disclosure or other use of personal information as a direct result of e-commerce transactions.

They also put forward the view that there are two major categories of personal information, which they call static private information and dynamic personal information. They explain (Wang, Lee, & Wang, 1998, p. 64) that static personal information is:

personal information that is not expected to change dramatically over time ... such as referential information, historical financial information, health information, personal affiliations and beliefs, and personal documents.

In contrast, they describe dynamic personal information as “information that changes dramatically over time, but nevertheless can be collected and analyzed in such a way that a well-informed profile may be generated” – for example, “activity history”.

Wang, Lee & Wang then explain that there are in fact many activities that can be performed via the Internet and which adversely affect the privacy of consumers. They note that some of these “have become cornerstones of Internet merchants’ revenue streams, for example the selling of consumer databases for direct marketing purposes” (Wang, Lee, & Wang, 1998, p. 64). They then describe some of the different types of activity about which they are concerned. For example, one “Internet marketing activity” that they consider has an adverse impact on consumer’s privacy is “The activities of Web-based advertisements that track the user’s usage history and preferences through cookies, such as those from DoubleClick.net, Preferences.Com, and many others” (A variety of sources provide more information on DoubleClick’s activities. For example, Turban, McLean & Wetherbe provide some detail of those activities (2002, p. 236), while Culnan & Bies discuss their consequences (2003, pp. 324-325)).

Wang, Lee & Wang then provide a taxonomy (1998, pp. 65-66) of the seven different types of privacy concerns that they consider that consumers have about these activities (which are “improper access”, “improper collection”, “improper monitoring”, “improper analysis”, “improper transfer”, “unwanted solicitation”, and “improper storage”). As part of this they also provide a detailed description of each one.

Hoffman, Novak & Peralta (1999, pp. 80-81) suggest that consumer’s concerns about their personal information fall into two categories. And they describe those two categories as feelings by consumers that they lack control over the ways in which Web sites handle their

personal information firstly, during the transaction for which they provided that information (e.g., how secure will their credit card data be?), and secondly, subsequent to that transaction.

With regard to the second of these, they state that:

Control over secondary use of information reflects consumers' perceived ability to control the use of their personal information for other purposes subsequent to the transaction during which the information is collected [2]. On the Web, this lack of trust is manifested in consumers' concern that Web providers will sell their personal information to third parties without their knowledge or permission.

Unlike traditional retail environments in the physical world, where consumers feel they have only limited choices, such perceptions concerning information privacy on the Internet have a striking negative influence on consumer willingness to engage in relationship exchanges online.

Smith, Milberg & Burke (1996, pp. 171-172) discuss “unauthorized secondary use” of personal information, and describe two ways in which it can occur. As noted above, consumers are concerned that merchants will sell their personal information to other organisations; Smith, Milberg & Burke call this “unauthorized secondary use (external)”. However, they also point out that an organisation that collects information for one purpose may then itself use that information for another purpose, which the consumer(s) had not authorised; they call this “unauthorized secondary use (internal)”. Brown & Muchira (2004, pp. 64-65) assert, citing a variety of authorities, that “unauthorized secondary use of data, invasion of privacy, and errors” ... “have been frequently identified in the direct marketing literature as being of primary concern to consumers”. Similarly, Hoffman et al. (1999, pp.82-83) go on to explain that these consumer concerns are mainly due to shortcomings in the behaviour of (B2C) Web sites, many of which fail to explain in any way how they will use the personal or demographic data for which they ask – or, in some cases, do not even explain that they will record that data.

In 2000 a survey that was conducted for the American Association of Retired People (AARP) (2000 March, p. 22, p. 34, p. 36, p. 47) identified the following concerns related to various aspects of privacy:

- 24% of Internet users who have not made any “Internet purchases” said that “Concerns about privacy” are one of the reasons for not having done so

- 74% of Internet users who have made “Internet purchases” are concerned about the privacy of the information that they provide when making Internet purchases³
- 77% of all Internet users are concerned about their activities on the Internet being monitored or tracked without their permission
- “An overwhelming majority (93%) of those surveyed believe that any personal information they give to a business during a business transaction remains the property of the consumer and that the information should not be shared with other businesses without the permission of the consumer. This figure includes 86% who ‘strongly’ support this position”
- “... 45% ... would not permit businesses to share their financial information with other businesses under any conditions”
- “... 30% ... of those surveyed would allow [financial] information sharing among businesses if they were notified and had the clear option of saying ‘no’ ”
- “Eighteen percent would allow their [financial] information to be shared with other businesses only with their explicit, recorded permission”.

Other research has similarly identified various privacy-related matters that B2C e-commerce involves, and about which (potential) consumers are concerned. For example, in 2001 a survey conducted for the UK’s Department for Trade and Industry found that 25% of those surveyed considered that “Have to give out personal information” was a disadvantage of “buying via the Internet” (Department for Trade and Industry, 2001, p. 21). And at the end of 2001 a survey conducted for Consumer WebWatch⁴ found that 93% of participants considered that it was very important, and 4% considered that it was somewhat important, that on “Web sites where you can spend money”, there is “A statement of how the site will use your name, address, credit card number and other personal information that you provide” (Consumer WebWatch, 2002, p. 11 & p. 38).

³ The AARP survey did not distinguish between personal information, such as e-mail addresses, and financial information, such as credit card numbers

In September 2001 UMR Research Ltd. carried out a survey in New Zealand for the Office of the Privacy Commissioner. The UMR survey was an “omnibus” survey, as were the other three surveys to which I have just referred; that is, none of these surveys have focused solely on consumer concerns, but instead each one of them has considered a range of issues, only some of which have been consumer concerns about B2C e-commerce.

The UMR survey (2001, p. 14, p. 45) found that the privacy issues about which people in New Zealand are concerned include both “The security of personal details on the Internet” (about which 84% are concerned) and “Tracking people on the Internet” (about which 60% are concerned). It also found that 93% of New Zealanders consider that it is important that businesses with which they deal respect, and protect, their personal information.

The UMR survey considered several aspects of how New Zealand businesses handle personal information. For example, it found (UMR Research Limited, 2001, p. 11) that:

- 91 % of people are concerned⁵ if “You supply your information to a business for a specific purpose and the business uses it for another purpose”
- 89 % are concerned if “A business that you don’t know gets hold of your personal information”, and
- 86 % are concerned if “A business monitors your activities on the Internet, recording information on the sites you visit without your knowledge”.

2.3.2 Trust

We have already seen several different authors using the term “trust” in their respective discussions of consumers’ attitudes to B2C e-commerce. In fact, this term is widely used in the literature on this topic. For example, Corbitt, Thanasankit & Yi (2003, p.

⁴ Consumer WebWatch “is a three-year, grant-funded project of [the USA’s] Consumers Union, the non-profit publisher of Consumer Reports magazine and ConsumerReports.org”. Their 2001 survey involved “interviews with 1,500 Internet users age 18 and older” (Consumer WebWatch, 2002, p. 3).

206, p. 209) found that “Trust is positively associated with e-commerce participation”, and also that “Perceived site quality is positively related to trust”. Several other authors echo the first of these findings; see, for example, Mahmood, Bagchi & Ford (2004, p. 23), and Suh & Han (2003, p. 152).

Marsh & Dibben (2003, pp. 470-471, pp. 478-487) provide a good discussion of trust as it relates to information technology, and to information systems. They provide a range of accepted definitions of trust, and surmise that “trust concerns a positive expectation regarding the behaviour of somebody or something in a situation that entails risk to the trusting party” (which is very similar to that given by Pavlou; see 2.2.4 above). And they distinguish between trust with respect to e-commerce and user interfaces, trust with respect to interactive systems, and trust in information.

In a later work Marsh & Dibben (2005, pp. 19-20) explore various situations that they describe as mistrust, untrust and distrust, and which respectively involve misplaced trust, an absence of trust (“I trust you, but not enough to believe you’ll be of any help”), and the belief that the other party “will actively work against” one – all of which, unfortunately, are possible views of some B2C e-commerce Web sites. They tell us, for example, that “distrust is a human response to a lack of information” – which correctly describes what happens when, for example, a potential consumer visiting a particular Web site cannot find a privacy policy anywhere on that site.

Clarke (1999, p. 61, p. 66) explains the relationship between trust and the privacy afforded to individuals in e-commerce. In his opinion:

- protection of the privacy of individuals is a necessary pre-requisite to gaining their trust, and
- individuals’ trust is a necessary pre-requisite for their participation in e-commerce.

⁵ That is, the participants in that survey were either “Very concerned” or “Concerned”; other possible responses were “Neutral”, “Not concerned”, “Not concerned at all”, or “Unsure”

The Executive Summary for the Consumer WebWatch survey (2002, p. 1) tells us that:

the online reality today is that few Internet users say they can trust the Web sites that have products for sale or the sites that offer advice about which products and services to buy. Only 29 percent of users say they trust Web sites that sell products or services. And just 33 percent say they trust Web sites giving advice about such purchases. That compares to 58 percent who trust newspapers and television news and 47 percent who trust the federal government in Washington.

Of the participants in that survey, 80% considered that “Being able to trust the information on a Web site” (not necessarily an e-commerce one) was very important, and 14% considered that it was somewhat important (Consumer WebWatch, 2002, pp. 8-9).

2.4 Other research to date

2.4.1 Reluctance to provide credit card numbers in online transactions

Salam, Iyer, Palvia & Singh (2005, p. 73) specifically mention that “Consumers may fear providing credit card information to commercial Web vendors”, and Suh & Han (2003, p. 135) comment on the reluctance of consumers to provide credit card numbers.

Similarly, the AARP survey found that one reason why some Internet users had not made any “Internet purchases” was that they were “Concerned about the safety of the payment system” (American Association of Retired People, 2000 March, p. 34).

The survey conducted in the United Kingdom (UK) for the Department for Trade & Industry (2001, pp. 2-3, p. 21) found that 37% of participants considered credit card fraud to be a disadvantage of shopping on the Internet - which in fact made it the biggest disadvantage that that survey identified. (However, that survey also found that only 2% had experienced credit card fraud online, and commented that “Perceptions of fraud are therefore not matching actual experience, suggesting a media effect”).

As various articles in the general media demonstrate, there are at least two aspects to this concern. Firstly, a potential aggressor/fraudster may discover a credit card number while it is being transmitted across the Internet from the consumer to the merchant (e.g., by

using a program of a type called a “packet sniffer”). However, to defend against this type of attack most Web sites that accept credit card numbers have for some years now used either the Secure Sockets Layer (SSL) or the Transport Layer Security (TLS) protocol to encrypt consumers’ credit card details in order to prevent their discovery in this way (Guerin, 2003, p. 17).

Secondly, a potential fraudster may discover a credit card number that is held in a record in the merchant’s system (“Cards unsafe on Internet”, 1997; Credit card database hacked, 2003). This can occur if inadequate security is imposed on the credit card data (so that, for example, back-up tapes containing that data go “missing ... during a routine shipment to an offsite storage site” (Mearian, 2005)). However, it can also occur if a person who is authorised to access that data for a genuine business reason abuses that authority (see, for example, Hanley, 2003).

2.4.2 In an online transaction the consumer can’t touch – or otherwise evaluate - the product

Ahuja, Gupta & Raman (2003, pp. 149-150) found that 4% of people gave “inability to touch and feel the product” as a reason “for not shopping online”, while the AARP survey (American Association of Retired People, 2000 March, p. 34) found that one reason why some Internet users had not made any “Internet purchases” was that they “Prefer to examine products”. Similarly, the survey conducted in 2001 for the UK’s Department for Trade and Industry (2001, p. 21) found that “Cannot see what you are buying” and “Cannot touch/feel what you are buying” were identified as “Disadvantages of buying on the Internet” by 23% and 15% respectively of those surveyed. And, as mentioned above, Kim & Stoel (2004, p. 620) tell us that “consumers associate a high level of risk to [sic] the purchase of apparel via home shopping methods ... due to the consumer’s inability to touch or try on the garments”.

2.4.3 Shopping on the Internet doesn't involve any social interaction

Ahuja, Gupta & Raman (2003, p. 149) state that “social interaction” covers both “the opportunity to interact with a salesperson” and “the perception of shopping as a social activity with friends”. The AARP survey (American Association of Retired People, 2000 March, p. 34) found that one reason why some Internet users had not made any “Internet purchases” was that they “Prefer face-to-face shopping”. Similarly, Doolin, Dillon, Thompson & Corner (2005, p. 80) found that “there is some support for” their hypothesis that “Consumers who place importance on the loss of social interaction in Internet shopping are less likely to purchase online” - i.e., for some consumers social interaction is an important part of shopping, and they regard its absence from online shopping as a short-coming of that form of shopping.

2.4.4 Web site characteristics

There has been a significant amount of research into a wide range of characteristics of Web sites. However, in my research I did not attempt to address this issue. As a result, I will only mention a few Web site characteristics, which correspond to specific concerns that participants expressed during my research.

Singh and Dalal (1999, p. 95) tell us that:

Visitors to a Web site can be classified into two broad categories, low-involvement hedonistic surfers and high-involvement utilitarian searchers - henceforth, surfers and searchers, respectively.

Surfers are fun-seekers and explorers who desire entertainment and stimulation; they are likely to land at a Web site, linger for a brief period and then take off for another more attractive site in their path.

In contrast, searchers are goal-oriented, looking for specific information, and are likely to spend more time at their preferred sites.

When the Internet first became widely used, many people spent time on it wandering around, “just looking”. However, since then, it has changed from being a source of entertainment to being an “information utility” (see, for example, Harmon, 2001). In other words, many people who initially approached the Internet as “surfers” now increasingly exhibit “searcher” behaviour. This means that in many cases nowadays

when someone goes to the Internet they know what they want before they start. And “most consumers who go on-line for a specific purpose tend to be impatient” (Luo & Seyedian, 2004, p. 96). An organisation operating a B2C Web site needs to recognise this, and to design their site accordingly. Which means that the following passage is in fact excellent advice:

Most customers need simple-to-use navigation. If they find a Web site hard to navigate or it is too time-consuming to find what they need, they may simply stop browsing or even leave so as not to waste more time (Luo & Seyedian, 2004, p. 101).

Also, the content that is published on a Web site raises several issues. For a start, it must be up to date. As Gerry McGovern (2004) tells us in an issue of his “New thinking” e-zine⁶, “You must be able to stand over everything that is published on your website and say that it is all accurate and up-to-date”. And there are many other Web site characteristics on which my research did not touch; see, for instance, McGovern’s comment (2003) that “The Web is not a graphic design medium. It is a reading medium, a text-driven medium”.

As mentioned below, “Web site design” was one of the four categories that Shergill and Chen (2005, pp. 82, 86-87) considered in their research on “Web-based shopping: Consumers’ attitudes towards online shopping in New Zealand”. However, they only considered a few aspects of Web site design. For example, they did not consider the issue of Web site content that was out of date.

2.4.5 Other concerns

The Consumer WebWatch survey (2002, pp. 10-12) asked about six aspects of e-commerce Web sites. One, relating to the use of personal information (including credit card numbers) has already been mentioned above. The other five are:

- “A statement of all fees that you will be charged for using the site, including shipping costs, transaction fees and handling fees”

⁶ “E-zine” is an accepted abbreviation for “e-mail magazine” – i.e., a periodical that one receives via e-mail.

- “An explanation of when you can expect delivery of your products or confirmation of your reservations”
- “A statement of the site’s policies for returning unwanted items or canceling [sic] reservations”
- “The email address, street address or telephone number where you can reach the site’s staff about any problems”, and
- “The site’s privacy policy”

They are listed above in decreasing order of importance – i.e., the first listed is the most important, while the last is the least important. And the least important is in fact still very important - 94% of participants considered that it is either very important or somewhat important that an e-commerce Web site has a privacy policy available (98% felt that way about the “statement of all fees”; 97% felt that way about personal information, which was the second most important).

The survey conducted in 2001 for the UK’s Department for Trade and Industry (DTI) survey described 21 potential “Disadvantages of Internet Shopping”, and asked each participant to nominate “two or three” of them as “the main disadvantages of buying goods or services via the Internet”. Some of the main disadvantages that it identified have already been described above (“Credit card fraud”, “Have to give out personal information”, “Cannot see what you are buying”, “Cannot touch/feel what you are buying”, and “Cannot pay safely on-line”). However, that survey (Department for Trade and Industry, 2001, p. 21) found that the following issues were also regarded as “Disadvantages of Buying via the Internet”:

- “Unsolicited/junk email (spam)” – by 15%
- “Company may not be genuine” – by 10%, and
- “Hackers” – 8%

Similarly, the AARP survey (American Association of Retired People, 2000 March, p. 34) identified a variety of reasons why some Internet users had not made any “Internet

purchases”. As well as those that have already been discussed above, other reasons identified include “Don’t like to shop online”, “Not enough product information provided”, “Concern about company/refund policy”, and “Concerned about scams”.

The literature mentions a variety of concerns that consumers express, such as “credit card fraud”, “company may not be genuine”, “scams” and “hackers”. The factor that all of these terms have in common is that the consumers who express them are concerned that fraudulent activity by some party will in some way cause them financial loss.

Consumers are generally vague as to exactly how this might happen. However, it is possible to find more detail; see, for example, Guerin’s paper (2003, p. 3, pp. 6-11) on “Fraud in Electronic Payments” in which, of the various categories that he describes, “Merchant Fraud”, “Third-Party / Cross-Border Fraud”, and “Card-Not-Present Fraud” are all ways in which consumers could be defrauded. And, as he points out, within each of these categories there may be more than one type. For example, he explains that “Merchant-originated fraud ranges from honest merchants with a dishonest member of staff, to a dishonest or fake merchant that is operating in collusion with fraudsters” .

2.5 Research to date in New Zealand

Doolin, Dillon, Thompson & Corner (2005, p. 74) address several different issues relating to Internet shopping. Doolin et al made a self-administered survey available on a university Web site; “A New Zealand Internet Service Provider (ISP) agreed to send an e-mail to customers that had elected to receive electronic newsletters from them”; that e-mail directed recipients to the survey; they obtained “749 responses”. Their findings with regard to consumer’s perceptions of the risks of, and of the benefits involved in, Internet shopping, and the importance of social interaction to the activity of shopping have already been discussed above.

Corbitt, Thanasankit and Yi (2003, pp. 206-207) studied “Trust and e-commerce: a study of consumer perceptions”. They used e-mail invitations to recruit participants, 80 of whom who then answered a self-administered survey that they had made available on a university Web site. Their comments on the role of, and need for, trust in e-commerce

have similarly been discussed above – as have the findings that relate to e-commerce in the UMR survey that was carried out for the Office of the Privacy Commissioner, and which considered various aspects of privacy (UMR Research Limited, 2001, p. 10, p. 14 & p. 45).

Shergill & Chen (2005, pp. 83-88, p. 92) carried out research into New Zealand “Consumers’ Attitudes towards Online Shopping” by using a mall intercept survey, in which respondents answered a self-administered questionnaire; all respondents lived in the Auckland area. Based on their review of the literature they postulated that a range of “Web site design factors” affected Online Purchase Behavior, and that those factors were moderated by the amount of online purchasing that the buyer made (which they categorised as “once yearly,” “2-4 times yearly”, “5-10 times yearly”, and “more than 10 times yearly”). Their results led them to group the “Web site factors” about which they asked into the categories of “Website Design”, “Website Reliability/Fulfilment”, “Website Customer Service”, and “Website Security/Privacy”.

Shergill & Chen (2005, pp. 88-91) found that the above four Web site factors did affect the online buying behaviours of consumers - but they noted that in general “Online New Zealand consumers have very different perceptions of all four factors”, and in particular that “website privacy/security” could well still be “a possible obstacle to online buying”. They also found that the amount of online purchasing that the buyer made affected perceptions of “Website Design” and of “Website Reliability/Fulfilment”, but that it did not affect perceptions of the other two Web site factors. And, rather oddly (given that their questionnaire does not appear to have asked any questions that link the cause and the claimed effect) they claim that “Poor website design was the main reason for consumers not completing online purchases”.

As the above suggests, Shergill & Chen focused on characteristics of B2C e-commerce Web sites; they did not, for instance, investigate the possibility that consumers online buying behaviour might be affected by (for example) the nature of the good being considered for purchasing. As a result, their work is of interest, but it is definitely not the last word on the attitudes of New Zealanders to B2C e-commerce.

Where there has been some other research that falls under the broad heading of “E-commerce in New Zealand”, it has addressed issues that are not relevant to this present study – for example, the extent to which insurance companies serve the New Zealand market (Yao, 2004).

2.6 Closing comments about the literature review

My review of the literature contributed in two ways to my research. Firstly, the guidelines for semi-structured interviews contain 69⁷ questions. While it began and ended with some open-ended questions (for example, question 3 asked “What aspects of buying things over the Internet do you dislike?”), 49 questions were intended to determine whether or not participants were concerned about various specific issues; every one of those questions asked about a concern that I had identified in my literature review and have described above (for example, questions 40-45 asked whether, and why, participants were concerned about providing credit card details in on-line transactions). In other words, my review of the literature identified every issue about which I specifically asked the participants in the semi-structured interviews, and (in my opinion) has directly contributed both to the richness and to the quantity of the data that I obtained.

The second way in which my review of the literature contributed to my research is by providing explanations for some of the data that I obtained. For example, I performed the bulk of my literature review before drawing up the guidelines for semi-structured interviews. At that time I identified the concept of perceived risk, and realised that it might well be relevant to my research (as a result of which I included in the guidelines questions about concerns that authors such as Lim (2003, pp. 224-226) described).

However, I did not realise that the concept of consumer involvement might also be relevant until I had coded and analysed the transcripts of the 15 semi-structured interviews, and had identified several inconsistencies in the data that I had obtained (for example, about buying

⁷ Note that, although the last question is number 68, there is also a question number 41.5

clothes on-line; see 4.3.5 below). I went back to the literature to see if I could find explanations for any of these inconsistencies; one of the possibilities that I followed up was the comment by Palmer & Griffith (1998, p. 51) that when considering marketing issues that are relevant to Web site design, as well as information intensity it might also be necessary to consider “the level of consumer involvement” that the decision to purchase a particular item requires. And, as I point out below, it seems very likely that this concept can in fact explain the inconsistencies that I identified.

For these reasons I feel that the literature review has been an essential, and critical, part of my research, and one that has definitely repaid the time and effort that I put into it.

3 Methodology

3.1 Introduction

I began this research by reviewing the literature. I then drew up the information sheets and consent forms for participants, and a draft set of guidelines for semi-structured interviews, and submitted them with my application to the Lincoln University Human Ethics Committee (HEC). Once I had received their approval I drew up the up questions to ask each focus group, and then began contacting schools to provide participants. I conducted three focus groups, and transcribed the proceedings of each one. Then I coded and analysed those three transcripts. I used the results of that analysis to finalise the guidelines for the semi-structured interviews. I then conducted 15 semi-structured interviews, and transcribed the proceedings of each one. Once all of the interview transcripts were available, I coded and analysed them. And finally I wrote this thesis.

In the rest of this chapter I will discuss any significant, or unusual, issues that I encountered during this research⁸.

3.2 The rationale for my choice of research activities

I wanted to identify as many as possible of the concerns that New Zealand consumers have about B2C e-commerce. I decided to do this by firstly identifying every issue about which consumers might be concerned, and then asking consumers about each of those issues to determine whether or not they were concerned about it. And I decided that I would try to identify every issue about which consumers might be concerned by carrying out two independent activities, which were:

- performing a review of the literature, and
- conducting three focus groups.

⁸ In this section I refer to resources that I have not included in (the Appendices) to this thesis, but which I will readily provide to anyone interested. Examples include the information that I provided to each school

While I had identified a range of possible issues in my review of the literature, I also recognised that I could not assume that those issues were all of the issues, and the only issues, about which consumers were concerned. Instead I recognised that it was possible that, for example:

- consumers might also be concerned about one or more newer issues that had not yet appeared in the literature, and
- one or more of the concerns that I had found in the literature might have ceased to be a concern to consumers.

I have mentioned that my literature review might not have identified all of the issues about which consumers were concerned; it was also possible that a focus group might similarly not identify all of those issues. For that reason I decided to conduct three focus groups, with seven or eight participants in each group, in order to improve the chance of identifying as complete a set of concerns as possible. The use of focus groups for this purpose, the choice of this number of focus groups, and the choice of this number of participants for each one, are all consistent with currently accepted practice (see, for example, Greenbaum, 2000, pp. 3-6).

Once I had identified all of the issues about which consumers might be concerned, I then needed to ask a sample of consumers about each one to determine whether or not they were concerned about it. To do this I proposed to carry out fifteen semi-structured interviews – i.e., I would separately interview each of 15 participants, and in each interview I would ask the same questions, about the issues that I had previously identified.

that agreed to provide participants for a focus group, and the information that I provided to each focus group participant.

3.3 How I got participants

The heading of this section refers to “getting participants” rather than to “recruiting participants” because, as I will explain, the approach that I used resulted in others doing the recruiting for me. I used an approach that a colleague⁹ had previously used successfully to conduct several research activities. It involves contacting one or more state-run primary schools, asking them if they will provide research participants, and presenting the idea to them as a potential means of fund-raising. That is, each school involved recruits the participants that it provides – thus saving the researcher a lot of work.

Once a school had agreed to provide participants, I provided it with further, detailed, information about what I was trying to achieve. The information that I provided to each school that agreed to provide participants for a focus group was slightly different to that which I provided to each school that agreed to provide participants for five semi-structured interviews¹⁰. Both sets of information contain the same advice on how to select participants, and both show that in most respects I left it to each school to choose the participants that it provided - although I did provide some guidelines, which included:

- each participant must be at least 18 years old
- I would like some variety in the participants that a particular school provided - e.g., I said that “if you can get three males to take part, I would prefer that they were not all 32-year-old truck drivers”
- I would like each participant to have at least some knowledge of what the Internet is, and of “shopping over the Internet”
- the suggestion that the school could get participants from the members of their Parent-Teacher Association (PTA), from their PTA committee, from their staff, and/or from the members of their Board of Trustees.

⁹ Dr. Andrew Cook, who is a post-doctoral research fellow in the Agribusiness & Economics Research Unit of Lincoln University

¹⁰ Both of these sets of information are available from the author

Each participant signed a consent form before taking part. Both the information that I provided to participants, and the consent form that each of them signed before taking part, explained to them that the proceedings of the focus group/interview were to be recorded.

In order to obtain as representative a sample of participants as possible both for my focus groups and for my interviews (and to keep to a reasonable level the efforts involved in arranging the interviews), I decided that:

- for each focus group I would obtain the participants from a different school
- I would obtain the participants for the semi-structured interviews from three different schools, with each of those schools providing participants for five different interviews, and
- each school that had provided participants for a focus group was excluded from subsequently providing participants for interviews.

In other words, I would obtain the participants for the first, second and third focus groups from schools A, B and C respectively, and I would obtain the participants for interviews 1-5, 6-10, and 11-15 from schools D, E and F respectively. This meant that I needed a total of six schools to agree to provide participants. I decided that I would only contact schools in the Christchurch metropolitan area. Given the number of schools in that area, and the other matters that I wanted to address when choosing schools (see the following section), I felt that there was a good chance of getting participants from that many schools from within that area.

3.4 How I identified, and then chose, the schools that provided participants

I used the list that my colleague had given me to identify each potential school from which I hoped to obtain participants. Then, in order to get further information about each school that I had identified, I used the “Te Kete Ipurangi” (The Online Learning Centre)

Web site provided by the New Zealand Ministry of Education¹¹. I could, of course, have dispensed with my colleague's list, and begun at Te Kete Ipurangi. However, for each area that the user selects that Web site shows all of the schools in that area – e.g., as well as primary schools it also shows intermediate and secondary schools. As a result, I used my colleague's list to identify potential schools, because it showed only state-run primary schools – i.e., the only schools that it showed were all potential schools for my purposes.

In order to keep track of the various schools with which I had made contact, I set up two documents that I used as logs (I used one for focus groups, and the other for interviews). In each log I set up a separate section for each school with which I had made contact. Although some schools were very receptive when I approached them with a suggestion that this could be a fund-raising venture for them, this was definitely not the case with all of the schools that I contacted. My logs show that one school that I contacted about a focus group, and two that I contacted about interviews, never called me back.

In New Zealand the Ministry of Education assigns a decile rating (“decile”) to each state school and to each state integrated school, and then provides each of those schools with funding based on its decile. The decile for each school is an indicator of the socio-economic community from which the school gets its pupils, and is assigned a value in the range of 1 to 10 (Frequently Asked Questions About Deciles, 2006, 19 Sept.).

I tried to obtain participants who provided samples that were as representative as possible of the New Zealand population, both for the focus groups and for the interviews. In order to do so, when choosing each school to contact I also considered each school's decile. Given the range of values possible for each school's decile, my aim was to have a mean decile of five both across the schools that provided participants for the focus groups, and also across the schools that provided participants for the semi-structured interviews. Tables 3 and 4 (following) show that the actual mean deciles for the two groups were 5.0 and 4.67 respectively.

¹¹ At <http://www.tki.org.nz/e/tki/>

Given that aim, I recorded (in the respective logs that I kept) the decile for each school that I contacted. Then, whenever I needed to contact another school I began by reviewing the decile(s) of the school(s) in the relevant group that had already provided participants, and then I tried to choose another school with a suitable decile. For example, the first two schools that provided interview participants had deciles of 9 and 3 respectively, giving a total of 12. As a result, when I needed to choose the third school to approach about interview participants, I tried to find a school with a decile of 2, 3 or 4, in order to get a total as near to 15 – and therefore a mean decile as near to 5.0 – as possible.

<i>School:</i>	<i>Decile:</i>	<i>Participants:</i>			
		<i>Parents (1):</i>	<i>Staff (2):</i>	<i>BOT (3):</i>	<i>Total (4):</i>
A	2	1	7	---	8
B	8	6	1	1	7
C	5	7	---	1	7
Mean:	5.0				22

- (1): includes some parents whose children attended the school in the past, but no longer do so
- (2): includes both teaching staff and administrative/support staff
- (3): i.e., member of the school's Board of Trustees
- (4): the Total for a school may be greater than the sum of the three figures to the left of that Total – because a participant who is a parent, or who is a teacher, may also be a member of the school's Board of Trustees

Table 3: Information about the participants in each of the focus groups that I conducted, and about the schools that provided those participants

<i>School:</i>	<i>Decile:</i>	<i>Participants:</i>			
		<i>Parents (1):</i>	<i>Staff (2):</i>	<i>BOT (3):</i>	<i>Total (4):</i>
D	9	5	---	1	5
E	3	5	---	2	5
F	2	---	5	---	5
Mean:	4.67				15

- (1): includes some parents whose children attended the school in the past, but no longer do so
- (2): includes both teaching staff and administrative/support staff
- (3): i.e., member of the school's Board of Trustees
- (4): the Total for a school may be greater than the sum of the three figures to the left of that Total – because a participant who is a parent, or who is a teacher, may also be a member of the school's Board of Trustees

Table 4: Information about the participants in each of the interviews that I conducted, and about the schools that provided those participants

I asked participants for some demographic information. This was primarily to check that the participants and their spouses/partners had a wide range of occupations. Having reviewed the demographic information that I did obtain, I believe that I was presented with a good range of participants, both in the focus groups, and in the semi-structured interviews, that I conducted. I also suspect that having some participants who were parents and some who were staff members may have actually helped in this respect.

This is because, while participants who are staff members all have similar occupations, it is possible that they live in a far wider range of areas than it would otherwise be possible to cover using this approach to obtaining participants – and this is in fact what I found. While participants who are parents of children at a particular school all live in the same area, they have a far wider range of occupations than is found among the staff at any school. However, I am aware that having staff members as participants has one major short-coming – it means that the school’s decile does not necessarily have any relationship with the socio-economic status of any or all of the staff members that the school provides as participants.

In my research this may have been the case with two of the staff who took part in the focus group at school A. It definitely was the case with one of the staff from school F who I interviewed; this because school F has a decile of 2, while the school in the area in which the participant lives has a decile of 9. And it definitely was not the case with the one staff member who took part in the focus group at school B, and who lives in an area with a school that has a decile of 8; this is because school B also has a decile of 8. So this has affected at most three out of the 13 participants who were staff members. While I believe that this potential problem has not had an adverse effect on my research, others who use this method of obtaining participants for their own research activities may well want all their participants to be parents, in order to ensure that the socio-economic status of each participant is related to the decile rating of the school that provides that participant.

One comment that I received from a member of the HEC was that “Working through schools will almost certainly produce a very distorted sample, (eg unlikely to have any

elderly respondents or people with no children [sic]”. I replied that I agreed, but that I also felt that:

- firstly, the qualitative nature of my research reduces the importance of this, and
- secondly, if anything, the method may result in me having access to participants who are better able to discuss their attitudes to B2C e-commerce.

...

I suspect that the fact that this method may not give me access to the elderly probably also means that there may be a better chance of having participants who are more technology-aware, and who as a result have made informed decisions about using B2C e-commerce (regardless of what those decisions are).

In other words, I agreed with my colleague that it was likely that I would mainly get participants who were (reasonably) young adults. And I also felt that, by approaching only primary schools, I was probably going to “distort” my sample further towards the “young” end of the adult age range – which was probably going to further increase my chances of getting participants who were technology-aware, who were aware of e-commerce, and who either used it themselves or at else had acquaintances who used it. That is, I felt that an aspect of my research that would have resulted in a shortcoming if I had been using a quantitative approach was instead, given my qualitative approach, very likely to increase my chances of obtaining participants who could make useful contributions to my research. And in hindsight I feel that it did just that; in general the participants were aware of what e-commerce was, and what it involved, and had thought, and held definite opinions, about it.

3.5 The questions for the moderator to ask each focus group

By conducting the focus groups I wanted to identify the concerns that consumers had about B2C e-commerce – where some of these might not be documented in the literature. In other words, I wanted the participants in the focus groups to tell me what the issues were about which they were concerned. And I wanted to avoid any conduct on my part that might in any way have influenced the conduct of the focus groups by, for example, indicating that I was concerned about a particular issue, or by discussing a particular aspect of B2C e-commerce.

As a result, when I drew up the questions for the focus groups, I deliberately drew up questions that were “open”, and totally neutral – i.e., that asked participants what they liked and disliked (that is, what their concerns were) about B2C e-commerce. So, for example, the first question that I asked each focus group was “How do you feel about shopping on the Internet?” (the questions that I asked each focus group are shown in Appendix 1 below; all questions are based solely on my judgement). I also followed the advice of Stewart and Shamdasani (1990, p. 62) and drew up only a few questions, but planned to “probe responses and add new questions as [each focus group progressed]”.

Those who are knowledgeable about focus groups advocate “pre-testing” of the questions that are to be used (see, for example, Stewart & Shamdasani, 1990, p. 66). However, I did not do so – partly because I only proposed to conduct a total of three focus groups. I was pleased to find that the questions that I had developed worked well, even though they had not been “pre-tested”.

3.6 Conducting, and transcribing, the focus groups

I moderated all three focus groups, which were held in May through July 2006. I transcribed the proceedings of all of the focus groups. In order to avoid problems such as forgetting which voice belonged to which participant I transcribed each focus group as soon as possible after it finished. In all cases I completed the transcript of a particular focus group before conducting the next one.

When I reviewed the transcript for the first focus group, I rapidly confirmed what I had begun to suspect during the transcription - that in that focus group I had intervened far more than I should have done, given that “The most effective focus group moderators do a relatively small amount of talking and a great deal of listening” (Greenbaum, 2000, p. 32).

When I had designed the questions to ask each focus group, I had decided that I would set a time limit of 50 – 60 minutes for each one, in order to avoid participants becoming bored.

I advised each prospective participant of this intended time limit on the Information sheet¹² that I provided to them. However, the first focus group came to an end after 45 minutes - which, I felt, supported my belief that I had done too much of the talking. Because of this, I made a conscious effort to follow Greenbaum's advice, and to sit back and say less in both remaining focus groups. I was pleased that both the second and third focus groups ran for 65 minutes, and in both I had to intervene to close down the discussion, which I did bearing in mind the advice from Stewart and Shamdasani (1990, p. 94) that:

One critical point to bear in mind is that the participants have been recruited for a specific length of time. There is an implicit contract with the group that it will be finished on time.

3.7 The questions to ask in each interview

After I had completed the literature review I drew up a draft version of the guidelines for semi-structured interviews. Later, once I had coded and analysed the transcripts of all three focus groups, I realised that the draft guidelines did not include one additional concern that I had identified in the focus groups, and that I needed to address in the interviews. In order to do so, I added to the guidelines question 27, which asked "If you were considering buying something, would you prefer not to buy it over the Internet because, if you buy it over the Internet, you can't evaluate it as thoroughly as you'd like to before you buy it?"

This concern does in fact occur in the literature, and I erred in initially omitting it from the guidelines. The way in which the focus groups showed that I did need to include a question about in the guidelines shows why it is necessary to hold the focus groups when performing this type of research – i.e., to correct errors such as the one that I made.

Drafting the guidelines after the literature review, but before holding the focus groups resulted in the delay between the last focus group and the first interview being less than would have been the case if I had used the other approach. This was because all that I

¹² Available from the author

needed to do to arrive at the final version of the guidelines was to identify, and add to the draft version, the concerns that had been expressed in the focus groups that I had not already identified in my literature review. Although “pre-testing” is also advised for interview questionnaires (see, for example, Babbie, 2004, p. 256), I did not then perform any “pre-testing” of the guide for semi-structured interviews.

In the first three interviews, when I had asked the people who were concerned about providing their credit card details why they were concerned (i.e., question 41), Evelyn had replied “Credit card fraud”, and Glenda had replied “Simply being a victim of credit card crime”. Neither had explained who they thought would commit that fraud. However, when I discussed this with Henry in the fourth interview I realised that Henry (who also had this concern) considered that a merchant might commit it. This is entirely reasonable, as it is recognised that some B2C e-commerce merchants do commit fraud that adversely affects credit card holders (see, for example, Centeno, 2002, p. 6).

In order to confirm whether I should add to the guidelines a question about this particular concern, in the fifth interview immediately after question 41 I asked what is now question 4.15. Ivor replied that he definitely was concerned that a merchant to whom he provided his credit card details might defraud him. As a result I included that question in nine of the ten subsequent interviews, and the replies that the participants gave showed that it is definitely a concern for some consumers.

I mentioned above that I made the questions that I asked each focus group as “open” as possible. I similarly included some “open-ended” questions in the guidelines that I used for the semi-structured interviews, both at the start (e.g., “How do you feel about buying things over the Internet?”), and at the end (e.g., “Have I mentioned all of the issues that relate to shopping on the Internet that are of concern to you?”).

In hindsight this turned out to be an excellent idea. And this was because in a few cases the answers to these “open-ended” questions in the interviews brought forth concerns that had been briefly mentioned in a focus group (e.g., the concern, mentioned above, that if the

goods that you have purchased on-line are delivered to your address, but not to you personally, they could be stolen from where the courier leaves them). In other words, these “open-ended” questions helped to catch some further, but (I suggest) lesser, errors of omission on my part.

There were some lesser concerns and issues that I identified, but which I deliberately left out of the guidelines for semi-structured interviews. I did this with the aim of producing a set of guidelines that on the one hand was sufficiently thorough, but that on the other hand were not going to result in interviews that were excessively long (which I think I achieved; see the following section). I used my judgement to decide what to leave out and what to include. Basically, I left a particular concern or issue out if the guidelines already covered a concern/issue at a relatively high level and the one being considered was at a lower level – i.e., it addressed only some aspect(s) of that higher level issue.

One example of an issue that I deliberately left out is the distinction between a first time purchase of a particular type of item and a repeat purchase of that type of item. In my literature review I had noted the observation by Pires, Stanton and Eckford (2004, pp. 120-121) that “Distinguishing initial from repeat purchasers is supported by previous studies of risk in other media” - and this issue was mentioned in one of the focus groups. However I deliberately left out of the guidelines any questions about this issue. My main reason for doing so was because I was concerned that addressing it adequately in the interviews would make each interview significantly longer. For a start, this is because there are in fact two aspects of this issue:

- is this an initial, or a repeat, purchase of this item, and
- is this an initial, or a repeat, purchase from this Web site?

In other words, there were some instances in which I used my judgement when deciding what to include in, and what to leave out from, the guidelines. In each case I tried to achieve a balance between guidelines that would obtain useful data and guidelines that would do so without requiring too much of each participant’s time.

3.8 Conducting, and transcribing, the interviews

I carried out all 15 semi-structured interviews in August, September and October 2006. I followed the advice of Lofland and Lofland (1995, p. 87), both by leaving room on the guidelines for notes, and also by using a separate copy of the guidelines for each interview. I transcribed 11 of the interviews (a secretary helped by transcribing the other four). In all cases I completed the transcript of a particular interview before I conducted the next one. I did this in order to remember as much as possible of the interview that I was currently transcribing.

I had told potential interview participants (on the Information sheet that I provided to each interview participant¹³) that I hoped each interview would take “40 to 55 minutes”. My records show that the longest interview took 61 minutes, the shortest one took 31 minutes, and the mean time was 44 minutes (with a standard deviation of 8.5).

3.9 Coding and analysis

I used Microsoft Word for the coding and analysis of the three focus group transcripts, “copying” and “pasting” relevant parts from the transcripts into the document that I created to record the various themes that occurred in the focus groups. I did this because I felt that Word would be adequate for dealing with three focus group transcripts.

Once all of the interviews had been completed and transcribed, I performed the analysis and coding of the transcripts of the interviews using QSR Software’s NVivo 7. I did this because, while I felt that Word had been adequate for dealing with the three focus group transcripts, I also felt that it would be necessary to use NVivo’s facilities when dealing with the 15 interview transcripts. I think that in both cases the results that I obtained justified these decisions.

¹³ Available from the author

3.10 Incentives

I presented my research activities to schools as potential fundraising activities for them. I undertook to make a donation of \$225 to each school that provided me with 5-7 participants for a focus group, and to make a donation of \$175 to each school that provided me with 5 participants for semi-structured interviews. These financial incentives were the only incentives that I offered; in particular, I did not offer any incentives to any individual participants. Also, in the information that I provided to each individual participant I did not mention that I was providing an incentive to the school that had asked them to take part in my research.

3.11 How I protected the anonymity of participants

In order to protect the anonymity of participants I assigned an alias to each one, regardless of whether he or she took part in a focus group or in a semi-structured interview. Each participant received an alias that was assigned in alphabetical order, and correctly reflected their gender.

In order to help me accurately transcribe the proceedings of each focus group, at each one I drew a plan showing where each person was sitting, and giving each person's actual name. Then I added the names of all of the participants in that focus group to my list of participants (hand-written, on a single sheet of paper), and assigned each of them an alias.

While I was transcribing a focus group, I used the actual names of the participants, and I included at the start of each version of that transcript a line stating that "*The names in this transcript are the actual names of the participants*". Once I had completed the transcript of a focus group I replaced each actual name with the corresponding alias, and then I replaced the line mentioned above with "*The names in this transcript are aliases, and not the actual names of the participants*". I also used the same approach when I transcribed eleven of the interviews. However, a secretary transcribed the other four interviews; for each one I only told her the alias of the relevant participant.

All information that associates a participant's actual name with his or her alias, or that provides any contact information for any participant, is kept either:

- in hard copy in a single folder in a filing cabinet in my office, or
- in electronic form in the file in which I recorded the log of activities for semi-structured interviews on the Lincoln University computer network; that file is subject to the logical security that is imposed on the resources on that network.

4 Findings

4.1 The differences between the focus groups and the interviews

In each focus group I provided no suggestions as to which aspects of e-commerce I was interested in, or what I thought about any aspect of e-commerce. For example, the first question that I asked in each focus group was “How do you feel about shopping on the Internet? And why?” I feel that this resulted in the participants in focus groups suggesting, and discussing, matters that they considered to be important.

In contrast, in each semi-structured interview I asked a sequence of questions that had been designed with the aim of finding out what each participant thought about each one of a range of specific concerns.

In other words, in the focus groups I deliberately refrained from prompting anyone in any way. However, in the interviews I made sure that I asked everyone for their respective opinions on certain issues.

Because of these differences, I think that it is important to show whether a particular item of data was obtained:

- in a focus group – i.e., the participant provided it without any prompting from me, or
- in an interview – i.e., the participant may well have provided this item of data in response to a question that asked about the relevant concern.

As a result, throughout the rest of this thesis, whenever it is helpful to clarify this I follow the participant’s name with either:

- (FG) - if they were a participant in a Focus Group, or
- (I) - if they were a participant in an Interview.

4.2 When shopping via the Internet a consumer's ability to evaluate a potential purchase is less than in a "face to face" situation

This concern emerged strongly in all focus groups, and in many interviews, and applied to a wide variety of goods. For example, Frances (FG) was buying a (used) car for her daughter and, while she had seen photos of the car, "you really were aware that you wanted to look at that car and get in it and drive it". Similarly, Ivor (I) said that "there will be a certain limit to what I would spend on an item without actually seeing it" – and so, for example, he "wouldn't want to buy a used car without seeing it", but would instead "want to take it for a test drive". Jennifer (I) said that, while she was prepared to use the Internet to perform "discovery" for a potential purchase, she would then want to evaluate it "face-to-face".

Henry (I) said that one aspect of shopping on the Internet that he disliked was "the fact you can't handle the thing". Valerie (FG) said that, while she had booked flights over the Internet, she hadn't made any other purchases on-line, and she thought that that was probably because "I like to see what I'm getting" – which Jennifer (I) also wanted.

Olwyn (I) said "I just like to talk to people, and see the actual product, too, that I am going to purchase". The inability to adequately evaluate a potential purchase was the biggest factor behind her buying less than she might over the Internet (it was also the biggest concern that Fiona (I) had about buying over the Internet). The sorts of problems that caused Olwyn to hold that opinion – and for which, she admitted, she could not suggest solutions – were, for example "when you get an item of clothing and you think the material is thinner than you thought it would be, the colour is not quite what you thought it was".

Ivor (I) suggested that a person's desire to evaluate an item "face-to-face" depended on their "level of risk"; from other comments he made, it seemed he felt that risk increased with either or both the expense of the item and/or its complexity. However, Henry (I) was not so concerned about expense. Mike (I) said that there are some "categories of

things I would consider buying that way, and there are categories I wouldn't". (The following section gives some examples that illustrate this point).

There were some suggestions as to how Web sites could better enable consumers to evaluate (some types of) potential purchases. For example, Nerida (I) commented favourably that some Web sites "are starting to show you pictures more, and give you a little bit more of an explanation about what things are. Things like clothing - percentage of cotton verses synthetics, that sort of thing". And this could, for example, address the concern that Andrew (FG) expressed - that when buying food on-line you can't see the information that's on the label about, for instance, "fat content and salt content".

4.3 What they will and won't buy on-line, how they buy it, and why

4.3.1 What they will buy on-line

There were some types of items that people were prepared to buy on-line. For example, Ivor (I) and Stanley (I) both felt this way about CDs and books.

Glenda (I) said that she would be prepared to buy something over the Internet "If I knew exactly what I was buying – for instance, a book". And Martin (FG) said that he was only prepared to buy on-line "things that you know work", such as books, or CDs - "stuff that you just buy without speaking, without testing – I'm happy to go into a shop to pick it up, hand it over, pay for it and walk out again".

Several others also made comments to the effect that if they knew that nothing unexpected could go wrong with a particular type of purchase, they were prepared to buy it over the Internet. For example, Frances (FG) said that she and her husband use the Internet to buy "electrical components, from Dick Smith or something" – and about that type of purchase she commented that you "pretty much know what you want – then get it".

Several of our participants were prepared to book and pay for flights on-line; five from focus groups and three from interviews all said that they'd done so. And Dawn (FG) said "I'd always book my accommodation, and flights, online. That's really good". And Harry (FG) said that he used the Internet to buy "tickets for concerts through Ticketek".

4.3.2 What they won't buy on-line

However, there were several types of items about which consumers did have concerns when it came to buying them on-line, and which for various reasons they would not buy on-line.

One such reason was the concern that on the Internet one cannot adequately evaluate a potential purchase, and the consequent desire to evaluate an item "face-to-face" before deciding whether or not to buy it. For example, Henry (I) said that if he needed to buy a new freezer he would not buy it on-line, for this reason.

Dawn (FG) said that "the larger the item is", the more she wants to see it physically. And when Frances (FG) was buying a (used) car, she wanted to be able to see it, and sit in it, and drive it.

Martin said that he wouldn't buy on-line "stuff that you'd normally pick up, look at, test, think about, talk about, read about"; he commented that when he buys a book on-line "I know ... that I'm never ever going to go back to the shop and say 'The pages don't turn', or ...". And Elaine (FG) wanted to evaluate "face-to-face" anything for which there was an instruction booklet.

When making some purchases it's necessary to get expert advice – pre-sales service - as to which product to buy. For example, Gerard (FG) said that a bike is "something I'd never buy on-line" – because he'd want it set up properly for him, and Denise (FG) said that she wouldn't buy a bike on-line, for the same reason. And Gerard (FG) also said

that if he was buying golf clubs he'd want someone to analyse his swing, and recommend an appropriate purchase.

Sarah (FG) provided another view of the concerns that arise when one can't evaluate a potential purchase "face-to-face" with her comment that "I wouldn't buy something if I thought I was going to be involved in a lot of expense sending it back if I didn't like it".

When it comes to buying "whiteware" (e.g., a refrigerator – "fridge") both Frances (FG) and Lorraine (FG) would want to inspect it "face-to-face". And, while Gayle (FG) might be prepared to buy a toaster over the Internet, she similarly wouldn't want to buy "whiteware" – or a computer – on-line.

Lorraine (FG) said that, while she and her husband use the Internet to shop for "smaller items" (such as "computer bits and pieces"), for "big-ticket items, we just wouldn't do it, because we'd prefer to go in and ...". Katharine (FG) had the same objection to buying "big-ticket items" on-line – which she'd "still like to go and see". And June said that she wouldn't want to shop on-line either for "anything that was hugely expensive" or for anything that was complex, such as a lap-top computer (which, she said, she wouldn't even be prepared to buy via the Dell Web site).

Stanley (I) discussed two types of purchases that no-one else mentioned – and he also said that he would not make either of those types of purchase over the Internet. One of those types of purchases was services, about which his comment was "I wouldn't organise someone to do the garden, or anything like that". And the other type of purchase that Stanley (I) wouldn't want to make over the Internet was "things where there were many choices. I couldn't imagine you'd buy wallpaper and paint". He agreed with my suggestion that his concern about both of those types of purchase was that they provided too much potential for variation.

Stanley (I) also said that there were certain types of items that he would not consider buying over the Internet, so that, for example "I don't think I'd buy a radio, or a stereo, or

something like that, because I can't hear it, I can't hear what the sound quality's like". In other words, he would want to evaluate items of those types "face-to-face" before deciding whether or not to buy them.

4.3.3 Expensive items

Price was definitely a factor for most participants. Fiona (I) said that before she would buy something expensive over the Internet "I would have to be really sure. Do all my homework first", while Glenda (I) said that "if I was buying something that cost a lot of money, I would probably prefer to physically see something first". Beverley (FG) used the same term as Katharine (FG) - "big-ticket items" – in this context, and like Katharine, she would like to inspect any such item "face-to-face" before making a decision whether or not to buy it. Similarly, Sarah (FG) used the expression "expensive, big-ticket items", and said that she uses the Internet to perform "discovery" when considering buying such an item.

Nerida (I) made the comment that the more expensive an item was, the more she would require to see it – i.e., to evaluate it "face-to-face" – before buying it.

4.3.4 Groceries

There were concerns about buying groceries on-line. Gayle (FG) and Tess (FG) were both concerned that, as you wouldn't be able to inspect perishable items (such as fruit and vegetables), you wouldn't have adequate assurances that what you'd get would be fresh. Similarly, four interview participants would want to evaluate any item of food "face-to-face" before buying it. (And Sarah (FG) commented that "nobody else can pick pears that are just ripe – I've got too much need for control to let somebody else do that ...").

However, Evelyn (I) again provided a different view. She said "I buy my weekly shopping on-line", and, when I asked "That's perishables as well as things like detergents?", she said "Yes, everything". And Glenda (I) – who had recently started to do her fortnightly shop on-line – was also prepared to buy perishables on-line – "if they're

a good price”. Evelyn (I) and Glenda (I) were the only participants who were prepared to buy perishables via the Internet – and were in fact doing so.

4.3.5 Clothes

Evelyn (I) said that she would not buy, for example, trousers over the Internet, because she would want to try them on to be sure that they were a good fit. And Dawn (FG), Gayle (FG), Fiona (I), Henry (I), Len (I), Mike (I), Nerida (I), Pauline (I) and Stanley (I) also all gave this reason for not buying clothing over the Internet.

Pauline added that before buying clothing she would want to evaluate it “face-to-face” to also “examine how it’s made and the textures and stuff like that” – which was similar to the comments from Elaine (FG), who said that “if it’s clothing I really would want to hold it in my hand”, and from Sarah (FG), who said that, when it came to buying clothes, she’d “always want to feel the quality of the fabric, or try something on” (as mentioned above, Olwyn also said this).

However, William (FG) regularly bought business shirts on-line from Land’s End (a major clothing retailer in the USA; <http://www.landsend.com/>) – “because they were cheaper, and the quality was better”, because the vendor provided assurances such as “If it doesn’t fit, send it back” - and because William knew and trusted the Land’s End brand.

Given what Sarah (FG) had already said about buying clothes (see above), it was interesting that, after William had made his comments about brands, she also said that she would consider buying clothing on-line if it involved a repeat purchase of something “like socks”, and if it also was from “brand names that you know and trust”. And similarly Evelyn, having said that she would not buy some types of clothing over the Internet because she could not first check whether they were a good fit, said that she would buy some types of clothing over the Internet, but they were “things that I know I’m not going to have a problem with, like socks, or a scarf and hat and gloves”.

4.3.6 Footwear

People expressed the same reluctance to buy shoes over the Internet that they expressed about buying clothes on-line; Beverley (FG) and Tess (FG) mentioned this, and Valerie (FG) said that she wouldn't buy shoes on-line "mainly due to fit, and you need to see what it looks like a lot of the time". The desire to check that the intended purchase was a good fit before paying for it was why Glenda (I), Len (I), Nerida (I) and Stanley (I) would not buy footwear over the Internet.

4.3.7 The concern to ensure the availability of after-sales service

Another reason for only using the Internet to perform part of the discovery process is the desire for after-sales service. William (FG) said that he wouldn't want to buy on-line "things that you need service for locally". And Tess (FG) said that she wants "After-sales service, definitely, from a local dealer, where you've bought it from"; Alec (FG) said that he'd "rather get it from somebody who can give that back-up support", while Martin (FG) wanted assurances that after-sales support would be available locally if he bought, for example, a camera, and Fiona (I) said that she wanted these assurances for expensive items.

4.3.8 Buying used cars via the Internet

Some participants' attitudes about this have already been mentioned. For example, when Frances (FG) was buying a (used) car for her daughter, while she had seen photos of the car, "you really were aware that you wanted to look at that car and get in it and drive it". And Ivor (I) had said that "there will be a certain limit to what I would spend on an item without actually seeing it" – and so, for example, he "wouldn't want to buy a used car without seeing it", but would instead "want to take it for a test drive".

Similarly, Glenda (I)'s comments, quoted above, were typical – she said that, while she "wouldn't buy a car on the Internet", she had used the Internet to identify a particular (used) car that she thought might be worth buying (thus avoiding "going through all the – very many – car sales rooms"), and she had then gone and evaluated it "face-to-face". And Andrew (FG) said that "When I purchased my last car ... I went on line to compare

prices, to look around different car yards ... I didn't use it to purchase, but I used it to compare the car price with that I was getting".

However, Evelyn (I)'s views were somewhat different. She said that "When we were in the UK we were looking into buy a car on the Internet - which we would have been perfectly happy to do". She was the only participant who was prepared to buy a car via the Internet.

4.4 The information that you can get about an item when you shop on the Internet

Views on this varied widely. The concerns that participants expressed under this heading included:

- when you shop on the Internet you can't get enough information – or that you get less information than you would in a shop - about the potential purchase
- when you shop on the Internet you can get more information about the potential purchase than you would in a shop, and
- when you shop on the Internet you can get presented with too much information about the potential purchase.

Those who felt that on the Internet you can't get enough information – or that you get less information than you would in a shop - about the potential purchase included Nerida (I), who said that she would like Web sites to provide more information; for example, she mentioned that for an item of clothing she would like to know "percentage of cotton versus synthetics, that sort of thing". And Andrew (FG) was concerned that when buying food on-line you can't see the information that's on the label about, for instance, "fat content and salt content". And Clarissa (FG) said that when she had recently been looking on the Internet for windows for their house, she had been "frustrated with how limited the Web sites were", and she felt that "there wasn't actually as much information as I wanted".

And Harry (FG) commented that “if you go into a shop, ... you can ask the salesperson that probably knows quite a lot about that particular product”; June and Martin (FG) made similar comments about being able to talk to salespeople.

Those who felt that you were better informed about the potential purchase when you shopped on the Internet included Lorraine (FG), who said that she and her husband had recently been looking at buying some home appliances, and had found a great deal of useful information – including specifications – available on the Internet. Aspects of getting information this way on which she commented favourably included:

- you don’t have to wait for a salesperson to come and serve you or to provide you with a relevant brochure before you can get the information that you want
- it makes it much easier to compare two (or more) potential purchases; and
- it enables you to be much better prepared when you do eventually go into a shop to negotiate a purchase.

Tim (I) said that he likes the way in which using the Internet makes it easier to compare potential purchases. And Pauline (I) said that she likes “the ease” with one can firstly discover what’s available, and then compare the alternatives, when using the Internet. Andrew (FG), Clarissa (FG), June (FG) and Katharine (FG) all also commented favourably on the way in which the Internet makes “comparison shopping” much easier – where this includes both:

- comparing potential purchases (e.g., “fridge A or fridge B?”), and
- for a specific purchase, finding the cheapest place from which to buy it.

And Glenda (I), like Andrew, specifically commented on how the Internet made “comparison shopping” much easier when buying a car.

Ivor (I) commented enthusiastically about the way in which the Internet makes it much more easy to look for, and then find and buy, a particular item – “it makes it easy to shop”. His comments on this are pretty much a layperson’s paraphrase of McMillan’s passage

(quoted above) on the way in which the Internet reduces the transaction costs involved in finding a potential vendor, and in finding a potential item for purchase.

Henry (I) commented favourably on the availability, on the Internet, of specifications for products that are expensive and/or complex (and he gave the example of a digital camera). (His comments were similar to Lorraine's above).

However, others felt that it is possible to be presented with too much information via the Internet – as June said, “unless you're specific about what you're looking for, suddenly you've got great screeds of things coming at you”. And Lorraine (FG) followed that statement with the comment “If you knew how many models of fridges there are available ...”

4.5 Shopping on the Internet may result in you being a victim of credit card fraud

Many participants were concerned about using credit cards as a means of payment over the Internet. In the focus groups Elaine, Harry, June, Valerie and Tess all made various comments about this, while in the interviews Evelyn, Fiona, Glenda, Henry, Jennifer, Kevin and Mike were all specifically concerned about providing their credit card details when buying something over the Internet.

Some interview participants were concerned that they might become victims of credit card fraud as a result of giving their credit card details to a dishonest merchant. For example, Henry (I) mentioned that “sometimes you don't know the calibre or the trustworthiness of the place that is selling the item”.

Jennifer (I) was concerned that her credit card details might be discovered while they were recorded on the merchant's Web site. She was concerned that this might happen because of poor security on the Web site, even though the merchant organisation is honest, and most of its employees are honest. In such a situation the discovery could be made

either by a person outside the organisation – e.g., a “hacker” – or by a dishonest employee. Mike (I) alluded to this with the comment that he was concerned with “how secure the site is, and whether they can pick up your Visa card and then actually use it, or someone else can use it online, maybe”.

If a Web site asks “Do you want us to keep your [credit card] details on file?” Glenda (I) always says “no”; she prefers to enter her credit card details every time that she buys from that Web site – which, of course, means that she wants to be given this choice in the first place.

It seems that (at least some) consumers now know enough to be able to determine when a site is secure, and to know what that means for them. In fact, eight interview participants all volunteered, without any prompting, that they were concerned about this issue. And those consumers will only enter into a transaction with a site if they consider it to be secure. For example, Alec (FG) and Katharine (FG) specifically mentioned being concerned about the security of any Web site to which they provide their credit card data, and making sure that it is secure before they will provide it. Dawn (FG) made a similar comment about Internet banking. And Tim’s (I) main criterion for deciding whether or not to send his credit card details to a B2C Web site was “as long as they’ve got a secure site. As long as the site’s secure”.

Another aspect of security that Glenda mentioned was that she was aware that she should never put her credit card details in an e-mail message.

While participants are concerned that shopping on the Internet might result in them being the victim of credit card fraud, it seems that much of this concern is the result of what they have read in the media. For example, Fiona (I), Jennifer (I), Mike (I) and Stanley (I) all mentioned the “horror stories” in the media about people who had been the victims of credit card fraud. However, no participant either had personally been affected by any form of credit fraud or knew anyone else who had been affected by any form of credit fraud.

4.6 Consumers prefer to shop at the Web site of a “reputable” company/a trusted brand name

Frances summed up the general feeling of the first focus group with the comment that when you go to a Web site operated by a brand that you know, rather than one that you don't know, “You'd feel like you had some kind of guarantee, because it's so, like, well established, or it's – you know, it's well known”. And in the third focus group William said “if you trust the brand you'll buy it”, while Sarah used the phrase “brand names that you know and trust”.

In several interviews the respective participants all used the word “reputable” to describe an organisation in whose Web site they would have confidence, trust – and each one of them did so without me having used the term first. This happened with Evelyn, Fiona, Glenda, Ivor, Jennifer, Len, Mike, Stanley and Tim.

Olwyn (I) was the most “e-commerce- averse” participant who I interviewed. However, even she had made one purchase from – i.e., had provided her credit card details to - a B2C Web site. And she had been prepared to do so because she trusted the organisation from which she made the purchase.

Similarly, Glenda (I), Henry (I), Jennifer (I), Kevin (I), Len (I), Nerida (I), Stanley (I) and Tim (I) all felt that by dealing with reputable companies they (more than) adequately addressed the risk that nothing would be delivered to them.

Some participants were prepared to buy from a Web site of which they hadn't previously heard – but only if it was significantly cheaper. Both Kevin (I) and Tim (I) said that:

- if the prices were similar, they would only consider the site of which they'd previously heard, but

- if the unknown site offered a price that was significantly cheaper – and was secure – they would consider buying from that site.

Harry (FG) similarly said that he would be prepared to buy something from a company that wasn't well known, provided that the item was something with which "not much ... can go wrong". And Len (I) said that he would also normally avoid an unknown site "Unless there was a massive price difference and they offered something really cool".

When the first focus group briefly discussed this matter, there was general agreement that willingness to buy from a lesser known company decreased as the possibility of something going wrong increased.

4.7 Consumers on-line want the same assurances that they can get off-line

Harry (FG) felt that a guarantee was a necessary part of any "big purchase", while one of the reasons why William (FG) was prepared to buy shirts on-line from the US retailer Land's End was that they offered "lots of guarantees back, like 'If it doesn't fit, send it back' ". Similarly, Sarah (FG) would consider buying clothing via the Internet if it "came with a guarantee that you could send it back". And Ivor (I) wanted to know, when considering buying something via the Internet, "are there warranties and if something goes wrong, is their follow-up going to be the same as you'd get from buying at a local shop? So, you know, does the Consumer Guarantees Act, for instance, apply?" Jennifer (I) said that "as long as I knew that I had a guarantee that 30 days money-back policy [sic], then it wouldn't be a problem".

And, as mentioned above, Frances (FG) felt that when you go to a Web site operated by a brand that you know, rather than one that you don't know, "You'd feel like you had some kind of guarantee".

The desire for after-sales service to be available locally (see 4.3.7 above) is another example of consumers wanting an assurance that they know they can get when making purchases off-line – as is the desire to evaluate a potential purchase before they buy it.

4.8 People will shop at the Web site of a company that they don't know if it is recommended to them by someone that they trust

In the first focus group, Beryl (FG) said that she would only buy from a Web site if it had been recommended to her by “a reliable source”. And the only purchase that Harry (FG) had ever made on-line had been from a Web site that had been recommended to him – and he was “very happy” with the outcome.

In the second focus group, when I asked “what factors would influence you to use a particular Web site?”, Katharine (FG) replied “Recommendation from friend or colleague”. And the members of that focus group generally agreed with Ian's (FG) statements that, with regard to the factors that influence one to use a particular Web site “nothing beats word of mouth recommendation”, and that it is “the most important thing”. The members of the third focus group similarly felt that recommendations from colleagues and friends are important.

The Guidelines for semi-structured interviews (which are included in Appendix 2 below) did not include any questions that specifically asked about this matter. However, Fiona, Jennifer, Kevin, Nerida and Pauline all discussed it in their respective interviews. And every one of them said that they would be most likely to use a Web site (and presumably, to accept it as trust-worthy) if it was recommended to them by a friend – i.e., a person who they trusted. For example, Kevin said that a recommendation of this type “gave me some more confidence”. And he agreed with my comment that it seemed to me that such a recommendation was “about the most powerful recommendation” that one can get.

4.9 Consumers are concerned that goods could be stolen if they are delivered to your address, but not to you personally

Andrew (FG) raised this as a general concern, while Gayle (FG) specifically mentioned the time that her flatmate “got a laptop from TradeMe, and they just left it at the doorstep, in the courier box. No-one was home – obviously they delivered it during the daytime, but – a laptop ...”. Nerida (I) “was also a bit anxious about things being left on the doorstep”. And Pauline (I) was concerned that sometimes couriers “tend to leave things there and not get the signature required, or get the wrong signature”.

4.10 Web sites of poor quality (in any one of several ways) deter potential purchasers

Oliver (FG) commented adversely about Web sites that “are very hard to navigate”, or that have content that is not up to date. Beverley (FG) objected to “the layout of the Web pages” on some sites making it difficult to find the information that she wants in a timely fashion. And Len (I) likes Web sites that are well designed, so that they make it easy to find out whether or not they’ve got what he wants – and so that they don’t waste his time; he said “if a website is not well laid out or it is hard to find things then that’s really irritating, that can be a problem. You can get lost in the website, or you can’t find things sometimes”.

The third focus group discussed how, when you have a specific need for knowledge - e.g., when you want to find out about a particular item that you are considering purchasing – it’s annoying, frustrating, when it takes too long, or takes “too many clicks”, to get to the information that you want. And Glenda (I) likes Web sites that are well designed, so that they make it easy – i.e., it only takes “a few clicks” – for her to find what she wants; this is because she is “using the Internet for speed and convenience”, and doesn’t like it when using a site “takes time”.

The criticism of “too many clicks” was (rightly or wrongly) made about search engines (that take you near to, but not right to, what you want), as well as about e-commerce Web sites.

A variety of other issues were also discussed. Catherine (FG) commented that if the content of a site hasn't been updated for some time, “you think ‘oh, I wonder if that product's still around’ ”. In the third focus group several people agreed with Sarah's dislike of any Web site on which, after you've entered all of your order and you're entering delivery and payment data, rejects everything because the zip code that you enter isn't a valid US zip code. She also complained about Web sites that have “got so many photos on that it takes for ever to download, you'll click over it”, while Evelyn (I) doesn't like Web sites that “crash occasionally”, or that “aren't particularly helpful”. And Len (I) said that he doesn't like pop-up ads because they take up time – and because the viewer has to pay for the time that they take to download; in general he prefers Web sites to download quickly.

4.11 Shopping on the Internet takes away the social aspects of shopping

Elaine (FG) said that “it takes away the factor of face-to-face – people interacting with people ...”. And Olwyn (I) said that one aspect of shopping over the Internet that she dislikes is “Not having someone to talk to, probably. It's the personal contact”.

4.12 Some people like shopping in (physical) shops, while some like shopping on the Internet

Andrew (FG) mentioned that he doesn't like shopping (i.e., in physical shops) – in fact he said that he hates shopping. It seems his approach to shopping is that which is regarded as the “typical male” approach – “I know what I want to buy; show me where it is, here's my money, goodbye”. However, Stanley (I) said that he enjoyed shopping, and so for him shopping on the Internet “takes away the whole pleasure of shopping”.

Several people said that they shop via the Internet because it is convenient – and they gave a variety of reasons for considering it to be convenient. For example, Glenda (I) said that she was “using the Internet for speed and convenience” - and she also said that “if it doesn’t provide it, then I’ll switch off”. And she said that one way in which shopping via the Internet is convenient is the way that it enables one to perform “discovery”.

Ivor (I) said that “what I particularly like about it, I guess, is from your living room, without having to hop in the car, without actually having to spend an hour and a half driving somewhere, searching around, fighting through the malls and things, you have the ability to search for a product”. Fiona (I) made a similar comment, and Len (I) said that he liked it because “I can hunt out particular things I’m looking for without having to go to a place, deal with salespeople”.

Stanley (I) liked the speed of buying things over the Internet. However, Fiona (I) was the only person who specifically mentioned that she liked shopping over the Internet because “It saves me time”.

Kevin (I) said that when shopping on the Internet “your choice becomes wider, because ... if you go to a particular shop ... you just see the things that are there”. Nerida (I) also commented on “the selection” that the Internet makes available, and on the fact that, because it gives her access to such a wide selection, “I can get specialised items that I wouldn’t normally be able to buy”. Stanley (I) similarly commented on the increased choice that becomes available when shopping via the Internet.

Glenda (I) also commented favourably on the fact that, if she does want to shop via the Internet, she can do so at any time that suits her. For example, she mentioned doing the grocery shopping on-line “when the kids are asleep”. Evelyn (I), Fiona (I), Henry (I), Jennifer (I) and Stanley (I) all made similar comments. And Ian (FG) said that the last time he had bought a vehicle he found the Internet excellent for performing “discovery” - and one reason why he felt that way was because it “saves being hassled by” what Oliver

(FG) described as “pushy salesmen”. And Henry (I) and Len (I) both commented that one reason that they liked shopping on the Internet was because it meant that they didn’t have to deal with salespeople.

4.13 How much do you spend when you shop on the Internet?

Participants held a variety of views with regard to this. Elaine (FG) was concerned that when you shop on the Internet it’s too easy to spend too much and/or to buy things that you don’t need – Pauline (I) said “it’s so tempting”, while Raewyn (I) and Stanley (I) both said that when shopping over the Internet, and charging things to a credit card, one might spend more than when paying cash.

Nerida (I) said that she sometimes finds that when you shop on the Internet it may be cheaper – even after you’ve paid for the shipping. However, Clarissa (FG), Lorraine (FG) and Kevin (I) all raised the – opposing - concern that when you shop on the Internet you may not actually have saved any money by the time you’ve paid for the shipping, while Ngaire (FG) expressed the concern that a site that shows prices in a currency other than \$NZ, but which doesn’t provide a currency converter, makes it difficult to keep track of how much one has spent.

4.14 When you shop on the Internet there’s a greater risk that the merchant is fraudulent

Two participants from focus groups, and two from interviews, mentioned this concern. In Henry’s (I) case, this was the main reason for him being concerned about providing his credit card details to a Web site. And underlying his comment that “often you still go to a shop, and have a physical look at something” are the points that, firstly, by doing so, you do get assurances that the merchant is genuine, and that secondly, on the Internet you cannot get those assurances by those means.

4.15 The information that consumers expect a B2C Web site to provide

Glenda (I) thought that it was annoying when a Web site doesn't have an address on it – and, while a postal address was probably enough, she preferred to see a physical – i.e., street - address. Interestingly, she commented that this was really only a concern “the first time you buy something” from a Web site. Len (I) and Mike (I) both made similar comments. Len said that being able to find the organisation's physical address was an issue only when he didn't know the organisation, and he would be much less concerned if he was visiting the Web site of, for example, Dell. And Mike said that with regard to providing his credit card details to a Web site “You'd have less concern with, like, Amazon.com and their reputation”.

Glenda (I) and Henry (I) both expected to see a privacy policy on a B2C Web site.

Evelyn (I) said that before she would be prepared to place an order she would want “a detailed run-down of costs” – e.g., in addition to the items that she'd ordered she would also want to know the cost of insurance, and to know that there weren't “going to be any hidden costs”. And Jennifer (I) similarly said that when she bought something on-line, she wanted to be told all of the costs involved, and not merely the price(s) of the item(s) that she wanted. Jennifer (I) also said that she wanted to know the currency in which the Web site states its prices.

Henry (I) asked – how do you resolve a problem with the item you've bought if the merchant is in another town, or another country? In other words, while the Internet enables you to buy from merchants outside your immediate locale, it may mean that when you do so you have less chance of recourse if you encounter a problem. A large part of the answer is for the Web site to have a returns policy that is clear, and fair; Ivor (I) and Stanley (I) both mentioned that when one can see that a B2C Web site has such a policy, this increases the confidence that one has in the site. And Glenda (I) – who will “only buy from Web sites I'm comfortable with” – expects a B2C Web site to have such a

policy; in my opinion there was an inference that she would not buy from a site that did not have such a policy.

A related issue is the ease of making a return. Henry (I) also raised this issue. He was concerned that if the merchant was not in the same town he would have to pay to post the item back to the merchant. However, he did not mention anything either about the merchant having a returns policy, or about how fair that policy is (see above).

4.16 Privacy of one's personal information, and having "cookies" put on one's computer

Ivor (I) was concerned that "sending your address or personal information over the Internet ... can have its risks". He was concerned that "once you've given that third party your information, what's the risk of somebody else getting hold of it?" However, he said that "if it's a reputable firm, I feel more comfortable with it", but that he did have these concerns whenever he had to provide personal information "when you're not sure of ... the firm, or you don't know the firm"

Ivor (I) was concerned that one or more of three possibilities might occur if he provided his personal information to a Web site. He was concerned that that site might itself use his personal information in a way that he found unacceptable - "you then wonder what sort of promotional material ... relating to their other products you're going to get that you don't necessarily request". He was also concerned that that site might sell his personal information to another organisation, and that organisation might then use his personal information in a way that he found unacceptable.

Kevin (I) was also concerned about both of these possibilities; he stated that personal information "should not be disclosed to other people, and it should not be misused". Of these two possibilities, Len (I) was much more concerned that the organisation to which he had initially provided his personal information might then disclose it – because, as he

pointed out, if that organisation misused that information, when it comes to dealing with sources of spam “I can deal with one, but if they sell it to thirty, it’s a lot harder”.

Ivor (I)’s third concern was that, even if the Web site to which he provided his personal information did not do either of these things, “their system may not be secure enough, so that some other party can access it without their knowledge as well”.

Ivor (I) also said that “the more places you send your e-mail address to increases your risk to getting viruses coming through on your computer, or perhaps phishing e-mails coming back through as well, I guess it can potentially open you up to hackers and things like that”. And Mike (I) was similarly concerned that some e-mail messages, or some of the Web sites to which some e-mail messages had links, could result in malicious software being loaded to their computers, while Pauline (I) was concerned that this might occur in connection with cookies being put onto her computer (which, as mentioned above, was also a concern to Len (I)).

Mike (I) was another participant who was concerned with the possibility that an organisation to which he provided his personal information might disclose that information to one or more other organisations without his permission.

With regard to having a cookie put on her computer, Glenda (I)’s feelings were “A bit uncomfortable, but it it’s providing you with a better service, and it’s from a reputable site, and they’re doing it right - but you often don’t have a clue whether they’re doing it right or not. A bit uncomfortable”.

Jennifer (I) agreed that her concern about a Web site putting its cookie on her computer would be lessened if the Web site said that it was doing so, and explained why, and did so in simple language and in a place on the Web site that she could find easily. I suggested to Jennifer (I) that this information about the Web site’s cookie could be provided in the site’s privacy policy, and she felt that that would be acceptable. Henry (I)’s views on this were identical to Jennifer (I)’s - and, as noted above, Henry (I) expected to see a

privacy policy on a B2C e-commerce Web site. However, Glenda (I)'s views about that information were that "I don't think it'd be something that I'd be trawling and looking for, because I don't think I'd particularly think about it at the time. But I would feel more comfortable if they told me in the process". And she suggested that she would like a Web site to be more proactive about providing this information when it was first going to put its cookie on her computer.

Henry (I) was relaxed about having cookies put on his home PC by sites that he trusts, but "not so happy from other sites, because, yes, they are farming, basically, your browsing habits" – i.e., they are monitoring his use of the Internet. And he feels this way because he believes that one result of that monitoring is that he will receive "spam ... directing you to specific sites that they know is of interest to you". Tim (I) was also unhappy about having cookies put onto his computer because he felt that it resulted in him receiving spam. And Jennifer (I) did not like "my moves being monitored" by cookies. Len (I) was more concerned with the possibility of malicious software being put onto, and damaging, his computer in association with cookies than he was about cookies monitoring his computer/Internet usage.

Henry (I), Ivor (I), Jennifer (I), Mike (I), Stanley (I) and Tim (I) all referred to the possibility of one or more of the above issues resulting in one receiving spam (although Stanley's words were "just because so much stuff comes in"). Ivor also mentioned the possibility of receiving "phishing e-mails".

Ivor said that he would "feel more comfortable" if the sites to which he provided his personal information gave him the option of stating that he did not want to "receive any further e-mails or promotional information" (and he recognised that some sites do provide that option). Both Henry and Stanley also wanted to be offered this option.

Glenda (I) and Tim (I) also both wanted to be given this option, but in addition they both wanted each site to ask each of them whether or not they would authorise it to disclose their personal information to other organisations.

In each interview I asked the relevant interview participant about each of several different detailed privacy concerns (in questions 18 - 25). I then read them a sample privacy policy (that I had drawn up specifically for this research), after which I asked them (in question 26) if they would be less concerned about providing their personal information to a Web site if it included a privacy policy such as the one that I had just read to them (i.e., I did not ask them anything with regard to any of the individual concerns about which I had asked them in questions 18 – 25).

All interview participants said that if the Web site included a privacy policy, such as the one that I had read to them, they would be less concerned about providing their personal information to that Web site. For example, Fiona (I) said “Yes, I would deal with someone like that”, while Nerida (I) said “It does make me feel a bit more confident, I do like them doing that, I have looked and checked on when they have done that before”.

There were, however, a few variations on this attitude. For example, Evelyn (I) said that “If I had any concerns about the Web site, then yes, it would make a difference”, but she “wouldn’t necessarily do so if it was a more reputable company, however you might define that”. Glenda (I) similarly said “I probably would only look at it carefully if it was from a site I hadn’t used before”, while Jennifer (I) said that “when I see, you know, ‘Click on here for privacy policy’ ... I never read it” (however, she – like all of the other interview participants - did not say how she would feel if a Web site did not offer her a privacy policy). And Raewyn (I) felt that, while a privacy policy might give you assurances about what the Web site would do with your personal information, “you’re still open for hackers and things, aren’t you?”

4.17 Summary of the issues and concerns about which I obtained findings

The data that I obtained covered a wide range of issues, all of which I have discussed in this chapter. The following table provides a summary of those issues, and the (sub-) section of this chapter in which I have discussed each one.

<i>Section heading:</i>	<i>Number:</i>
When shopping via the Internet a consumer's ability to evaluate a potential purchase is less than in a "face to face" situation	4.2
What they will and won't buy on-line, how they buy it, and why	4.3
What they will buy on-line	4.3.1
What they won't buy on-line	4.3.2
Expensive items	4.3.3
Groceries	4.3.4
Clothes	4.3.5
Footwear	4.3.6
The concern to ensure the availability of after-sales service	4.3.7
Buying used cars via the Internet	4.3.8
The information that you can get about an item when you shop on the Internet	4.4
Shopping on the Internet may result in you being the victim of credit card fraud	4.5
Consumers prefer to shop at the Web site of a "reputable" company/a trusted brand name	4.6
Consumers on-line want the same assurances that they can get off-line	4.7
People will shop at the Web site of a company they don't know if it is recommended to them by someone that they trust	4.8
Consumers are concerned that goods could be stolen if they are delivered to your address, but not to you personally	4.9
Web sites of poor quality (in any one of several ways) deter potential purchasers	4.10
Shopping on the Internet takes away the social aspects of shopping	4.11
Some people like shopping in (physical) shops, while some like shopping on the Internet	4.12
How much do you spend when you shop on the Internet?	4.13
When you shop on the Internet there's a greater risk that the merchant is fraudulent	4.14
The information that consumers expect a B2C Web site to provide	4.15
Privacy of one's personal information, and "Cookies"	4.16

Table 5: Summary of the issues and concerns about which I obtained findings

5 Discussion

5.1 Introduction

In the previous section I have presented the data that I obtained. In this section I analyse that data, in order to identify the various concerns that our participants have, and to determine whether their attitudes are consistent with, or at variance with, the previous research that I have discussed above in the Literature Review.

5.2 The desire to evaluate a potential purchase

One of the characteristics of shopping via the Internet is that that it enables a transaction to be conducted between parties who are some distance apart. However, consumers are concerned that, when you shop via the Internet - so that you are some distance from the vendor - your ability to evaluate a potential purchase is less than in a “face to face” situation. And in many cases consumers will respond to this concern by only making a purchase once they have been able to evaluate the item in question to their satisfaction – which often means evaluating it “face-to-face”. Fiona (I) said that the inability to adequately evaluate potential purchases was the major reason why she did not buy more on-line – which, I suggest, indicates just how important this issue can be to consumers.

This requirement to evaluate potential purchases “face-to-face” emerged strongly both in the focus groups and in the interviews. For example, Ivor (I) said that “there will be a certain limit to what I would spend on an item without actually seeing it”, Gayle (FG) said “I’d rather go into the store and ... look at it and touch it and feel it and try it out, and whatever”, and Olwyn (I) similarly commented that “I just like to talk to people, and see the actual product, too, that I am going to purchase”.

Lim also identified this concern. She noted (2003, p. 225) that her participants “are skeptical [sic] about buying products that they cannot touch or feel”, and she classified this concern as a type of perceived product risk. (Similar findings that other researchers have made are discussed in 2.4.2 above).

McMillan (2002, p. 19) tells us that, although several of the transaction costs involved in a purchase transaction “have been lowered by the Internet”, one type of transaction cost – the cost “of observing quality” of the potential purchase has actually increased by the move to the Internet – because, of course, the buyers can no longer inspect the potential purchase “face-to-face”. And he explains that, as a result of this, “The need for buyers to be able to trust sellers has been heightened by the internet” (McMillan, 2002, p. 50).

In many cases a consumer responds to this by deciding not to place greater trust in the seller, and therefore not to buy the item in question until they have performed their own evaluation of it. In other words, the concept of transaction costs explains both this concern and the way in which consumers respond to it.

5.3 The “reputable company” – from which merchants will consumers buy on-line?

Many of the interview participants independently, and without any prompting from me, used the word “reputable” to describe an organisation in which, and in whose Web site, they would have confidence and trust. And this came through consistently as an essential characteristic of a B2C e-commerce Web site. For example:

- Glenda (I) said that she “would only buy from sites that I believed were reputable”, and she felt that, when buying on-line, she was more likely to get a good outcome “From someone that you’re more familiar with”
- Fiona (I) said “You just make sure you deal with a reputable place”, and
- Tim (I) commented that a pre-requisite for providing his credit card details to an organisation was that “it’s a reputable company”.

I find it interesting that so many (specifically, nine out of 15) interview participants all used the same term without being prompted in any way. In the third focus group Sarah

referred to “brand names that you know and trust”. It seems to me that this is very much the meaning that participants associated with the word “reputable” in this context.

So it seems that an essential part of regarding a business, or a business’s Web site, as “reputable” is that one trusts it – i.e., one trusts that engaging in a transaction with it will result in an acceptable outcome. In other words, a large part of the trust that participants place in known brands is the trust that, by conducting a transaction with a known brand, one lessens the chance of that transaction resulting in an undesirable outcome. This is entirely consistent with Marsh & Dibben’s statement (2003, pp. 478-481) that “trust concerns a positive expectation regarding the behaviour of somebody or something in a situation that entails risk to the trusting party”.

This is also consistent with Mitchell’s comment (1999, p. 2) that “perceived risk is more powerful at explaining consumers’ behaviour, since consumers are more often motivated to avoid mistakes than to maximise utility in purchasing”. And I found that several participants talked about trust in this context. For example, Andrew (FG) mentioned the possibilities both of credit card fraud and of non-delivery of an item for which one had paid, and then commented that “I think having a firm that you knew would create that situation of trust”. Section 5.20 below discusses this issue further.

Related to this is the point that, when buying something over the Internet, almost all participants said that they would make their purchase from a Web site of which they’d previously heard rather than from one of which they hadn’t previously heard. Their reasons for this included “reputable company”, “I feel like I can trust that brand”, and “confidence in that business, I guess”.

As the previous section points out, McMillan tells us (2002, p. 50) that “The need for buyers to be able to trust sellers has been heightened by the internet”. And he also explains how buyers – i.e., consumers – respond to this:

... a book offered by one retailer may be distinguishable, in a shopper’s perception, from the same book offered by another retailer, even though they are physically identical objects. The shopper is not buying simply a book, but a package of services

of which the book itself is a part – the main part, to be sure, but just a part. In addition, the buyer is getting assurances of various kinds: that the book will be delivered as quickly as promised; that it will be delivered in good condition; that the retailer will allow it to be returned if it is not what was expected; that the retailer's employees will not fraudulently use the buyer's credit card data. Buyers willingly pay a little more to reduce their uncertainty. Information costs include not only the costs of locating a seller but also the costs of getting assurance. The retailer's reputation can convey such assurance. A brand name is a device for providing information.

The data that I obtained shows that, if a consumer regards the company at whose site they are looking to be reputable, they do take for granted – i.e., they do assume - that they have some assurances for which they would otherwise check. For example, Evelyn (I) said she probably wouldn't look for the site's privacy policy "if I knew it was a more reputable company". Similarly Henry (I) felt that when buying from a reputable company they would not use the information that he provided to send him unwanted e-mail messages, and would not sell that information to other organisations, while several other interview participants all felt that by dealing with reputable companies they (more than) adequately addressed the risk that nothing would be delivered to them.

In other words, it seems that consumers have an expectation that, "if I engage in a transaction with this reputable company, the outcome will be acceptable to me" – which is, of course, the expectation that one normally has when one walks into a shop to buy something.

As a result of this, consumers are generally very reluctant to make a purchase from an unknown Web site/vendor, as was shown by the responses to interview question 61, which reads:

If you were buying something over the Internet, in which situation would you feel more like buying it - if you've previously heard of the business that's running the Web site selling it, or if you've never previously heard of that business?

Most interview participants replied that they would feel more like buying it from the business of which they'd previously heard (the few exceptions were the participants who said that they would be prepared to buy from the unknown Web site if it offered a significantly cheaper price). And Evelyn's reason for doing so was typical - "Again, it's the reputable company, and it's just minimising your risks, really".

This corresponds to McMillan's comment (2002, p. 50) that one way in which consumers deal with the "heightened ... need for buyers to be able to trust sellers" when taking part in B2C e-commerce is by using reputations and brand names as "devices for providing information" - and specifically for providing information about the trustworthiness (or lack thereof) about individual Web sites.

Related to this is the concern (mentioned in 4.14 above) that several participants expressed - that when you shop on the Internet there's a greater risk that the merchant is fraudulent. This is consistent with the 2001 DTI survey which found that 10% of its respondents felt that one disadvantage "of buying via the Internet" was that the "company may not be genuine" (Department for Trade and Industry, 2001, p. 21). And, when consumers have this concern, it is even more important for a Web site to be recognised as being operated by a "reputable company" - because this signals to the consumers that the merchant operating that Web site is genuine, and not fraudulent, and so they can trust that Web site.

Lim (2003, p. 225) also identified these concerns, and classified them as types of perceived vendor risk. She noted that "Participants ... dislike dealing with unknown vendors who may not send them the products as promised", and that "Many participants perceive less risk in reputable companies. ... For example, they perceive a low level of risk in Amazon.com because of its good reputation".

5.4 The information that a B2C Web site needs to provide

There are two major aspects of this issue. Firstly, a B2C Web site needs to provide information about the organisation that operates the Web site, and about its business practices. It is important for a Web site to do this when it is new, or if it is not a "known and trusted brand name" (to paraphrase a comment that Sarah (FG) made, and that I have quoted earlier). This is because, by providing this information, the Web site may be able to lessen the concerns that potential consumers may have about making purchases from it, and to increase the trust that they have in it.

And, I suggest, it is also desirable for a Web site to provide this information even if it is a “known and trusted brand name”. This is because it seems that the presence of this information on the Web site provides consumers with a “comfort factor” – i.e., the presence of that information can help to reinforce the consumer’s trust in the Web site, while its absence may lessen their trust. For example, Len (I) said that when he sees that a Web site has a privacy policy “I do find that reassuring, and I like that, it’s a much better professional practice, and I feel it’s got more integrity to it” – even though he also freely admitted that he rarely read any site’s privacy policy. It seems to me that this is an excellent illustration of the truth of the statement by Marsh & Dibben (2005, pp. 19-20) that “distrust is a human response to a lack of information”.

Participants’ responses show that there were several types of information that (the organisation that runs) a Web site should provide if it wishes to increase the trust that potential customers have in it. For a start, they wanted to see on the Web site the organisation’s contact information. As a result, they – all - wanted the Web site to provide the organisation’s phone number, postal address, and street address.

One reason that they wanted that information is – not surprisingly - because it would have enabled them to contact the organisation. For example, Jennifer’s (I) reply indicated that the availability of this information gave her an extra assurance that, if a problem did occur with a purchase, she would be able to get it resolved satisfactorily - as Glenda (I) said, it would have enabled her to “knock on someone’s door, if need be”. This concern is consistent with, for example, the Consumer WebWatch survey (2002, pp. 10-12) that found that 95 % of people considered that it is either very important or somewhat important that an e-commerce Web site provides “The email address, street address or telephone number where you can reach the site’s staff about any problems”.

However, participants also wanted to see this information on a B2C Web site because it would go some way to assuring them that the organisation behind the Web site is genuine, that it really exists, and that it is less likely to defraud them. For example, Glenda (I) said that if she can find on the Web site the address of the organisation “it gives the

company more credibility”. And, while she would prefer to see the physical address, she would still be “fairly comfortable” if only the postal address was available.

Interestingly, when I asked her how she would feel if the Web site did not provide either address, Glenda replied “If I wasn’t sure of who I was buying from, it would make a difference. But it’s only, again, the first time you buy something.” And Len (I) similarly said that the availability of this information was only an issue when he didn’t know the organisation.

The underlying concern here is consistent both with finding that “Participants perceive risk in businesses who do not provide contact phone numbers or physical addresses (such as office or warehouse address)” (Lim, 2003, p. 225), and with the concern, noted in the preceding section, that when you shop on the Internet, there’s a greater risk that the merchant is fraudulent.

Another type of information that participants wanted a B2C e-commerce Web site to provide was – a detailed explanation of everything for which it would charge them. In other words, a consumer who placed an order wanted to know more than just the cost of the products that they ordered; they also wanted to know anything and everything else, such as packing, freight, insurance, and GST, for which they would also be charged in connection with that order. And they wanted to know this so that they could be sure that, as Fiona (I) said, “there are no nasty surprises that there is another \$12 to pay on top of it that you weren’t aware of”.

This is consistent with Lim’s finding (2003, p. 225) that “Some participants are worried about incurring ‘hidden charges’ such as freight and taxes for the products they purchase”. It is also consistent with the Consumer WebWatch survey mentioned earlier, which (2002, pp.10-12) found that 98 % of people considered that it is either very important or somewhat important that an e-commerce Web site provides “A statement of all fees that you will be charged for using the site, including shipping costs, transaction fees and handling fees”.

Section 5.11 below is about “Consumers’ concerns about their credit card details”, while section 5.12 below looks at their concerns relating to privacy. As a result I will only briefly discuss these two matters here.

One concern that participants had was that, if they provided their credit card details to a Web site, the site might record them. Some e-commerce Web sites offer to do this so that the consumer does not need to enter that information every time that they place an order. As discussed elsewhere, the participants who mentioned this were concerned that it could lead to their credit card details being misused, with the possible result that they would be defrauded, and the actual result that whenever a Web site asked if they wanted it to record their credit card details, they always replied “No”.

Participants felt that there were several scenarios that could lead to misuse of their credit card details. One such scenario involved the merchant being dishonest; this corresponds to a “perceived vendor risk” that Lim (2003, p. 225) identified – that “participants are reluctant to give their credit card numbers to unknown vendors because they are afraid that their cards will be misused”. And another of the more commonly mentioned scenarios involved an honest merchant having a dishonest employee who had access to the records of credit card data; this corresponds to a “perceived technology risk” that Lim (2003, p. 224) identified – “the feat that good hackers will be able to steal their credit card details is common”.

Also, as section 5.12 explains, participants were concerned that, if they provided their personal information to a B2C Web site for a particular purpose:

- the Web site might itself misuse their personal information
- the Web site might disclose (i.e., sell) it to another entity which would then misuse it, or
- a third party (a “hacker”) might misuse it as a result of having breached the security of the Web site and discovered it.

All three of these correspond in general to one of the “perceived technology risks” that Lim identified (2003, p. 224) – that “participants are concerned with the privacy of their personal information” (although, oddly, she specifically mentions this concern in the context of “financial losses”). And the second of them corresponds specifically to a category of “perceived vendor risk” that she identified (Lim, 2003, p. 225) – that “Participants worry that businesses may sell customer information to third parties”.

As section 4.16 above explains, all interview participants felt that if a Web site had a good privacy policy, that would help to address the first two of the above concerns about their personal information (but not necessarily the third; as Raewyn (I) said, even if a site has a good privacy policy “you’re still open for hackers and things, aren’t you?”)

Earlier in this section I noted that some participants would only be concerned if a Web site did not provide contact details if they did not know (the organisation operating) the Web site, or if they were buying something from it for the first time. Interestingly, some participants similarly felt that the presence of a privacy policy on a Web site was only important if one did not know the company, or when one wanted to buy from it for the first time. And one participant said that she never read privacy policies; however she – like all of the other interview participants - did not say how she would feel if a Web site did not include a privacy policy.

These concerns, and the effect on them that a privacy policy can have, are all consistent with the finding of the Consumer WebWatch survey (2002, p. 11 & p. 38) that:

- 93% of participants considered that it was very important, and 4% considered that it was somewhat important, that on “Web sites where you can spend money”, there is “A statement of how the site will use your name, address, credit card number and other personal information that you provide”, and
- 94% of participants considered that it is either very important or somewhat important that an e-commerce Web site has a privacy policy available.

And they also have a great deal in common with Lim's statement (2003, p. 225) that:

As most privacy policies are long and convoluted, some participants read only the first one or two policies. Others glance at every policy. On average, they read privacy policies about 10% of the time. Although participants do not read privacy policies carefully, they perceive high levels of privacy risk if businesses do not provide privacy policy [sic] or the policies are difficult to find.

As mentioned, participants also expected a B2C e-commerce Web site to include a returns policy. And some participants said that the presence of a returns policy on a B2C Web site increased the confidence that they had in the site. These views are consistent with the finding of the Consumer WebWatch survey (2002, pp. 10-12) that 96% of participants considered that it is either very important or somewhat important that an e-commerce Web site has "A statement of the site's policies for returning unwanted items or canceling [sic] reservations".

They also echo McMillan's comments (2002, p. 50) that, when a shopper buys a book:

The shopper is not buying simply a book, but a package of services of which the book itself is a part – the main part, to be sure, but just a part. In addition, the buyer is getting assurances of various kinds ... [one of which is] that the retailer will allow it to be returned if it is not what is expected.

One participant suggested that, as well as explaining the conditions under which a purchase item may be returned for a refund, or to be exchanged, a returns policy should also explain who meets the cost of returning the item. Other participants similarly commented on the need for the process for returning an item to involve as little inconvenience and/or as little cost as possible.

Participants also raised the issue of currencies. One was concerned that sometimes a B2C Web site does not specify the currency in which it states its prices, while another commented that they found it inconvenient if a Web site that states its prices in a foreign currency does not also provide a currency converter.

The second major type of information that participants expected a B2C Web site to provide is - information about the warranties and/or guarantees that it will provide about any

product that it sells and, where appropriate, the after-sales service that it will provide on those products. And, as discussed above, participants expected a B2C Web site to provide the same assurances that they can get, or would expect, if they bought the same product off-line. For example, one reason why William (FG) was prepared to buy his business shirts on-line from Land's End was that the vendor provided "lots of guarantees back, like 'If it doesn't fit, send it back', and all that sort of stuff". Lim (2003, p. 225) refers to this concern with the comment that:

As warranties for products are seldom specified on the Web-sites, participants are worried that businesses are likely to refuse to take responsibility for damaged products.

Participants in all three focus groups mentioned this concern. And participants in several interviews also mentioned it, even though none of the interview questions asked about it.

5.5 Social attitudes to shopping via the Internet

From her review of the literature, one of the types of perceived risk that Lim (2003, p. 222) identified was perceived consumer risk, which:

refers to the degree to which individuals believe that if they purchase products or services through the Internet they will suffer losses caused by social pressure. Social pressure refers to pressure individuals receive from their families, friends or colleagues.

However, after carrying out her research, Lim stated (2003, p. 226) that "The discussion results suggest that consumer risk does not exist".

In order to address this issue, I included questions 55 through 60 in my Guidelines for semi-structured interviews. The answers that I got reinforce Lim's assertion above. For a start, quite a few participants replied that they hadn't thought what anyone might think about them shopping on-line, and no-one had ever said anything to them about it. And, while a few said (or suspected) that their elderly parents might express concern about them shopping on-line, they also said that from time to time the same parents would ask them to buy something on-line for them.

None of the participants said anything to indicate that they received, or expected to receive, any disapproval of the fact that they shopped on-line. Instead, those who had received any comments all said that what had been said to them was helpful advice, or recommendations to use specific sites. As Ivor (I) said about on-line shopping, “I think ...the majority of people would find that quite normal these days”. In other words, the normal reaction to “I bought this over the Internet” is no longer “Isn’t that risky?”; instead, it is “You might be interested in this Web site ...”.

The data that I obtained does therefore support Lim’s claim (2003, p. 226) that “consumer risk does not exist”. And I suggest that this is because shopping on-line is increasingly becoming the norm, rather than the exception.

Vijayarathy, in “Predicting consumer intentions to use on-line shopping: the case for an augmented technology acceptance model” (2004, p. 751, p. 758) included “normative beliefs” as one of the variables in his research model. He defined that variable as “the extent to which a consumer believes that people who are important to him/her would recommend that the consumer engage in online shopping”, and he found that “an individual’s intentions to [shop on-line] can be expected to be influenced by the opinions held by people who are important to the individual” .

In other words, normative beliefs still influence the decisions of individual consumers as to whether or not to engage in B2C e-commerce. However, my findings indicate that those normative beliefs are now supportive, either explicitly (see, for example, Tim’s (I) comment that “I think most people shop over the Internet anyway”) or implicitly (as Nerida (I) said, “My mother doesn’t have anything to do with a computer, she won’t do anything with computers - but she is always phoning me up and saying ‘can you just look this up for me?’ ”). In my opinion, this explains why, as Lim contends, consumers are no longer concerned that shopping on the Internet will expose them to adverse “social pressure” – i.e., what she calls “consumer risk” (Lim, 2003, p. 226) no longer exists.

This change in social attitudes to shopping via the Internet also introduces some new possibilities for researchers. For example, it might be interesting to see what sort of responses one would now get to questions such as “Would you still be as keen to shop via the Internet if you did not know so many people who also shop on the Internet?”

Vijayasathy sought to identify only the (high-level) effect of normative beliefs on consumers’ intentions to engage in B2C e-commerce (i.e., “should I shop on-line?”), and not their effect on consumer’s intentions at a more detailed level. I suggest that the data that I obtained indicates that consumers have decided that they are going to do so, and are now concerned about “where can I – safely – shop on-line?”. The next section considers that concern.

5.6 A referral from a trusted source about a Web site

Consumers perceive that vendor risk is greater when buying from an unknown vendor, and prefer to deal only with what Sarah (FG) referred to “brand names that you know and trust”. However, the data that I obtained shows that a large proportion of participants would trust a Web site of which they had no knowledge if it was recommended to them by a trusted source. For example, Ian (FG) said that “nothing beats word of mouth recommendation”, and that it is “the most important thing”.

This is consistent with Lim’s finding (2003, p. 225) that, when it comes to identifying Web sites from which they can safely make purchases, “Many participants ... rely on references from other people” (and which she classifies as a category of vendor risk). And it is also consistent with the finding that a friend’s recommendation to use a particular online shopping site can lead to a reduction in perceived risks (Garbarino and Strabilevitz, 2004, cited in Zhou, Dai, & Zhang, 2007, p. 57).

It seems that this approach to identifying trustworthy Web sites is another way in which in B2C e-commerce consumers deal with the increased need to trust sellers to which McMillan refers (2002, p. 50).

This approach to identifying trustworthy Web sites also has echoes of the “social influence processes” that Venkatesh & Davis (2000, p. 187) sought to include in the extended Technology Acceptance Model (i.e., TAM2). The “social influence processes” that have been considered or possible relevance include both the concept of the subjective norm and the concept of normative beliefs.

The following passage explains the relevance of the subjective norm:

The rationale for a direct effect of subjective norm on intention is that people may chose to perform a behaviour, even if they themselves are not favourable toward the behaviour or its consequences, if they believe one or more important referents think they should, and they are sufficiently motivated to comply with the referents. (Venkatesh & Davis, 2000, p. 187)

And Azjen, one of the two proponents of the Theory of Reasoned Action (TRA), explains that normative beliefs refer to:

the perceived behavioral expectations of such important referent groups as the person’s spouse, family, friends, and depending on the population and behavior studied – teacher, doctor, supervisor and coworkers (Ajzen 1991, cited in Zhou, Dai, & Zhang, 2007, pp. 46-47).

Ajzen also explains that “Normative beliefs can influence behavioral intention through ‘subjective norms’ ” (Ajzen 1991, cited in Zhou, Dai, & Zhang, 2007, pp. 46-47).

Almost all of the research that has been performed to date that relates to the TAM, the TAM2, and/or the concepts used in those models, has studied the use of information systems in organisational/workplace settings – which, of course, include other influences as well as the purely social.

Some researchers have sought to extend the TAM so that it can be used to explain the use of Web sites in personal – i.e., non-organisational - settings. However, I have not found any such research that seeks to identify the effect that “social influence processes” have on consumers’ use of individual B2C Web sites in personal settings. For example, Pavlou (2003) considers the effect of trust and risk on consumers’ intents to engage in B2C e-

commerce, but does not consider any “social influence processes”. And the research that Koufaris (2002) describes in “Applying the Technology Acceptance Model and Flow Theory to Online Consumer Behavior” similarly focussed on B2C e-commerce, but did not consider any effect that “social influence processes” might have.

At this point it is interesting to note the finding of Hartwick and Barki (1994, p. 458) that subjective norms are “the most important antecedent” of users’ intentions where use of a system is mandatory, but have little if any effect where use is voluntary. They studied the use of information systems in organisational/workplace settings. However, even given that difference, their finding does seem at odds with the way in which many of the participants in my research, all of whom were using B2C e-commerce on a purely voluntary basis, were prepared to trust a Web site if it was recommended to them by someone who they trusted.

Overall, it seems that to date no-one has identified the effect that “social influence processes” have on the intentions of consumers, when acting in their personal capacity, to make purchases from (i.e., to order from, and make payments to) specific B2C e-commerce Web sites. However, I suggest that the data that I obtained indicates that those processes may well have some effect in these cases, and so this would be a potentially useful avenue for further research.

5.7 Which processes are consumers prepared to perform on-line?

The model that I described in 1.3 above considers that the process of obtaining goods and/or service involves the processes of:

- discovery
- ordering
- payment, and
- fulfilment

When shopping a consumer usually can decide, for each of the first three of the above processes, whether to perform that process on-line (i.e., over the Internet) or off-line (e.g., in a retail store).

I found that, based on what our participants said, several different scenarios are possible. For example, in one the consumer performs all of discovery, ordering and payment on-line – and many of them had bought air travel this way. However, at the other extreme, the consumer performs all of discovery, ordering and payment off-line – and many of them had done this to buy “big-ticket” items such as “whiteware” (e.g., washing machines, refrigerators), even though they had previously purchased other types of items via B2C e-commerce. And participants also described some other scenarios that fell between these two extremes.

In one of those scenarios, the consumer’s various concerns (i.e., about not being able to evaluate a potential purchase adequately) resulted in them being prepared to use the Internet only to perform discovery, and then performing ordering and payment at a shop. For example, Beryl (FG) liked using the Internet because it meant that she was “able to see the difference and then I probably still would go into the store to buy with cash” (by which Beryl presumably meant that she used the Internet to perform discovery because it made comparison shopping much more convenient).

In some other scenarios consumers performed only part of the discovery process via the Internet, and then would go to a shop, where they would perform the rest of the discovery process, and then possibly also ordering and payment.

An analysis of the data, keeping these points in mind, has led me to the following conclusions. Firstly, it seems to me that we can on the one hand simplify our model - for the purposes of this work only - so that we describe shopping as consisting of three processes, which are discovery, ordering and payment (which we might distinguish by calling it “buying”), and fulfilment. Secondly, in order to be able to describe correctly

all of the various scenarios that participants described, on the other hand we need to make our model more complex, by breaking the process of discovery into several components. And thirdly, we need to recognise that the scenarios that participants followed when making purchases varied according to the type of item being purchased, and the respective concerns associated with those types of items.

In the next section I will discuss what I believe to be (some of) the components of the discovery process. Then in the following section I will discuss how the type of product being purchased affects the scenario that is followed.

5.8 The components of the process of “discovery”

Some of the data that I obtained suggests that the process of discovery may not always be a single, simple activity, and that instead it can be broken down into components. This is supported by, for example, McMillan’s (2002, p. 9) discussion of transaction costs, in which he points out that:

- in a business agreement transaction costs can occur in each of several phases
- one of those phases is “before any business is done”, and
- the transaction costs that can occur in that phase include
 - finding potential trading partners
 - comparing alternative potential trading partners, and
 - evaluating the quality of the goods offered by each potential trading partner.

From this it would seem that if one wishes to buy, for example, a particular type of home appliance (say, a deep freeze), the different tasks that one might perform as part of the “discovery” process – i.e., the different components of that process - might include:

- identifying potential vendors of deep freezes
- identifying potentially suitable (manufacturers and) models of deep freezes

- evaluating each potentially suitable model of deep freeze, to establish which are in fact suitable
- evaluating the “deal” that is available for each combination of a vendor and a suitable model of deep freeze (e.g., what is the total price, what terms are available, what service does that particular vendor offer, and at what cost ...?), and
- decide on the model of deep freeze to be purchased, and the vendor from whom it is to be purchased.

And, while one consumer might begin by identifying potential vendors (e.g., they might be concerned about the availability of hire-purchase and after-sales service), another might begin by identifying potential models of deep freezes (e.g., they might be concerned that it will fit into a particular area, or that it will have a particular capacity). As a result, several scenarios are possible.

Data that I obtained supports the suggestions both:

- that the process of “discovery” can be further broken down into components, and
- that as a result several different purchasing scenarios are possible.

The data also suggests that consumers will not necessarily perform all of the above steps by the same means (i.e., on-line, or off-line) – which, of course, introduces even more possible scenarios. For example, Kevin (I) commented that, once he had decided to buy a particular item, he would then buy it by the most advantageous means available - “and if on the Internet it is costing you less, then you may think, yes”. In other words, discovery could be performed off-line, but then ordering and payment would be performed on-line – if the best deal was available on-line. And similarly Jennifer (I) and Henry (I) both said that, once they had decided on a particular purchase, they would then search for the merchant who could provide the best deal.

In fact Jennifer (I)’s comments were to the effect that, even if she had identified a potential vendor and a potential item to purchase (and possibly also evaluated them both) via the

Internet, she would not necessarily go on to order it and pay for it via the Internet; rather, she would order it and pay for it so that she got the best deal possible – irrespective of whether it was available from a Web site or from a shop.

In other words, it seems that consumers who are “net-savvy” – i.e., who are comfortable using the Internet, and making purchases via the Internet – have now added it to the tools that they use when shopping. It does seem that consumers consider each step separately, and will perform each step by whatever means optimises their overall outcome. So Henry (I), Jennifer (I) and Kevin (I) would each be prepared to order and pay for a purchase via the Internet – provided that their evaluations had led them to conclude that the best deal for the item in question was available via the Internet, regardless of how much, or how little, they had used the Internet in the preceding steps.

It also seems that it may be possible to break one or more of the above steps down into at least two parts. In particular, it seems that the evaluation of each potential purchase can be broken into two parts, one of which is performed via the Internet, and one of which is performed “off-line” – i.e., by inspecting the item face-to-face.

This became apparent from the descriptions that several participants gave of the ways in which they had used the Internet when buying cars. For example, Glenda (I) said that she had used the Internet to identify a particular (used) car that she thought might be worth buying (thus avoiding “going through all the – very many – car sales rooms”), which she had then gone and evaluated “face-to-face”. In other words, she had initially performed evaluation on-line (in order, effectively, to arrive at a “short list” of possible purchases), and had then completed evaluation off-line.

Nerida (I) similarly said that she and her husband had (more than once), when considering buying a (used) car, used the Internet to identify a small number of potential purchases, each of which they had then evaluated “face-to-face”. And she pointed out that in one case that “face-to-face” evaluation had enabled them to identify a defect of which they

would not otherwise have been aware (because the photos of the car that were available on the Internet did not show it), and which ruled out that particular car.

There are further possibilities. For example, Henry (I) suggested that, having identified a potential purchase item by a means other than the Internet, one could use the Internet both to learn more about it (he was talking about a particular model of digital camera, for which he had wanted to find out the specifications), and also to identify potential vendors from whom he could buy it.

The data that I obtained has merely suggested firstly, that it may be possible to separate the process of discovery into separate components, and secondly that different sequences of those components – i.e., different scenarios - may be possible. And, while it has provided a few examples of possible scenarios, I am sure that others are possible; see, for example, McMillan's description (2002, p. 19) of how the Internet has made it possible for those interested in out-of-print books to buy them much more easily (and where in such a scenario the consumer:

- has already decided on the type of item to be bought
- needs to begin by identifying each vendor offering a copy of that item for sale
- the decision on which copy of that item to buy automatically decides from which vendor it is to be bought, and
- it is very unlikely that it will be possible to perform any evaluation off-line).

To sum up - it seems that, when considering B2C e-commerce, it may well be valid to:

- break the process of discovery into separate components, and
- further break some of those components into separate on-line and off-line parts.

It also seems that different combinations and sequences of those components and sub-components may be possible.

The data from this research merely raises these possibilities; it is not sufficient to enable any conclusions to be drawn with regard to them. However I suggest it as another potentially fruitful avenue for further research. It seems that the steps that consumers perform, and the order in which they perform them, are influenced by their concerns – i.e., that they act to minimise the risk that they face. The following section discusses some of their concerns, and the consequences of those concerns.

One point that came through strongly was that for a wide variety of items consumers were prepared to perform (some components of) the discovery process on-line, even if they then went off-line for the rest of the transaction. This was because of the convenience that this use of the Internet provided for this function. For example, it eliminated the need to travel to shops (or car yards), it enabled one to “window-shop” outside normal business hours, and it meant that (as Katharine (FG) said) one didn’t have to “drag children around as well” (given that many participants were parents of primary school children, it is probably not surprising that several of them mentioned this).

This is consistent with the statement that I made in 1.4 above – that:

Bellman et al also found that another strong predictor of whether a person shops on-line is whether they are ‘time-starved’ ... they note that ‘this effect is even stronger if one’s spouse also works’.

In other words, consumers recognise that using the Internet to perform discovery can:

- lower the transaction costs of locating potential vendors, and/or
- lower the transaction costs of locating potential items for purchase, and/or
- reduce the number of potential purchases that are to be evaluated “face-to-face”, thus lowering the overall transaction cost of that evaluation.

For example, Ian (FG) said that when buying a used car he “found it brilliant for looking around”, because “you can narrow it down to, like, two in Christchurch that’s worth going to see”.

5.9 The types of products that consumers are, and are not, prepared to buy on-line

There appear to be several factors that determine whether or not a consumer will be prepared to buy a particular type of product via B2C e-commerce – i.e., to “buy it online”, to perform all of discovery, ordering, and payment via the Internet.

I found that one major factor is the consumer’s perception of the risk that an unsatisfactory outcome will result if they purchase the intended item on-line, rather than in a physical shop. (This is the first of the types of “product risk” that Lim (2003, p. 225) identified). And I also found that in most cases where a consumer perceives this risk to be unacceptably high, their response is to require to evaluate the intended purchase “face-to-face” before deciding whether or not to purchase it.

One consequence of this factor is that, when the consumer believes that nothing unexpected is likely to go wrong with an intended purchase, they may well buy it online (see, for example, Martin’s (FG) comment that he was only prepared to buy online “things that you know work”). In other words, there are some types of items such that consumers expect that when they buy them the outcome will be acceptable to them – even if they buy them via the Internet.

I identified several lesser factors that can contribute to the perception that making a purchase online will result in an unsatisfactory outcome. One of these is the consumer’s belief that that obtaining competent pre-sales advice will significantly decrease the risk of an unsatisfactory outcome. For example, neither Gerard (FG) nor Denise (FG) would buy a bike on-line, because each one said that they would want a new bike to be set up properly for them, while Harry (FG) said that if he was buying golf clubs, he’d want someone to analyse his swing, and then to recommend an appropriate purchase.

Another lesser factor that can contribute to this perception is the consumer’s belief that being able to obtain competent after-sales service will significantly decrease the risk of an unsatisfactory outcome. And often the consumer requires the after-sales service to be

available nearby. For example, William (FG) specifically said that he wouldn't want to buy on-line "things that you need service for locally".

I found that this lesser factor appears to have a strong influence on the consumer's choice of the channel via which they perform ordering and payment, but not on their choice of the channel(s) via which they first perform discovery. That is, on the one hand I found that a consumer who bought an item for which this was a concern might well have performed some or all of the discovery process on-line. However, I also found that once they had decided that they were going to buy it, they then invariably performed ordering and payment at a local store – in the expectation that the store would subsequently provide any necessary after-sales service. (Interestingly, none of the participants who expressed this concern said anything about having found out, as part of the discovery process, whether a particular merchant – on-line or off-line – could, or would, provide after-sales service). Cameras, and spa pools, were two items about which this concern was expressed.

I also found that another major factor that determines whether or not a consumer will be prepared to buy a particular type of product via B2C e-commerce is the price of the potential purchase. For example, several participants stated that they were not prepared to buy on-line anything expensive – i.e., "big-ticket" items (a term that several participants used in this context).

Also, it seems that in general, as the price of the item increases, so does the consumer's desire to evaluate it "face-to-face" before deciding whether or not to buy it (in other words, as the price of an item increases, so too does the consumer's concern that buying it might result in an adverse outcome). For example, Pauline (I) said "The bigger the cost, the more I want to be hands-on with it first", and Ivor (I) said that "there will be a certain limit to what I would spend on an item without actually seeing it" – and so, for example, he "wouldn't want to buy a used car without seeing it", but would instead "want to take it for a test drive". These comments are consistent with Lim's finding (2003, p. 225) that one of the risks in the "perceived product risk" category is "Most participants indicate they will not buy expensive items through the Internet". Digital cameras, and household/home appliances ("whiteware") were also mentioned in this context.

Ivor suggested that where an individual sets their personal limit will depend on “their level of risk” – which is an interesting endorsement of the applicability to B2C e-commerce of the concept of perceived risk, and by which he presumably meant the level of risk that one is prepared to accept. Other comments that Ivor made show that he considered that risk increased with either or both the expense of the item (as discussed above) and/or its complexity (which may be reflected in, for example, the desire to ensure that one can gain after-sales service, as discussed above). Those comments are consistent with Mitchell’s (1999, p. 9) observation that a variety of different studies “have shown that, in general, the higher value, more complicated and more involving products are more risky than the lower value, low-involvement simpler convenience products”.

Interestingly, Stanley (I) was the only participant who mentioned buying services over the Internet, and he said that he wouldn’t do so – “I wouldn’t organise someone to do the garden, or anything like that” – because he was concerned that there was too much potential for variation of the outcome, of what he received, in a purchase of that type – which, it seems to me, is another way of saying that he perceived the risk of an unsatisfactory outcome to be too high if he purchased services on-line. In this context, it is worth repeating a quotation from Mitchell (1999, p. 10) that has already been included above:

“A number of authors have shown that services are riskier than products ... because of the inherent properties of services, i.e. heterogeneity, perishability, inseparability and intangibility which undermine consumer confidence and increase the perceived risk, mainly by augmenting the degree of uncertainty in the decision.”

Stanley’s comments are consistent with this. And it is interesting to note that Stanley was the only participant (out of a total of 37) who used the word “services”.

Having made these comments about services, it is interesting to note that many of our participants were prepared to book and pay for flights on-line. This raises two points. Firstly, these purchases actually involve purchasing a service, rather than a good. (Harry (FG) said that he used the Internet to buy “tickets for concerts through Ticketek” – which is also a purchase of a service). And secondly, many of the people who were prepared

to book and pay for flights on-line also expressed concerns about making other types of purchases on-line – and in fact both Valerie (FG) and Ian (FG) had bought airline tickets, but nothing else, on-line.

This readiness to book, and pay for, flights on-line strongly suggests that (at least some) consumers consider that air tickets (and, in Harry’s case, tickets for entertainment) are in the category of items with which nothing unexpected is likely to go wrong (while also recognising that problems can occur with other types of items).

In other words, it seems that (some) consumers’ attitude to air tickets is:

- with them you know what you’re going to get, so buying them on-line is not likely to cause any additional problems – and
- it’s actually preferable to buy them on-line, because it’s normally cheaper to do so (as Dawn (FG) said, “It’s usually cheaper to book online, for your airfares and stuff”).

I did not make any attempt, either in the focus groups or in the semi-structured interviews, to distinguish between consumer’s attitudes to buying goods on-line and their attitudes to buying services on-line. One result of this omission is that I obtained very little data relating to the purchase of services. However, the apparent contradiction between the only data that I obtained in which a participant explicitly referred to services - and said that he would not buy them on-line – and the readiness of many participants to buy at least one type of service (i.e., air travel) on-line suggests that this is yet another potential area for further research.

While our participants only mentioned a few categories of items that they were prepared to buy on-line, they talked about several categories that they would not buy on-line (some of which I have already mentioned), and they gave a variety of reasons for not buying them on-line, most of which relate to the possibility (mentioned at the start of this section) of something going wrong - i.e., they relate to perceptions of risks, to concerns.

So, for example, several participants said that they were not prepared to buy “whiteware” on-line, and this was usually because they would want to inspect it “face-to-face”.

Gayle (FG) provided an interesting insight on this; she said that, while she might be prepared to buy a toaster over the Internet, she similarly wouldn’t want to buy “whiteware”

Given this comment, it is instructive to refer again to Table 2, “Examples of some of the involvement profiles that Laurent & Kapferer obtained”, in 2.2.3 above, and to note the involvement profiles that they obtained for Washing machines, and for Irons (I am using Irons here as a proxy for Toasters; this seems reasonable, as they are both household appliances, and their prices are roughly comparable). That table shows that for Washing machines all four facets scored above the average of 100, with the highest score – Importance of negative consequences – being 118, and the lowest being 106. And it shows that for Irons only one facet - Importance of negative consequences, which was 103 - scored above 100, with the lowest – Pleasure value – being 72 (i.e., the lowest score for Washing machines was greater than the highest score for Irons) (Laurent & Kapferer, 1985, p. 45).

I suggest that the different involvement profiles here may go a long way to explaining why, while Gayle (FG) might be prepared to buy a toaster over the Internet, she wouldn’t be prepared to buy “whiteware” – with its higher involvement profile - over the Internet.

I have already mentioned that most of the reasons that participants gave for not buying particular types of items on-line relate to perceptions of risk. As I have noted above, perceived risk contributes two of the five facets of involvement that Laurent & Kapferer (1985, p. 43) included in their involvement profile. Another facet that they included in their involvement profile was “The perceived importance of the product”. And they noted that it is likely that the importance that consumers attribute to an item will increase as the price of the item increases (they tell us that “because the risks of a mispurchase are high when price is high, consumers are likely to be involved” (Rothschild, 1979, cited in Laurent & Kapferer, 1985, p. 42)).

The types of items about which participants stated this concern included home appliances/“whiteware” and digital cameras. And also, as mentioned above, Stanley (I) expressed this concern about “a radio, or a stereo”. It is therefore interesting to again refer to Table 2 above, and note the involvement profiles that Laurent and Kapferer obtained for:

- Washing machines – which fall into the “home appliance” category, and for which all four facets scored above the average of 100, and
- TV sets – which category is the nearest in that table to items such as radios, or stereos, and for which two facets scored above 100, one scored exactly 100, and one scored below.

And I suggest that at the time of writing a digital camera might have a rather higher sign value (i.e., there may well be an element of self-concept, of “what does this say about me?” in its purchase) than the value of 95 that Laurent and Kapferer obtained in 1985 for “TV sets” (Laurent & Kapferer, 1985, p. 45), and a stereo might also have a higher sign value. In other words, it seems to me that the reluctance to buy digital cameras and stereos online may well be due to the extent to which the consumer is involved in purchases of those types of goods – just as the relevant involvement profiles explain both Gayle’s reluctance to buy “whiteware”, and readiness to buy a toaster, online.

It therefore seems that, when seeking to understand how consumers’ concerns change according to the item being considered, while it may be valid to consider perceived risk, it may be equally valid (and possibly even more so, given the inclusion of additional facets, such as sign value) to consider the degree of involvement involved in the various types of items that consumers mentioned.

However, the data from this study does not enable us to identify separately the effects of each of these constructs, to determine which is the more appropriate to use when seeking to understand the types of items that consumers are, and are not, prepared to buy on-line, or

to determine the reasons why they have those concerns. These are all possible avenues for further research.

Having noted that participants were not prepared to buy on-line items that were expensive, “high-involvement”, or both, it is probably worth repeating a point that has been made in an earlier section – that participants were, however, prepared to use the Internet to perform part of the discovery process when shopping for those items.

As mentioned in the preceding section, several participants said that they would not be prepared to buy a car over the Internet – i.e, while they would be prepared to use the Internet to identify a potential purchase, they would then want to evaluate it “face-to-face”. It is therefore interesting to note the description of cars as “high-involvement, high-cost purchases” that is found in the title of a recent article about buying cars on-line (Molesworth & Suortti, 2002).

There are some inconsistencies in the data – and in particular in the data about buying clothing on-line. Several participants said that they would want to evaluate any item of clothing “face-to-face”. For example, Sarah (FG) said that she would “always want to feel the quality of the fabric, or try something on”. This is the concern that Kim & Stoel (2004, p. 620) describe in their statement that “consumers associate a high level of risk to [sic] the purchase of apparel via home shopping methods ... due to the consumer’s inability to touch or try on the garments”.

However, William (FG) said that one reason why he always bought business shirts on-line from Land’s End was because he knew and trusted the Land’s End brand. And, although Sarah would only buy most types of clothing off-line (so that she could “feel the quality of the fabric, or try something on”), she would consider buying some types of clothing on-line – but only from a brand name that she knew and trusted.

Evelyn (I) said that there were some types of clothing that she would buy on-line, but they were “things that I know I’m not going to have a problem with, like socks, or a scarf and

hat and gloves”. Similarly, Sarah said that, if she did buy on-line, she would only purchase items of clothing “like socks”. However, as mentioned above, William was prepared to buy business shirts on-line.

The data about footwear also contains some inconsistencies. Several participants said that they would want to evaluate a potential purchase “face-to-face”, in order to evaluate its fit and its appearance. However, Nerida (I) said that when she had needed a pair of clogs for folk-dancing she could not get any locally, and so she bought some from an overseas Web site - and they were an excellent fit.

These inconsistencies are an interesting echo of Lim’s comment that, while most of her participants were “sceptical” about buying clothing on-line, one participant perceived no such risk because of previous good outcomes buying children’s clothes (Lim, 2003, p. 225).

While considering clothing and footwear, it is interesting to refer again to Table 2 above and to note the involvement profiles that Laurent and Kapferer obtained for Dresses, and for Bras. That table shows that for Dresses all four facets scored above the average of 100, with the lowest score being 112, and the highest – Sign value – being 181. And it shows that for Bras all four facets also scored above 100, with the highest – again, Sign value – being 130 and the lowest being 106 (Laurent & Kapferer, 1985, p. 45). And it seems intuitively obvious that socks would score rather lower than either of the above types of item – which is probably why, as mentioned above, Sarah (FG) and Evelyn (I) would be prepared to buy them on-line.

It therefore seems that the involvement construct may be equally useful when seeking to explain consumers’ attitudes to buying clothing and footwear on-line.

This data also suggests that, for a given product category, men and women may have different involvement profiles – which seems entirely reasonable, given that Garbarino and Strahilevitz found that women “perceived more risk to buying online both in terms of

probability and in terms of likelihood” (Garbarino & Strahilevitz, 2004, p. 773). And, of course, it also raises the question – when considering B2C e-commerce, should a particular product category be assigned separate involvement profiles depending on whether the on-line purchase being considered is a first time purchase or a repeat purchase? Both of these are suggested as avenues for further research.

The data that I obtained suggests that the issues involved in buying clothes or footwear on-line include:

- the perceived risk of purchasing the item in question
- the perceived risk of buying from the merchant in question (i.e., the perception that one is more likely to get an acceptable outcome when buying from a “reputable company”)
- the amount of consumer involvement in a purchase, and
- the reduction in all of the above that a repeat purchase involves (only, of course, when all previous purchases have resulted in outcomes that have been acceptable to the consumer).

Again, this is an area in which the data from this study does not enable us to identify separately the effects of each of these characteristics, but in which there may be potential for further research.

The data on groceries also presents some inconsistencies that are similar to those that I have already discussed. Most of the participants who talked about this type of purchase said that they did not shop on-line because they were concerned that it would not be able to assess to their satisfaction the quality or freshness of food (e.g., fruit and vegetables); in fact, most of the participants who discussed buying groceries on-line only mentioned these types of perishable items.

However, Evelyn (I) said that she would be prepared to buy over the Internet an item with which she is familiar (“let’s say ... some detergent from the supermarket”) – which sounds

very much like a repeat purchase, and which she echoed in her later comment that she would be prepared to buy on-line clothing “that I know I’m not going to have a problem with, like socks”. So the limited data that I obtained about groceries suggests that the issues that apply to clothing or footwear may also apply here.

Unfortunately, the involvement profiles that Laurent and Kapferer obtained do not include any for any type of fruit or vegetable. The nearest product categories for which they did obtain profiles were Yoghurt (highest score was 106 – for Pleasure value – with the other three facets all scoring under 100, and the lowest score being 78) and Chocolate (highest score was 123 – for Pleasure value – with the other three facets all scoring under 100, and the lowest score being 75). Their profiles did include Detergent, which had a highest score of 82 (for Subjective probability of mispurchase) and a lowest score of 56 – which suggests that the involvement construct may explain Evelyn (I)’s readiness to buy detergent on-line. And, because it includes the facet Subjective probability of mispurchase, the involvement construct may equally explain the comments that were made about not buying perishable items on-line.

Buying clothes, and footwear, (and perhaps groceries/food) seem to be areas of Internet shopping that are still evolving on both sides of the (electronic) shop counter. On the one hand, consumers are gradually learning more about what they can – safely – do when shopping on-line; this is being fostered by, for example, referrals from trusted sources to particular Web sites, and dealing with Web sites operated by known brands (i.e., “reputable companies”). On the other hand, merchants are doing more to address consumers’ concerns. For example, two participants (both of whom were from the UK) described measures that different B2C Web sites in that country were taking to make the return of goods easier and cheaper for consumers.

I therefore suggest on-line shopping for these types of items may be fruitful¹⁴ areas for further research. Revisiting any of them at some time in the future will probably be very

¹⁴ Perhaps I should have said “productive” ...

interesting; a longitudinal study (e.g., from the perspective of consumers' adoption of a new technology) might be even more interesting.

5.10 The emergence of the Internet as a channel for ordering and payment

I have mentioned in several other places that participants recognised that they could separate the discovery process from the processes of ordering and payment – or, more specifically, recognised that they could perform discovery on-line, and then go off-line to perform ordering and payment. This is of course something that consumers in general recognise; for example, as mentioned in 1.4 above:

the Ford Motor Company knows that in America “Over 80% of [its] customers ... have already researched their prospective purchase on the internet before they arrive at a showroom” (Economist, 2005, p. 4) – in other words, those people deliberately use the Internet only for the “discovery” part of the purchase of a new car.

And I have pointed out elsewhere that participants described how in some cases – e.g., when buying a used car – they performed part of discovery on-line, and then part of it off-line. And, when talking about situations in which they would want to evaluate an item “face-to-face” – e.g., when contemplating buying a used car - none of the participants went on to specify how, once they had completed the discovery process off-line, they would perform the processes of ordering and payment. Instead, it seemed to me that everyone who talked about buying used cars assumed that they would continue to operate off-line – as, according to the above passage, many of Ford's customers do. In other words, it seems that they recognised that, at some time after the start of the discovery process, but before the start of the ordering process, they could switch from operating on-line to operating off-line.

If it is possible to separate the discovery process from the processes of ordering and payment, it is, of course, equally possible that a consumer could switch from operating off-line to operating on-line. So, for example, a consumer might perform discovery off-line, and then perform ordering and payment on-line. And this also means that a consumer could start out operating on-line, switch to operating off-line, and then switch back to

operating on-line. So, for example, a consumer might perform the initial part of discovery on-line, perform the rest of discovery off-line, and then go back on-line to perform ordering and payment.

Many participants were aware that they could switch from operating on-line to operating off-line as described above. However, only a few of them had advanced further in their thinking (or, perhaps, in their understanding of B2C e-commerce) to the point where they realised that they could also switch back to operating on-line (or even to switch to operating on-line for the first time in the current purchase) to perform the processes of ordering and payment, if that would result in them getting a better deal.

Evelyn (I) was one of the participants who understood that she could do this. When I asked her whether she would be prepared to buy home appliances on-line, she replied “again, it comes down to cost. I’d probably have done research before purchasing whatever it was, and so, if I could find it cheaper on the Internet, including delivery, then I would be quite happy to buy that”. Kevin (I) similarly said that, once he had decided to buy a particular item, he would then buy it by the most advantageous means available - “and if on the Internet it is costing you less, then you may think, yes”.

Only a few participants said that they would be prepared to buy goods on-line if that would result in them getting the best deal (which usually meant the best price). However, more than twice as many participants had already bought air tickets on-line – and it’s actually preferable to buy air tickets on-line, as it’s normally cheaper to buy them that way. So, while only a few participants said that they were prepared to buy on-line if it got them the best price, rather more were actually doing so.

5.11 Consumers’ concerns about their credit card details

I specifically asked all interview participants about this. Also, quite a few focus group participants mentioned it. All of those participants were concerned about their credit card details, and the consequences that could result if those details were not kept

secure/private. This is the concern that Hoffmann, Novak & Peralta (1999, pp. 80-81) describe as concern about “environmental control”, and on which several others have also commented.

However, many participants also felt that those consequences would not result as long as they provided their credit card details only to secure sites – and in general they understood what a secure site meant for them, and how to tell if a site was secure. I think the attitude of participants with regard to providing their credit card details to a Web site is summed up by Tim (I)’s comment – “As long their security’s OK, as long as they’re covered by PayPal or one of these different things to use ... and it’s a reputable company.”

In questions 41.5, 42 and 43 I asked interview participants why they were concerned about providing their credit card details when buying something over the Internet. In question 41.5 I asked if one reason for their concern was that they were “concerned that the merchant to whom you send your credit card details might then use that information to defraud you?” In question 42 I asked if one reason for their concern was that they were “concerned that someone might discover your credit card details while they’re being sent across the Internet from your computer to the seller’s Web site?” And in question 43 I asked if one reason for their concern was that they were “concerned that someone might discover your credit card details while they’re held on the seller’s Web site?”

In their interviews, Len (I) and Stanley (I) said that they weren’t worried about the merchants, but they were concerned that their credit card details might somehow be discovered while they were being transmitted via the Internet. However, the other interview participants were mainly concerned about the merchants (although some of them were also concerned about that data being discovered while it was being transmitted via the Internet).

Their concerns about the merchants included both:

- the concern that a merchant might deliberately defraud them, and

- the concern that an honest merchant might have a dishonest employee who might be able to access their credit card details (possibly due to that data being secured inadequately) and then defraud them.

Guerin (2003, p. 6) describes several categories of credit card fraud. The concerns that participants described included several of the categories of fraud that he describes, including both of the above types of what he describes as “merchant-originated fraud”.

Question 44 in the semi-structured interviews was:

If you were thinking about sending your credit card details over the Internet in order to buy something, in which situation would you feel more like sending your credit card details over the Internet - if you've previously heard of the business that's running the Web site selling it, or if you've never previously heard of that business?

Most interview participants answered that they would prefer to send their credit card details over the Web to a Web site being run by a business of which they had previously heard. In other words, it seems that they will entrust their credit card details to a “reputable company”, but not to an unknown company (and Raewyn (I) did say that she would prefer to pay by cheque). However, Tim (I) said that he would be prepared to buy from either “as long as they've got a secure site”.

Olwyn (I) seemed to me to be by far the most “e-commerce averse” participant; in her interview she told me that she had only ever made one purchase via B2C e-commerce. However, even Olwyn (I) had been prepared to send her credit card details to the Web site of an organisation that she trusted – and she has been satisfied with the outcome.

I have already noted McMillan's observation (2002, p. 50) that "The need for buyers to be able to trust sellers has been heightened by the internet". And it seems to me that when participants talked about a "reputable company" they made some assumptions about the ways in which they could trust that company to act (which I will mention again below). We have already seen this suggested in McMillan's description of how, when a shopper buys a book, as well as getting the book the shopper is also:

getting assurances of various kinds: that the book will be delivered as quickly as promised; that it will be delivered in good condition; that the retailer will allow it to be returned if it is not what was expected; that the retailer's employees will not fraudulently use the buyer's credit card data.

And the converse of this is that participants felt that, when they were not dealing with a company that they considered to be reputable, they could not assume that the company would act in certain ways that they found acceptable, they did not have assurances such as those that McMillan describes – and so they felt that the merchant, or the merchant's employees, might well misuse their credit card details.

Glenda (I) mentioned that some Web sites offer to record consumers' credit card details, so that the consumer does not need to enter them each time that they make a purchase. And she said that whenever she is asked about this:

I say "no". I mean, with Woolworth's, for example, they can keep, they can always debit your bank account, but I prefer to put the credit card number in each time I do it. It may or may not be the right thing, but that's what I feel more comfortable with doing.

Jennifer (I) also mentioned this. She said that she has found that one particular Web site has recorded her credit card details – even though she was not asked whether or not she wanted them recorded – and said that "I don't like it. I don't feel a hundred percent positive. But I haven't had any negative dealings with it to put me off".

I suggest that both Glenda (I) and Jennifer (I) felt this way because of the concern mentioned above – that an honest merchant (a "reputable company") might have a dishonest employee, and that employee might be able to access customers' credit card details, and misuse them.

5.12 Privacy, and the use that businesses make of consumers' personal information

Participants' views about this matter were similar to those that they expressed about their credit card details. However, while they were generally confident that a "reputable company" would adequately protect their credit card details, it seemed to me that they were not so confident that a "reputable company" would adequately protect their personal information – or that it would at least respect their privacy.

It seemed that participants were concerned that they might either get junk mail through the post, or get "spam", even when dealing with a "reputable company". And it seemed that some participants felt that, while they trusted a "reputable" company not to disclose their details to other organisations, they were concerned that the "reputable" company might itself send them (what they considered to be) "spam" – i.e., that it might misuse their personal information or, more specifically, that personal information that they had given it for one purpose might then be used by it for another, unrelated, purpose.

I have reviewed the literature relating to privacy in 2.3.1 above; the concerns that participants expressed with regard to privacy were consistent with much of that literature. For example, the concerns that I have described in the preceding paragraph are consistent with the finding of the AARP survey that 74% of Internet users who have made "Internet purchases" are concerned about the privacy of the information that they provide when making those purchases (American Association of Retired People, 2000 March, p. 35).

And the concerns that participants expressed with regard to privacy were definitely consistent with the relevant findings of the survey that UMR Research Limited carried out in New Zealand for the Office of the Privacy Commissioner. For example, that survey found (2001, p. 14, p. 45) that 84% of people in New Zealand are concerned about "the security of personal details on the Internet", and that 93% consider that it is important that businesses with which they deal respect, and protect, their personal information.

Participants were concerned that, if they provided their personal information to a B2C Web site for a particular purpose, any or all of the following might result

- the Web site might then use that information for another purpose (i.e., misuse it), and/or
- the Web site might then disclose/sell that information to another Web site, which might then misuse it – e.g., to send them “spam”, and/or
- as Ivor (I) said, even if the Web site to which he provided his personal information did not do either of these things, “their system may not be secure enough, so that some other party can access it without their knowledge as well” – which is similar to one of the concerns expressed about credit card data (see the preceding section).

The first two of these three concerns are consistent with findings of the UMR survey.

The first one corresponds to the finding that 91% of people in New Zealand are concerned that “You supply your information to a business for a specific purpose and the business uses it for another purpose”, while the second corresponds to the finding that 89% are concerned that “A business that you don’t know gets hold of your personal information” (UMR Research Limited, 2001, p. 11). That is, the first two of these three are what Smith, Milberg & Burke (1996, pp. 171-172) call “unauthorized secondary use (internal)” and “unauthorized secondary use (external)” respectively.

Also, with respect to the second of the above three concerns, the AARP survey found that:

An overwhelming majority (93%) of those surveyed believe that any personal information they give to a business during a business transaction remains the property of the consumer and that the information should not be shared with other businesses without the permission of the consumer. This figure includes 86% who ‘strongly’ support this position (American Association of Retired People, 2000 March, p. 47)

In 2.3.1 above I quoted Brown & Muchira’s (2004, pp. 64-65) assertion that “unauthorized secondary use of data, invasion of privacy, and errors” ... “have been frequently identified in the direct marketing literature as being of primary concern to consumers”. I also pointed out there that Hoffman, Novak & Peralta (1999, p. 82) explain that those consumer concerns occur mainly because many (B2C) Web sites fail to explain in any way how they will use the personal or demographic data for which they ask – or, in some cases, do not

even explain that they will record that data. Then, in 5.4 above, I quoted the observation made by Marsh & Dibben (2005, pp. 19-20) that “distrust is a human response to a lack of information”, and I suggested that in order to gain the trust of (potential) customers a B2C Web site should include a privacy policy – that is, in order to address the concerns that Brown & Muchira, and Hoffman et al, describe, a B2C Web site should provide information on how it will (and will not) use the personal information for which it asks.

The importance of doing so (and, I suggest, the importance of the concerns that this will address) was shown by the fact that all interview participants said that they expect a B2C Web site to include a privacy policy. However, from then on their requirements varied. For example, when considering buying from a Web site for the first time:

- Glenda (I) would look for a privacy policy on the site, and would probably read it even if it was being run by a “reputable company”, whereas
- Evelyn (I) would look for a privacy policy if she “had any concerns about the Web site”, but might not even bother to look for it if she “knew it was a more reputable company”.

In other words, the most assurance that Evelyn might require was that the Web site included a privacy policy; presumably she was like Jennifer (I), who said that she never read privacy policies.

E-mail addresses were a particular form of personal information about which some participants expressed concerns. For example, Ivor (I) was concerned that as a result of providing one’s e-mail address to a Web site one might receive malicious software (presumably as a result of having first received e-mail messages to which malicious payloads were attached), one might receive “phishing e-mails”, and/or “it can potentially open you up to hackers and things like that”. Several other participants also expressed at least one of each of these concerns.

With regard to the subsequent use of personal information that they provided to a Web site, some participants said that they preferred to see a Web site offering them the opportunity

to tell it that they did not want to receive further communications – and that when they saw this, they always took the opportunity to say “no”. And some participants said that they wanted to be offered two choices, rather than just one; they would prefer to be asked both:

- whether or not they were prepared to receive additional material from the Web site to which they had provided their personal information, and also
- whether or not they would allow that Web site to disclose their personal information to other Web sites.

5.13 “Cookies”

I found that most of the participants who I interviewed were concerned about Web sites putting “cookies” on their computers. (None of the focus groups discussed this topic. However, I specifically asked about it in the semi-structured interviews).

Participants had a range of concerns about the consequences that could result from Web sites placing “cookies” on their computers. Those mentioned included:

- they would then receive “spam”
- their Internet usage would then be monitored
- their Internet usage would then be monitored, as a result of which they would then receive “spam”
- malicious software would then be placed on their computers

(As mentioned in the preceding section, some of these concerns were also expressed about providing one’s e-mail address to Web sites).

The concern that having a cookie placed on one’s computer would result in one’s Internet usage being monitored – as Henry (I) said, “they are farming, basically, your browsing habits” - is consistent with much of the literature. For example, “improper monitoring”

is one of the seven privacy concerns that Wang, Lee & Wang (1998, p. 65) identify; in its description they observe that:

By using cookies, Internet marketing businesses are able to watch where and when the customer visits Web sites, how long the consumer stays, and what type of transactions the consumer conducts.

And Lim (2003, p. 225) gives this description of one category of “perceived vendor risk”:

Although cookies allow businesses to provide personalized services, participants are wary of them. Most participants feel their privacy is being invaded if businesses put cookies onto their computers without their knowledge or permission.

The level of concern that consumers have about this issue is shown by the UMR survey for the Office of the Privacy Commissioner, which found that 86% of people in New Zealand are concerned if “A business monitors your activities on the Internet, recording information on the sites you visit without your knowledge” (UMR Research Limited, 2001, p. 11). Similarly, the AARP survey found that 77% of all Internet users are concerned about their activities on the Internet being monitored or tracked without their permission (American Association of Retired People, 2000 March, p. 36).

The concern that having a cookie placed on one’s computer would subsequently result in malicious software being loaded to that computer is also documented in the literature. In particular, Lim (2003, p. 224) gives this description of one category of “perceived technology risk”:

Though 90% of users were experienced Internet users, most participants do not know what cookies are. They are wary of getting viruses as a result of their involvements in online transactions. A misconception of [sic] cookies is that consumers’ computers will be infected with viruses if businesses use cookies during transactions.

In other words, the concerns that participants expressed regarding cookies have all been previously identified in the literature.

Some participants were more prepared to accept cookies being put on their computers by sites that they trust – i.e., by “reputable companies”. However, Glenda (I) commented

that, even in these cases, “you often don’t have a clue whether they’re doing it right or not”.

In general, participants:

- were very aware that the issue of cookies is one on which they have to trust Web sites, but
- were reluctant to trust them about it (and were especially reluctant to do so with Web sites that are not operated by “reputable companies”).

It seemed that Web sites that put cookies on consumers’ computers could at least partly address the consumers’ concern by providing them with more information. For example, Jennifer (I) said that she would be less concerned if a Web site that did this provided an adequate explanation of what it was doing, and why, and if that explanation was easy to find. And Glenda (I) said that she would prefer that, when a Web site was first going to put a cookie on her computer, it was pro-active about bringing that information to her attention.

Given the concerns described above it is not surprising that some participants said that they used software to delete cookies from their respective computers. However, none of those participants went on to explain which specific concern(s) they were attempting to address by doing so.

5.14 Web site design, and Web site characteristics

Comments from many participants indicated that, when they used the Internet for B2C e-commerce, they were behaving as “searchers” and not as “surfers” (where I am using these terms as defined by Singh & Dalal (1999, p. 95)). That is, it seemed to me that they were very definitely using the Internet as an information utility, with one or more specific goals in mind.

Several participants said that they disliked Web sites that were hard to navigate – i.e., on which it took too many clicks to find what one was looking for, or on which it was easy to get lost. This is entirely consistent with the comments of Luo and Seyedian, who (2004, p. 96, p. 101) state both that “most consumers who go on-line for a specific purpose tend to be impatient” – as William (FG) said, “If you’re in a hurry, you want it now” - and that they “need simple-to-use navigation” . And in fact, Glenda said that poor Web site design – the difficulty of finding what she wanted – was probably the main reason why she did not buy as much via B2C e-commerce as she might.

Out-of-date content on Web sites was another characteristic that several people disliked. For example, Catherine (FG) said that her usual reaction was to wonder if the Web site was still selling the product that she wanted. And a few said that they disliked it if a Web site took too long to download; Len (I) mentioned “pop-up” ads as one cause of this, while Sarah (FG) blamed having too many photos on the site.

My research did not seek to systematically identify the concerns that participants had about the design, and/or the characteristics, of B2C Web sites. In spite of this, I found that participants had a range of concerns – enough of them, in my opinion, to indicate that this would be another potential area for further research

And I suggest that this is in fact an important issue – because, as Corbitt, Thanasankit & Yi (2003, p. 206) found, “Perceived site quality is positively related to trust”. I also suggest that one should not take a narrow, technically-oriented, view of what constitutes “site quality”, and so one should not merely consider ease of navigation and whether all of the links on the Web site work; instead, it may also be necessary to consider matters such as – does the site provide all of the information that a potential consumer expects, and which (as discussed in 6.4 above) also affects the level of trust that that consumer has in the site.

Several of the concerns that participants expressed during this research have not been addressed by research that has been performed to date in New Zealand. For example, while Shergill and Chen (2005, pp. 86-87) asked their participants to indicate whether or

not they agreed with the statement “The [Web] site doesn’t waste my time”, they did not then determine whether each participant based his or her response on the speed at which the Web site downloaded, or on the ease with which he or she was able to navigate around that Web site. Further, more detailed, research into these issues may also be useful.

5.15 Shopping on the Internet doesn’t involve any social interaction

As mentioned above, Ahuja, Gupta & Raman (2003, p. 149) point out that “social interaction” covers both “the opportunity to interact with a salesperson” and “the perception of shopping as a social activity with friends”. However, in the semi-structured interviews I did not distinguish between those two aspects. Instead, in question 53 I said:

One reason that some people like shopping in shops (as opposed to shopping over the Internet) is that they like the social aspects of shopping – e.g., they like shopping with friends, or they like chatting to the shop assistants, or they just like the buzz of the crowd.

Now, if you shop over the Internet, those social aspects of shopping are all missing.

How do you feel about the absence of those social aspects when you shop over the Internet?

In other words, I left it up to the participants to put whatever interpretation they chose on the term “social aspects”.

Olwyn (I) was the only participant who interpreted it as “the opportunity to interact with a salesperson”. She said that one aspect of shopping over the Internet that she disliked was “Not having someone to talk to, probably. It’s the personal contact”. She said that shopping in an actual shop gave one the opportunity of asking questions, and getting answers on the spot, about a potential purchase, whereas one of the things that she didn’t like about Internet shopping is that it didn’t provide these opportunities. In other words, in her case “personal contact” meant being able to get immediate answers from a salesperson to any questions that she might have, and she was concerned that Internet shopping did not provide her with that “personal contact”.

This suggests to me that there may be a connection between the concern that when you shop on the Internet you can't get information about what you want to buy from a salesperson, and the concern that when you shop on the Internet you can't get information about what you want to buy by evaluating it "face-to-face". That is, the similarity between those two concerns is that they both result from one's inability to get sufficient information about one's potential purchase; the difference between them is that they relate to different channels via which one seeks information.

Given the limited data that I obtained, I feel that my research:

- is consistent with the assertion by Ahuja et al (2003, p. 149) that that "social interaction" does include "the opportunity to interact with a salesperson", and
- indicates that this is a concern to some New Zealand consumers.

However, I feel that further research will be necessary before it will be possible to make any statements that are more definite than this.

Another aspect of shopping that a couple of participants mentioned was – the feeling of satisfaction that one can have after shopping. Stanley (I) said that he enjoyed shopping - "heading to the car with, you know, bags and boxes and stuff like that" - and so for him shopping on the Internet "takes away the whole pleasure of shopping". And Henry (I) used the term "gratification", and said that its absence - "the fact that I can't get it instantly" – was one of the main reasons why he did not buy more via the Internet. This is an interesting point, and one that I have not encountered in the literature on B2C e-commerce. It may also repay further research.

Ahuja, Gupta & Raman (2003, p. 149) tell us that "social interaction" also includes "the perception of shopping as a social activity with friends". In other words, some people enjoy shopping because of its social aspects, such as its interaction with others, the "buzz of the crowd". Given Stanley (I)'s comment, noted above, that for him shopping on the

Internet “takes away the whole pleasure of shopping”, I will call this the “pleasure-seeking” approach (Stanley also said “I like shopping with friends”). And, given the comments of some of the participants (e.g., Andrew’s (FG) “I just hate shopping”), one could postulate that the polar opposite of that approach to shopping could be described as purely utilitarian – e.g., “I want to buy X. Let’s get it over with”.

(This provides us with an interesting parallel with the two types of Web users that Singh and Dalal describe. They tell us that:

Surfers are fun-seekers and explorers who desire entertainment and stimulation; they are likely to land at a Web site, linger for a brief period and then take off for another more attractive site in their path.

In contrast, searchers are goal-oriented, looking for specific information, and are likely to spend more time at their preferred sites. (Singh & Dalal, 1999, p. 95)

I suggest that shoppers exhibiting the pleasure-seeking approach are the equivalent of “surfers”, while those exhibiting the purely utilitarian approach are the equivalent of “searchers”).

I found it interesting that some people exhibited both of these behaviours. That is, at some times they could take a pleasure-seeking approach to shopping, and at other times they could take a purely utilitarian approach. For example, Glenda (I):

- on the one hand said “If I want to shop and browse, and have a latté as well, I will go shopping and enjoy it. So, I like to shop for the pleasure of it, and when I just want to browse”, but
- on the other hand also said “I shop on the Internet for convenience. ... if I specifically want to do – food shopping’s not something I enjoy. So to do it on the Internet, when the kids are asleep, and my husband’s at work, you know, that is making something that I don’t particularly enjoy actually more pleasurable”.

In other words, in some situations, Glenda (I) took a “pleasure-seeking” approach to shopping – and in those situations shopping on the Internet would not provide that pleasure; instead, she visited physical shops, and the activity had some social aspects.

However, in other situations, she took a purely utilitarian approach to shopping – and in those situations, shopping on the Internet was the best way of performing the necessary shopping. Her comments about shopping via the Internet included:

- “It’s not a drudgery”
- if she wanted to, “I can do it at eleven o’clock at night”, and
- “I find the Internet for convenience and discovery, it saves walking, and makes things a lot quicker”.

Several people made comments that indicate that the utilitarian approach is commonly regarded as the stereotypical male approach to shopping (for example, Glenda (I) said that “it’s a very short shop with my husband”), while females take the pleasure-seeking approach. However, there were some exceptions to this. For example, Nerida (I) said that she has several times “been told that I shop like a man”.

Glenda (I) was not the only person who commented about using the Internet to shop from home outside normal business hours (see her comment above). Evelyn (I) commented that one of the things that she liked about shopping over the Internet was “that I can do it in my own time, particularly in the evening when the children have gone to bed, whereas I couldn’t actually go out and go and buy a book or whatever at that time at night”. And, when I asked her (in question 53), “How do you feel about the absence of those social aspects when you shop over the Internet?”, Evelyn replied:

Oh, I think it’s much better ... I’m quite happy not to go out and go round shops, I’ve got better things to do that queue up behind people, and wait for changing rooms, and things like that, so – no, I’m quite happy to do it at home.

And her answers to my next few questions showed that she was not worried about the absence of the social aspects when shopping over the Internet, and she thought that the other benefits of that form of shopping outweighed its absence.

It can be seen that there is some inconsistency in the data that I obtained with respect to consumers’ concerns that shopping via the Internet did not provide them with “social activity with friends”. On the one hand, Stanley was concerned that it did not do so.

On the other hand, consumers such as Glenda and Evelyn used the Internet for types of shopping where “social activity with friends” was irrelevant, and where they actively sought the benefits that using the Internet provided. And it also seems that an individual consumer may exhibit either of these two different behaviours, depending on the circumstances. These points suggest that further research in this area is desirable.

5.16 A first time purchase may be different to a repeat purchase

Data that I obtained suggests that:

- firstly, there may be a difference between a first time purchase and a repeat purchase, and
- secondly, this difference may apply both to purchases from a particular Web site and to purchases of a particular item.

For example, when answering the question “if you were to consider buying something over the Internet, would you be concerned that nothing would be delivered to you?”, Mike (I) said that “that’s a certain trust issue with the thing [i.e., Web site - MJWT] you’re dealing with, actually, especially the first time”. Similarly, as mentioned above, Glenda (I) thought that it is annoying when a Web site doesn’t have an address on it, but she also commented that this is really only a concern “the first time you buy something” from a Web site (and she also said that she would only be concerned about the privacy policy on a Web site the first time that she bought from it).

The possibility that a first purchase of a particular type of item might be different to a repeat purchase occurred in the data about buying clothing. Sarah (FG) said that she would buy clothing on-line only if she was making a repeat purchase of the item in question (even if she was only buying socks from a trusted brand). However, William (FG) was obviously comfortable making repeat purchases of business shirts from the Land’s End Web site (unfortunately he did not discuss how he had felt when he had first bought shirts from there).

In a repeat purchase, at least the perceived probability of a bad outcome - which is of course one of the components of perceived risk - will be reduced. This may well be why Sarah (FG) would have been prepared to consider making repeat purchases of a particular item, but not its first-time purchase, on-line.

Pires, Stanton and Eckford (2004, pp. 120-121) point out that “Perceptions of consumers towards internet purchasing may alter with experience”, they go on to suggest that “the role of experience requires further research”, and they support this with the observation that “Distinguishing initial from repeat purchasers is supported by previous studies of risk in other media”.

In my research I did not consider the possibility of a distinction between initial purchases and repeat purchases, and so I have very little data on this matter. However, the data that I do have, and that I have just discussed, is consistent with the above observation. I suggest this as a possible issue for further research.

I have noted above both that Garbarino & Strahilevitz (2004, p. 773) found that gender affected consumers’ perceptions of the perceived risk of buying on-line, and that Doolin, Dillon, Thompson & Corner (2005, pp. 69-71) found that “the gender and Internet experience of online shoppers remain significantly associated with their purchasing behavior”.

Sarah (FG) was prepared to consider making repeat purchases on-line – but only of items such as socks. However, in the same focus group William said that he had for some time been buying business shirts on-line. This difference is consistent with the above observations both of Garbarino & Strahilevitz and of Doolin, Dillon, Thompson & Corner, and suggests that further research with respect to a distinction between initial purchases and repeat purchases should also consider the effect of gender. (It also raises some further interesting questions, such as - how might consumer involvement profiles obtained from interviewing males about items of clothing for males compare with consumer

involvement profiles obtained from interviewing females about items of clothing for females?)

5.17 Consumers' perceptions of the risks of shopping on-line

In the earlier sections of this chapter I have pointed out how the data that I obtained is consistent with many of the perceived risks that Lim identified (2003, p. 222 & pp.224-226). So, for example, in 5.3 above I discussed how, when shopping on-line, participants preferred to shop at the Web site of a "reputable company". And in that section I pointed out that that behaviour is consistent with Lim's comment that:

Many participants perceive less risk in reputable businesses ('I wouldn't buy from a company that I wouldn't know somehow'). They rely on references from other people instead of doing it [by] trial and error. For example, they perceive a low level of risk in Amazon.com because of its good reputation.

I also pointed out there that this is one of the categories of risk that Lim describes under the heading of "vendor risk", which she considers "refers to the degree to which individuals believe that if they purchase products or services through the Internet, they will suffer losses caused by Internet vendors" (Lim, 2003, p. 222). And I also noted that that behaviour is consistent with Mitchell's more general observation (1999, p. 2) that "perceived risk is more powerful at explaining consumers' behaviour since consumers are often more motivated to avoid mistakes than to maximise utility in purchasing".

I think that the earlier sections of this chapter have demonstrated the relevance to my topic both of the concept of perceived risk, and of Lim's taxonomy of the risks that consumers perceive in B2C e-commerce.

However, while the data that I obtained does not conflict with any of the literature on the concept of perceived risk, I think that that concept does not explain all of the data that I obtained – that is, I think that the explanations that that concept can provide are not sufficiently "fine-grained". In particular, there are some inconsistencies in the data that

I obtained, and which I feel the concept of perceived risk may not be able to explain adequately.

For example, in 5.2 above I discussed how the data that I obtained supports Lim's contention (2003, p. 225) that consumers "are skeptical [sic] about buying products that they cannot touch or feel". However, in 5.9 I discussed in more detail the types of products that consumers are, and are not, prepared to buy online, and I pointed out that there are in fact some products that consumers do buy online – such as books, CDs, and tickets for air travel. In other words, there are exceptions to the above statement by Lim.

As well as the data for some products being inconsistent with that for others, there are some types of products for which the data is inconsistent. Clothing is one example; I found that consumers are prepared to buy some types of clothing on-line, but there are other types of clothing that they will not buy on-line. And it seems to me that the concept of perceived risk (or, at least, Lim's taxonomy) does not adequately explain those inconsistencies.

So, while perceived risk definitely contributes to our understanding of the concerns that consumers have about B2C e-commerce, it seems that we need something more, in addition to perceived risk. Fortunately, as the next section explains, there may well be a concept that is capable of providing us with a better understanding.

5.18 The concept of consumer involvement

As I pointed out in the preceding section, there are some types of products for which the data that I obtained is inconsistent. Those categories, and the inconsistencies in their data, are all described in 5.9 above. I mentioned that clothing is one of the types of product for which the data that I obtained is inconsistent. In that section I discussed those inconsistencies in some detail.

For example, while Sarah (FG) would usually want to evaluate a potential clothing purchase “face-to-face” – as she said, “to feel the quality of the fabric, or try something on” – she would also consider buying clothing on-line if it involved a repeat purchase of something “like socks” from “brand names that you know and trust”. I referred to the involvement profiles that Laurent & Kapferer obtained for dresses (which I take as an example of the sort of clothing purchase that Sarah would want to try on before deciding whether or not to buy it) and for bras. I pointed out that for dresses the four facets of the involvement profile are in the range 181 – 112, while for bras they are in the range 130 – 106. And I then commented that it would seem intuitively obvious that socks would score rather lower than either dresses or bras, and I suggest that that was probably why Sarah was prepared to buy socks on-line, but required to evaluate other types of clothing “face-to-face”.

Having used the concept of consumer involvement to explain the apparent inconsistencies in the data that I obtained for each of several types of products, I am however unable to use it to explain why participants were prepared to buy some products, but not to buy others, on-line. For example, in the preceding section I noted that consumers are prepared to buy books, CDs, and tickets for air travel, on-line.

I am unable to use this concept in this way because Laurent & Kapferer do not provide any data on any of those products, or on any that might realistically be taken as proxies for them. And this is because the four categories from which they selected the 14 products on which they conducted their research were “food, durables, textile and drugs [sic]” (Laurent & Kapferer, 1985, p. 43). However, further research into other product categories may be able to shed some light on this.

I have shown that the concept of consumer involvement can explain inconsistencies in the data for a particular type of product (and for all we know it may also be able to explain inconsistencies between different types of products). In this respect it is superior to the concept of perceived risk, which (as explained in the preceding section) does not appear to be able to provide these explanations.

Laurent & Kapferer (1985, p. 43) consider that the concept of consumer involvement has five facets, the second and third of which are “the perceived importance of negative consequences in case of poor choice” and “the perceived probability of making such a mistake”, and which they describe as “the perceived risk associated with the product purchase” - which echoes Cunningham’s conceptualisation of perceived risk as having “two components: the probability of a loss and the subjective feeling of unfavourable consequences” (Pires, Stanton, & Eckford, 2004, pp. 119-120).

I have suggested that the concept of consumer involvement might be able to provide us with analyses that are more “fine-grained” than those that the concept of perceived risk can provide. And I suggest that this is because the concept of consumer involvement takes into account five facets, whereas the concept of perceived risk takes into account only two. Given the way in which the concept of consumer involvement can explain inconsistencies that the concept of perceived risk cannot explain, I therefore suggest that we need to use the concept of consumer involvement in order to gain an understanding of the concerns that consumers have about B2C e-commerce. This is consistent with – and, I suggest, supports - the comment, by Palmer & Griffith (1998, p. 51), that when presenting a product via an e-commerce Web site it may be necessary to consider “the level of consumer involvement” that a purchase decision regarding that product requires.

Lim (2003, pp. 224-226) determined that the risks involved in B2C e-commerce that consumers perceive relate to the technology, the vendors, and the products (as noted above, it seems that the fourth category, perceived consumer risk, no longer exists). One advantage of the concept of consumer involvement is that can provide us with more detail than can the concept of perceived risk. However, one disadvantage of this concept is that it can only provide us with that detail, that better understanding, with regard to the consumer’s probable behaviour with regard to products and product categories. That is, it is unable to help us to understand consumer behaviour with regard to the technology, or to the vendors.

So, on the one hand, the concept of consumer involvement can provide us with more detail, with a deeper understanding, than can the concept of perceived risk. However, on the

other hand it can only provide that greater detail in one particular area, and it cannot provide us with the breadth of understanding that perceived risk can. It therefore seems that we may need to use both of those concepts in order to have an adequate understanding of the concerns that consumers have about B2C e-commerce - in other words, it seems that neither of those concepts is sufficient on its own.

5.19 The Technology Acceptance Model

The TAM2, and the Theory of Reasoned Action (TRA) from which the TAM and TAM2 are both derived, consider that social influence processes are determinants of behavioural intention. I obtained data that shows that consumers will accept, and act upon, a referral to a Web site (that is, to a vendor) from a trusted source – which, I believe, is an example of a social influence process.

However, to date there has not been any work based either on the TAM or on TAM2 that has sought to identify the effect that “social influence processes” have on consumers’ use of individual B2C Web sites in personal – i.e., non-organisational – settings. However, I suggested there that the data that I obtained indicates that those processes may well have some effect in these settings, and so this would be a potentially useful avenue for further research.

I suggest that the concept of consumer involvement also provides support for the contention that “social influence processes” may have some effect in these situations. One of the five facets that Laurent & Kapferer (1985, pp. 43-44) propose for this concept is the “perceived sign value of the product class”. And the example of a survey item that they give for (i.e., with which they illustrate) this facet is “You can really tell about a person by the _____ she picks out”.

This is particularly interesting because it suggests that “social influence processes” may also be determinants of behavioural intention with regard to the products that consumers will consider purchasing. And this is different to the data that I obtained, which

suggests that “social influence processes” may well be determinants of behavioural intention with regard to the vendors (specifically, Web sites) from which consumers will consider making purchases.

I further suggest that the discussion in 5.6 above is also relevant to this point. In that section I point out that the data that I obtained is consistent with Lim’s contention (2003, p. 226) that consumers are no longer concerned that shopping on the Internet will expose them to adverse “social pressure”, and that as a result what she calls “consumer risk” no longer exists. The data shows that, as Ivor (I) said when asked about on-line shopping, “I think ... the majority of people would find that quite normal these days”. And I continue that discussion by pointing out that the normal reaction to “I bought this over the Internet” is no longer “Isn’t that risky?”, but is instead “You might be interested in this Web site ...”.

In other words, I suggest that that discussion shows that “social influence processes” may well also be determinants of behavioural intention with regard to the channels via which consumers will consider making purchases. (It would presumably be possible to confirm this by carrying out research asking questions such as “Would you still be as keen to shop via the Internet if you did not know so many people who also shop on the Internet?”)

It therefore seems that “social influence processes” may be determinants of behavioural intention with regard to the technology, the vendors, and the products – which are the three areas that Lim (2003, pp. 224-226) identified in which consumers perceived risks relating to B2C e-commerce. I suggest that this shows that, as well as conducting further research on the effect that “social influence processes” have on consumers’ use of individual B2C Web sites in personal – i.e., non-organisational – settings, it may also be appropriate to conduct further research into other ways in which the TAM and TAM2 may be relevant to B2C e-commerce.

5.20 Trust

In my opinion the data that I obtained shows that trust is a factor that needs to be considered when seeking to understand consumers' concerns about B2C e-commerce. I also feel that that data shows that, as the consumer's trust diminishes, the risk that they perceive increases. This is consistent with Pavlou's (2003, pp. 104-105, pp. 120-122) findings that the consumer's trust has a positive influence on their intention to engage in B2C e-commerce transactions, while consumer perceived risk has a negative effect on it.

I think that the discussion of the concept of the "reputable company" above demonstrates this point very well. As I state there, "Many of the interview participants independently, and without any prompting from me, used the word 'reputable' to describe an organisation in which, and in whose Web site, they would have confidence and trust". And shortly after that I comment that:

... it seems that an essential part of regarding a business, or a business's Web site, as "reputable" is that one trusts it – i.e., one trusts that engaging in a transaction with it will result in an acceptable outcome.

I then point out that this is entirely consistent with the description of trust that Marsh & Dibben (2003, p. 470) give - that "trust concerns a positive expectation regarding the behaviour of somebody or something in a situation that entails risk to the trusting party". And it is interesting to note that this description postulates a relationship between risk and trust.

I think that the answers to two of the interview questions demonstrate the importance of trust in B2C e-commerce.

In question 61 I asked participants whether, when buying something over the Internet, they would make their purchase from a Web site of which they'd previously heard, or from a Web site of which they hadn't previously heard. Almost all of them said that they would make their purchase from a Web site of which they'd previously heard rather than from one of which they hadn't previously heard. Their reasons for this included

expressions such as “reputable company”, “I feel like I can trust that brand”, and “confidence in that business, I guess”.

However, in question 65 I asked participants whether, when buying something over the Internet, they would make their purchase from a Web site from which they’d made a purchase but had a bad outcome, or from a Web site of which they hadn’t previously heard. Every participant replied that they would feel more like buying from the Web site from which they’d never previously bought anything. (The one exception was Olwyn, who said that she wouldn’t buy from either).

I suggest that this shows just how important it is for a B2C Web site to retain the trust of its customers. As Ivor (I) said when answering this question, “If you’ve had a bad experience, that actually really sets you up not to trust that business again”. And I suggest that it also shows that, when attempting to explain the concerns that consumers have about B2C e-commerce, it is necessary to consider the concept of trust.

5.21 Summary of the issues that I have discussed

In this chapter I have discussed a range of issues relating to consumers’ concerns about B2C e-commerce. In some cases I have referred to appropriate resources that I believe help us to understand the issue in question; in other cases I have identified the issue as one of which we need to be aware, and in which further research may be desirable. The following table provides a summary of those issues, and the (sub-) section of this chapter in which I have discussed each one.

<i>Section heading:</i>	<i>Number:</i>
The desire to evaluate a potential purpose	5.2
The “reputable company” – from which merchants will consumers buy on-line?	5.3
The information that a B2C Web site needs to provide	5.4
Social attitudes to shopping via the Internet	5.5
A referral from a trusted source about a Web site	5.6
Which processes are consumers prepared to perform on-line?	5.7
The components of the process of “discovery”	5.8
The types of products that consumers are, and are not, prepared to buy on-line	5.9

<i>Section heading:</i>	<i>Number:</i>
The emergence of the Internet as a channel for ordering and payment	5.10
Consumers' concerns about their credit card details	5.11
Privacy, and the use that businesses make of consumers' personal information	5.12
"Cookies"	5.13
Web site design, and Web site characteristics	5.14
Shopping on the Internet doesn't involve any social interaction	5.15
A first time purchase may be different to a repeat purchase	5.16
Consumers' perceptions of the risks of shopping on-line	5.17
The concept of consumer involvement	5.18
The Technology Acceptance Model	5.19
Trust	5.20

Table 6: Summary of the issues that I have discussed

6 Conclusions

6.1 The emphasis in “Internet shopping” has shifted

The findings of my research indicate that the emphasis here has shifted. It used to be:

Internet shopping

In other words, the emphasis used to be on the fact that one was shopping via the Internet, and thus exposing oneself to all of the additional risks that went with using the Internet for that purpose. So, for example, there is a significant volume of literature about the concerns that consumers have expressed in the past about the ways in which B2C e-commerce Web sites have failed to respect their privacy (“if I give them my e-mail address, will I get spam?”)

That emphasis on the fact that one was exposing oneself to the additional risks that went with using the Internet for shopping was why, for example, one of the types of perceived risk that Lim (2003, p. 222) identified from her review of the literature was perceived consumer risk, which involves the belief by consumers that if they make purchases via the Internet, they will be subjected to adverse “social pressure” from “their families, friends or colleagues”.

But now the emphasis is:

Internet shopping

As a result, shopping on the Internet is now regarded as a normal activity, and a person who tells a friend or co-worker that “I bought this on the Internet” is likely to be referred to one or more Web sites, rather than to be regarded as a reckless thrill-seeker. And this is why I agree with Lim (2003, p. 226) that “perceived consumer risk” no longer exists.

It seems to me the novelty of using the Internet to buy things has worn off. Many New Zealand consumers have added the Internet to the tools they use for shopping. They use it for discovery, and for comparison shopping. Many of them have recognised that the Internet reduces the effort involved in finding out where they can get the best deal on an intended purchase. Some of them are beginning to use it for ordering and payment – i.e. if, when they want to buy something, the best deal for it is available via the Internet, then they will buy it via the Internet – and many of them do this when buying air travel.

This does not mean that consumers no longer have the concerns that they used to have about using the Internet for shopping. On the contrary, they still have the concerns that the literature describes – for example, they are still concerned about the security of their credit card data. And I suspect that their level of concern about “cookies” has actually increased.

But now their focus is on aspects of the “shopping” activity – i.e., their greatest concerns are now about the activity of shopping, rather than about the channel via which they are performing that activity (which is of course the Internet). One reason for this is that when shopping via the Internet they have strong preferences for buying from “reputable companies”, and they expect that those “reputable companies” will as a matter of course address to their satisfaction the concerns that they have about the Internet – e.g., by imposing adequate security at all times on their credit card data (and nowadays consumers generally understand what a secure Web site, and what the “padlock” symbol displayed by their Web browser, mean for the security of that data). And, while consumers are still very aware that when shopping on the Internet there is a greater risk that the merchant is fraudulent, they believe that they will adequately address this risk by buying from “reputable companies”.

The emergence of “phishing” provides an interesting confirmation of the opinion that consumers are focussing more on the “shopping” part of “Internet shopping”, as a result of which they are attributing more importance to dealing with “reputable companies” – or, as Sarah (FG) said “brand names that you know and trust”. A “phishing” scam involves the intending fraudsters sending e-mails that claim to be from a genuine “big name”

company (e.g., a major bank, eBay ...) (and in some cases also setting up a bogus Web site that looks like that of the “big name” company), and asking each intended victim to provide the user-name and the password that they use to access their account. In other words, “phishing” specifically seeks to exploit the fact that consumers trust “reputable companies”, and assume that whenever they are dealing with a “reputable company” they have certain assurances. That is, even the criminals have caught on to this change, and to the importance that consumers now attach to the idea of the “reputable company”.

When a consumer shops in a “bricks-and-mortar” shop, they automatically get several assurances – e.g., that the merchant is genuine (and not just a front for credit card fraud), that it does stock the product that they want to buy, that if what they buy turns out to be faulty they can bring it back and get a replacement. Now that B2C e-commerce is just another way of shopping, consumers expect a B2C e-commerce Web site to provide the same assurances that are already available to them via the older ways. So, for example, they expect a B2C e-commerce Web site to provide contact information, and to provide a policy that explains how it will deal with replacements and refunds.

Another aspect of this change in emphasis is that consumers now expect a B2C Web site to provide the same warranties and guarantees for products that they will get if they buy those products from a “bricks and mortar” shop. Interestingly, the only reference that I found in the literature that is relevant to this issue was Lim’s (2003, p. 225) comment that “As warranties for products are seldom specified on the Web-sites, participants are worried that businesses are likely to refuse to take responsibility for damaged products”. The fact that this was the only reference that I found suggests that this is a relatively new concern, and one that is more about the activity of “shopping”, rather than the use of the Internet.

In other words, consumers now regard the Internet, and B2C e-commerce, as another means of buying products that are already available via “bricks and mortar” shops. They recognise that shopping via the Internet has some advantages over shopping in “bricks and mortar” shops – e.g., getting to a B2C Web site does not require one to travel, and unlike a shop a B2C Web site is (or at least should be) never closed.

However, consumers also recognise that shopping via the Internet has some disadvantages, and they do not feel that its advantages outweigh those disadvantages. This is demonstrated both:

- by the way in which consumers contemplating a particular purchase will often still go to a “bricks and mortar” shop in order to be able to evaluate the intended purchase to their satisfaction, and
- by the way in which consumers will buy some products from a (local) “bricks and mortar” shop in order to ensure that, if they need after-sales service, it will be available (from that shop).

As a result, consumers require B2C Web sites to minimise as many disadvantages of Internet shopping as possible, and to make Internet shopping as similar as possible to shopping in a “bricks and mortar” shop – e.g., by providing warranties and guarantees.

While there are some types of product that consumers are prepared to buy on-line (e.g., air travel), there are many about which they are reluctant. Concerns were expressed about a wide range of potential purchases, and for a variety of reasons; one that came through particularly strongly was the desire to be able to evaluate the intended purchase to the consumer’s satisfaction before deciding whether or not to buy it.

Also, some of the data that I obtained was inconsistent. For example, some consumers were not prepared to buy clothes on-line, but others were. It seems that consumer attitudes to on-line purchases of this type (and of some others, such as perishables) are still evolving. I suggest that it may be helpful for further research on this matter to consider both demographic factors and the degree of consumer involvement in purchasing particular types of products.

6.2 The relationship between the literature and the findings of this research

Although the literature mainly describes research that has been performed in other countries, it correctly predicts many of the concerns that New Zealand consumers have about B2C e-commerce. For example, they are concerned about their credit card details, they are reluctant to give out their personal information, they want to evaluate some products before they buy them, they are suspicious of some Web sites ...

The literature has provided explanations for some of the concerns that consumers have. In particular, Coase's theory of transaction costs explains why consumers require to be able to evaluate to their satisfaction a potential purchase, and why many consumers are not prepared to buy some types of products via B2C e-commerce.

This research has shown the ability of the theory of perceived risk, and the theory of consumer involvement in the purchase decision, to help us understand the concerns that consumers have about B2C e-commerce. It has suggested that the extended Technology Acceptance Model (TAM), TAM2, may also be able to help us in this way - but it notes that to date both TAM and TAM2 have only been tested in workplace settings, whereas this research only considered the use of B2C e-commerce in personal settings.

This research has also shown the ability of the concepts of trust, and of privacy (particularly of one's personal information) to help us with this understanding. It has shown that prior research on each of several other topics can also help us. Those topics include:

- consumers' reluctance to provide credit card data in online transactions
- the inability, in an on-line transaction, to evaluate a potential purchase in some ways (e.g., by touch)
- the lack of social interaction in an on-line transaction, and
- the characteristics of B2C e-commerce Web sites.

The findings of this research do not conflict directly with any of the literature. However, they do indicate two areas in which the literature is now lacking – and in which further research is desirable, in order to address this.

The first of these areas is the concept of the “reputable company”. It seems to me that this concept introduces questions for further research such as:

- what do consumers see as the characteristics of a “reputable company”, and
- what are the consequences of a consumer considering an organisation to be a “reputable company”?

It also seems to me that the answers to these questions may help us understand the concerns that consumers have about B2C e-commerce.

The second area in which further research is suggested is in the area of the “discovery” process. In particular, it seems that it is possible:

- to break the “discovery” process down into multiple components, and
- to further break down some of those components into a part that is performed on-line and another that is performed off-line.

Research into these possibilities may also better inform our understanding of the concerns that consumers have about B2C e-commerce.

6.3 Limitations of this research

In this exploratory study my emphasis has been on finding out what are the concerns that New Zealand consumers have, and I have not done anything to try to determine by whom a particular concern is held. Consequently, this research does not consider the effect that demographic factors have either on the concerns that a particular consumer has, or the

extent to which they hold that concern. However, the literature suggests that a more detailed study should do so.

For example, a survey conducted by the American Association of Retired People (2000 March, p. 30) considered demographic factors such as age, income, and level of education, and found, for example, that confidence in one's ability to conduct financial transactions on the Internet increased both with income and with level of education, but decreased with age. And Garbarino & Strahilevitz (2004, p. 773) found that gender affected consumers' perceptions of the perceived risk of buying on-line. Similarly, Doolin, Dillon, Thompson & Corner (2005, pp. 69-71) found that "the gender and Internet experience of online shoppers remain significantly associated with their purchasing behavior".

And, of course, this study sought to identify the concerns of consumers in New Zealand only. Zhou, Dai & Zhang refer to "Hofstede's culture model", under which "cultural differences (normally typified by country) are categorized into five dimensions", one of which is "individualism-collectivism". This dimension, they tell us, "refers to the extent to which members of a culture tend to have an interdependent versus independent construal of the self" (Hofstede, 1984, cited in Zhou, Dai, & Zhang, 2007, p. 46). And they cite a variety of articles as showing that Western cultures such as the US and Australia (and, presumably, New Zealand) are individualistic cultures, in which people are concerned about issues such as convenience, and in which they use the Internet for utilitarian purposes such as e-commerce.

As a result, while the findings of this study may be relevant to "western countries" such as those mentioned in the preceding paragraph, they may be less relevant to cultures that are more collectivist.

6.4 Suggestions for further research

Throughout this thesis I have mentioned possible topics for further research as they have arisen. The following table groups all of those possible topics together for the reader's convenience; for each such topic it shows the section(s) in which that topic is discussed.

#:	<i>Suggested topic:</i>	<i>See section(s):</i>
1	Identify the components of the “discovery” process, the various paths that consumers take through those components, and the situations in which they take each of those paths	5.8
2	The ability of the theory of perceived risk to predict the behaviour of consumers in B2C e-commerce	5.9
3	The ability of the theory of consumer involvement in the purchase decision to predict which products consumers will, and will not, buy via B2C e-commerce	5.9
4	In order to be able to predict adequately the behaviour of consumers in B2C e-commerce is it necessary to use both the theory of perceived risk and the theory of consumer involvement in the purchase decision?	5.9 & 5.18
5	Is the behaviour of a consumer making a purchase via B2C e-commerce different depending on whether the on-line purchase being considered is a first time purchase or a repeat purchase of the product in question?	5.9 & 5.16
6	Is the behaviour of a consumer making a purchase via B2C e-commerce different depending on whether the on-line purchase being considered is a first time purchase or a repeat purchase from the Web site in question?	5.9 & 5.16
7	Consumers' attitudes to buying clothes via B2C e-commerce	5.9
8	Consumers' attitudes to buying footwear via B2C e-commerce	5.9
9	Consumers' attitudes to buying perishables (e.g., fruit, vegetables) via B2C e-commerce	5.9
10	Consumers' attitudes to buying services via B2C e-commerce	5.9
11	The concerns that consumers have about the design, and/or the characteristics, of B2C Web sites	5.14
12	Whether or not consumers want to be able to interact with a salesperson when making a purchase via B2C e-commerce	5.15
13	Whether the absence of “instant gratification” when shopping via B2C e-commerce has any affect on consumers' behavioural intentions to use that means of shopping	5.15
14	Whether the absence of “social activity with friends” when shopping via B2C e-commerce has any affect on consumers' behavioural intentions to use that means of shopping	5.15
15	Identification of the involvement profiles for a wider range of products than those considered by Laurent & Kapferer	5.18
16	The effect that “social influence processes” have on consumers' behavioural intentions regarding the use of individual B2C Web sites in personal – i.e., non-organisational – settings	5.6 & 5.19

#:	<i>Suggested topic:</i>	<i>See section(s):</i>
17	The effect that “social influence processes” have on consumers’ behavioural intentions regarding other aspects (i.e., other than intentions regarding the use of individual B2C Web sites) of B2C in personal – i.e., non-organisational – settings	5.19
18	To determine which demographic factors affect consumers’ behavioural intentions regarding the use of via B2C e-commerce (1)	6.1
19	For each demographic factor that is shown to affect consumers’ behavioural intentions regarding the use of via B2C e-commerce, determine what effect it has on those intentions	6.1
20	The concept of the “reputable company” – e.g.: <ul style="list-style-type: none"> • what do consumers see as the characteristics of a “reputable company”, and • what are the consequences of a consumer considering an organisation to be a “reputable company”? 	5.3 & 6.2

(1): Appendix 3 below discusses some demographic factors that, based on the data that I obtained, I believe may justify further research

Table 7: Summary of suggested topics for further research

This has been only an exploratory study. However, in it I have obtained a great deal of very rich data. And, as I have shown above, I think that it has identified a variety of avenues for further research. In other words, I think that it has been a successful exploratory study, and that it may also usefully inform future research in this area.

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Appendix 1 - Questions for the moderator to ask each focus group

- 1 How do you feel about shopping on the Internet? And why?

 [What do you like about shopping on the Internet? And why?

 What do you dislike about shopping on the Internet? And why?]

- 2 Think about what you've heard about shopping on the Internet. What are the things that you remember? And why do you remember them?

- 3 Think about when you've been shopping on the Internet. (This doesn't mean only when you've actually bought something. It also includes, for example, times when you've looked at stuff, but then decided not to buy). What are the things that happened then, thoughts that occurred to you, that you remember? And why do you remember them?

 [When you've been shopping on the Internet, what things have happened that you liked? And why did you like them?

 When you've been shopping on the Internet, what things have happened that you disliked? And why did you dislike them?]

- 4 Now I'd like to try something a little different. I'd like quick, brief, answers, please.

 Firstly, what sort of things would you be prepared to shop for on the Internet?
 (Maybe go round the group, asking each in turn).

 Secondly, what sort of things wouldn't you be prepared to shop for on the Internet?
 (Maybe, again go round the group, asking each in turn).

 Now, take a bit more time, and think about the two answers that you've just given. What do you think are the factors that determine why you'd be prepared to buy some types of things on the Internet, and why you wouldn't be prepared to buy some other types of things on the Internet?

- 5 Are there any changes that could result in you doing more shopping on the Internet? And why?

- 6 If you had to tell someone else about shopping on the Internet, and that person had never before shopped on the Internet, what are the most important things that you'd want to tell them?

Appendix 2 – Guidelines for semi-structured interviews

1 How do you feel about buying things over the Internet?

2 What aspects of buying things over the Internet do you like?

Note each aspect of buying things over the Internet that the participant likes.

3 What aspects of buying things over the Internet do you dislike?

Note each aspect of buying things over the Internet that the participant dislikes.

4 How many times have you bought anything over the Internet?

If the participant has made one or more purchases over the Internet, go to Q. 12 below.

Participant has never made a purchase over the Internet

5 You haven't ever bought anything over the Internet. Is this because of one or more aspects of buying things over the Internet?

If the answer is "Yes", go to Q. 7 below.

6 Why haven't you ever bought anything over the Internet?

At this point we need to ask the participant how they feel about each of the aspects of Internet shopping that have previously been identified as possible concerns. To do this, go to Q. 17 below.

7 You've said that the aspect(s) of buying things over the Internet that you dislike is/are ... *read out items recorded in answer to Q. 3 above.* Which of these aspects of buying over the Internet mean that you won't buy things over the Internet?

- 8 Would you be prepared to buy things over the Internet if one or more of those aspects of buying over the Internet were improved?
- 9 Which aspects of buying over the Internet would need to be improved before you would be prepared to buy things over the Internet?

When the participant answered Q. 9 above, you noted each aspect of buying things over the Internet that, if improved, might result in him/her buying more over the Internet. For each of those aspects, ask (if they haven't already explained):

- 10 How would that aspect of buying over the Internet need to be improved before you would be prepared to buy things over the Internet?
- 11 Is there anything else that would also need to change before you would be prepared to buy things over the Internet?

Go to Q. 17 below.

Participant has made one or more purchases over the Internet

- 12 You've said that the aspect(s) of buying things over the Internet that you dislike is/are ... *read out items recorded in answer to Q. 3 above.* Which of these aspects of buying over the Internet mean that you don't buy as much as you might over the Internet?
- 13 Would you be prepared to buy more over the Internet if one or more of those aspects of buying over the Internet were improved?
- 14 Which aspects of buying over the Internet would need to be improved before you would be prepared to buy more over the Internet?

When the participant answered Q. 14 above, you noted each aspect of buying things over the Internet that, if improved, might result in him/her buying more over the Internet. For each of those aspects, ask (if they haven't already explained):

- 15 How would that aspect of buying over the Internet need to be improved before you would be prepared to buy more over the Internet?
- 16 Is there anything else that would also need to change before you would be prepared to buy more over the Internet?

All participants

When the participant answered Q. 3 above, you noted each aspect of buying things over the Internet that he/she dislikes. For each of those aspects, ask (if they haven't already explained):

- 17 You've said that one aspect of shopping over the Internet that you dislike is _____ .

Why does that make you dislike shopping over the Internet?

At this point, say to the participant:

I've found that different people have different views about buying things over the Internet – some are quite happy to do so, while other people don't like the idea at all. And there are a lot of people who are in the middle, who dislike one or more aspects of buying things over the Internet – and quite often, different people dislike different aspects of it.

I'm now going to ask you about a variety of different aspects of buying things over the Internet. The reason that I'm going to ask you about them is – each of them is disliked by some people. So you may find that I ask you about some aspects of buying things over the Internet that you dislike, and some that are of no concern to you.

After I've asked you about several of these aspects, you may start to think that I'm being terribly negative. Please don't – I think that it would be rather unusual to find a particular person who disliked all of these aspects of buying things over the Internet, and so what I'm interested in finding out is – which particular aspects (if any) do you dislike?

You may also find that I ask you about an aspect of buying things over the Internet that you haven't thought about before. If that happens, and you can tell me how you feel about it, great. But if it happens and you'd prefer not to answer because you haven't thought about it, that's fine – just tell me. I'd like to get your views on aspects of Internet shopping that you've thought about, and about which you've got definite opinions. But if you haven't considered a particular aspect, if you don't have an opinion on it, that's fine.

The following questions specifically ask about a variety of matters. In explaining what they dislike about buying over the Internet, and why they dislike it, the participant may already have answered one or more of these questions – so don't repeat any such questions.

- 18 If you buy something over the Internet, you normally have to provide your name and address to the seller – so that the goods that you've purchased can be delivered to you.

How do you feel about providing this information to the business that operates the Web site from which you want to buy something?

- 19 If you buy something over the Internet, you're sometimes asked to provide your e-mail address to the seller.

How do you feel about providing this information to the business that operates the Web site from which you want to buy something?

Ask any or all of the following questions, as appropriate, if the participant:

- *is concerned about providing the relevant type of information, but*
- *hasn't already explained the relevant dislike when answering the previous two questions.*

- 20 You've said that you dislike providing information like your name and address to the seller when you've buying something over the Internet.

Why do you dislike providing information like your name and address to the seller when you've buying something over the Internet?

Skip the following question if the participant has already discussed this particular reason for their dislike.

- 21 You've said that you dislike providing information like your name and address to the seller when you've buying something over the Internet.

Is one reason for this because you're concerned that the seller will then use that information in ways about which they haven't asked you, and to which you haven't consented – for example, to send you "junk" mail in the post?

Skip the following question if the participant has already discussed this particular reason for their dislike.

- 22 You've said that you dislike providing information like your name and address to the seller when you've buying something over the Internet.

Is one reason for this because you're concerned that the seller will then sell that information to one or more other organisations, and one or more of those organisations will then use that information in ways about which no-one has asked you, and to which you haven't consented – for example, to send you "junk" mail in the post?

- 23 You've said that you dislike providing information like your e-mail address to the seller when you've buying something over the Internet.

Why do you dislike providing information like your e-mail address to the seller when you've buying something over the Internet?

Skip the following question if the participant has already discussed this particular reason for their dislike.

- 24 You've said that you dislike providing information like your e-mail address to the seller when you've buying something over the Internet.

Is one reason for this because you're concerned that the seller will then use that information in ways about which they haven't asked you, and to which you haven't consented – for example, to send you e-mail messages about things in which you have no interest (and which you regard as “junk” e-mail - which is often called “spam”)?

Skip the following question if the participant has already discussed this particular reason for their dislike.

- 25 You've said that you dislike providing information like your e-mail address to the seller when you've buying something over the Internet.

Is one reason for this because you're concerned that the seller will then sell that information to one or more other organisations, and one or more of those organisations will then use that information in ways about which no-one has asked you, and to which you haven't consented – for example, to send you e-mail messages about things in which you have no interest (and which you regard as “spam”)?

- 26 It's recognised as good practice for any business that sells things over the Internet to have what's called a “privacy policy”, and to have a copy of that privacy policy easily available on their Web site, so that people who are thinking about buying from that Web site can find it easily, and read it.

The sorts of things that a privacy policy should cover include:

- the limits on the use that the business will make of the information that you provide to it, and
- the limits on the disclosure that the business will make of the information that you provide to it.

So, for example, with regard to the limits on the use that the business will make of the information that you provide, the business's privacy policy might tell you that:

“We will only use your e-mail address to communicate with you about any orders that you place with us.

“For example, if we find that we will not be able to get your order to you as quickly as we have previously told you, we will send you an e-mail message

telling you this – and also telling you when you can expect to receive your order.

“We will not use your e-mail address for any other purpose.”

And, for example, with regard to the limits on the disclosure that the business will make of the information that you provide, the business’s privacy policy might tell you that:

“We will only disclose information about you to parties who provide services to us on a contract basis, and whose services we need to use in order to serve you. When we do disclose information about you to one or more such parties, we will only disclose to them the minimum information necessary for them to provide the relevant services.

“For example, so that we can arrange the timely delivery of your order, we will provide your name and address to the contractor to whom we assign the delivery of your order. However, we will not disclose to them any information that they do not need in order to make that delivery (for example, we will not disclose your e-mail address to them).

“Except for situations such as these, we will not disclose to any other person or organisation any of the information that you provide to us.”

Would you be less concerned about providing information to a seller when you’re buying something over the Internet if:

- the seller’s Web site had a privacy policy that explained how the business will handle the information that you provide to it, and
- you consider that the ways in which it will handle your information are acceptable?

Skip the following question if the participant has already discussed this particular issue.

27 If you were considering buying something, would you prefer not to buy it over the Internet because, if you buy it over the Internet, you can’t evaluate it as thoroughly as you’d like to before you buy it?

28 If you were to consider buying something over the Internet, would you be concerned that what would be delivered to you might not be what you ordered?

Skip the following question if the participant has already discussed this particular reason for their dislike.

29 Why, if you were to consider buying something over the Internet, would you be concerned that what would be delivered to you might not be what you ordered?

- 30 If you were to consider buying something over the Internet, would you be concerned that nothing would be delivered to you?

Skip the following question if the participant has already discussed this particular reason for their dislike.

- 31 Why, if you were to consider buying something over the Internet, would you be concerned that nothing would be delivered to you?

- 32 Let's assume that you're thinking about buying something over the Internet, and you've found two Web sites, both of which are selling what you want – in other words, you can buy what you want from either of those Web sites.

One of those Web sites tells you the phone number, and the postal address, of the business that runs it. However, the other Web site doesn't tell you any of that information about the business running it.

If you were thinking of buying something over the Internet, from which Web site would you feel more like buying it:

- the Web site that tells you the phone number, and the postal address, of the business that runs it, or
- the Web site that doesn't tell you any of that information about the business running it?

Then, if the participant hasn't already explained:

- 33 Why would you feel more like buying it from that Web site?

- 34 Now let's think about a situation that's quite similar to the one that we've just discussed.

Again, let's assume that you're thinking about buying something over the Internet, and you've found two Web sites, both of which are selling what you want – in other words, you can buy what you want from either of those Web sites.

One of those Web sites tells you the physical address (i.e., the street address), of the business that runs it. However, the other Web site doesn't tell you the physical address of the business running it.

If you were thinking of buying something over the Internet, from which Web site would you feel more like buying it:

- the Web site that tells you the physical address of the business that runs it, or

- the Web site that doesn't tell you the physical address of the business running it?

Then, if the participant hasn't already explained:

35 Why would you feel more like buying it from that Web site?

36 And now here's another situation that's quite like the two that we've just discussed.

Again, let's assume that you're thinking about buying something over the Internet, and you've found two Web sites, both of which are selling what you want – in other words, you can buy what you want from either of those Web sites.

One of those Web sites tells you that the business that runs it is in New Zealand. However, the other Web site tells you that the business running it is overseas.

If you were thinking of buying something over the Internet, from which Web site would you feel more like buying it:

- the Web site of the business that is in New Zealand, or
- the Web site of the business that is overseas?

Then, if the participant hasn't already explained:

37 Why would you feel more like buying it from that Web site?

38 Here's yet another situation that's quite like the two that we've just discussed.

Again, let's assume that you're thinking about buying something over the Internet, and you've found two Web sites, both of which are selling what you want – in other words, you can buy what you want from either of those Web sites. Let's also assume that what you want is reasonably big, and quite fragile – so you know that it can't merely be put in an envelope, but instead it needs to be carefully packed.

One of the Web sites from which you can buy it tells you “here are all of the things for which we'll charge you. There's the cost of the item that you want to buy, but there's also packing and shipping, and insurance, and then there's GST on all of that, making a total of ...”. However, the other Web site merely tells you the cost of the item, and doesn't mention anything else, such as packing.

If you were thinking of buying something over the Internet, from which Web site would you feel more like buying it:

- the Web site of the business that explains everything for which it will charge you (including the cost of the item that you want to buy), or

- the Web site of the business that tells you the cost of the item that you want to buy, but doesn't mention anything else?

Then, if the participant hasn't already explained:

39 Why would you feel more like buying it from that Web site?

40 If you buy something over the Internet, you normally have to provide your credit card number (and other details – e.g., its expiry date) to the seller, in order to pay for the goods that you've purchased.

How do you feel about providing this information to the business that operates the Web site from which you want to buy something?

Ask any or all of the following questions, as appropriate, if the participant:

- *is concerned about providing the relevant type of information, but*
- *hasn't already explained the relevant concern when answering the previous question.*

41 You've said that you're concerned about providing your credit card details when you buy something over the Internet.

Why are you concerned about providing your credit card details when you buy something over the Internet?

Ask any or all of the following three questions, as appropriate, if the participant hasn't already given the relevant information when answering the previous questions.

41.5 You've said that you're concerned about providing your credit card details when you buy something over the Internet.

Is one reason for this because you're concerned that the merchant to whom you send your credit card details might then use that information to defraud you?

42 You've said that you're concerned about providing your credit card details when you buy something over the Internet.

Is one reason for this because you're concerned that someone might discover your credit card details while they're being sent across the Internet from your computer to the seller's Web site?

- 43 You've said that you're concerned about providing your credit card details when you buy something over the Internet.

Is one reason for this because you're concerned that someone might discover your credit card details while they're held on the seller's Web site?

Ask the following two questions, as appropriate, if the participant hasn't already given the relevant information when answering the previous questions.

- 44 Now consider two possible situations.

In both situations, you're thinking about buying something over the Internet, and sending your credit card details over the Internet in order to do so.

In one, you're thinking about buying something from a business of which you've previously heard. Maybe you hadn't known that they had a Web site, but you have heard of them before – you recognise their name.

In the other situation, you've never heard before of the business that's running the Web site.

If you were thinking about sending your credit card details over the Internet in order to buy something, in which situation would you feel more like sending your credit card details over the Internet:

- if you've previously heard of the business that's running the Web site selling it, or
- if you've never previously heard of that business?

Then, if the participant hasn't already explained:

- 45 Why would you feel more like sending your credit card details over the Internet in that situation?

- 46 On your computer, the program that you use to look at Web sites is called an "Internet browser".

Sometimes, when you direct your Internet browser to look at a Web site, that Web site will place a very small file, called a "cookie", on your computer. There is nothing wrong with the way in which many Web sites use "cookies". However, some Web sites may use "cookies" in ways which are unacceptable.

And sometimes a Web site that puts a "cookie" on your computer does not tell you anywhere that it is doing so. It is not the case that the Web sites that use "cookies" in unacceptable ways are the only ones that fail to tell you about their use of "cookies"; sometimes a Web site that uses "cookies" in a way that is perfectly acceptable also fails to tell you that it uses them.

As an example of what a “cookie” can do - if you look at the Web site for a bookshop, the bookshop’s Web site might put a “cookie” on your computer, and use that to remember which type of books you looked at – so that when you go back to that Web site (which might be several weeks later), you are directed back to that section of the Web site. In this case there is nothing wrong with the way in which the Web site in question uses a “cookie” – and in fact the way that it uses a “cookie” is intended to provide you with better service.

However, a “cookie” can be used to gather information about you – e.g., to discover which Web sites you visit. And this use of a “cookie” is usually regarded as unacceptable, because it is collecting information about you without telling you why it is doing so, or to whom it will provide that information.

If you buy something from a Web site, that Web site will almost certainly put a “cookie” on your computer.

How do you feel about having a “cookie” put onto your computer by a Web site from which you buy something, or by a Web site that you visit?

Then, if the participant hasn’t already explained:

- 47 Why do you feel that way about having a “cookie” put onto your computer by a Web site from which you buy something, or by a Web site that you visit?

Ask the following question, as appropriate, if the participant is concerned about “cookies” and hasn’t already given the relevant information when answering either of the previous questions.

- 48 Would you be less concerned about having a “cookie” put onto your computer by a Web site from which you buy something, or by a Web site that you visit, if that Web site:
- tells you that it does put a “cookie” on your computer
 - explains to you the purpose(s) for which it uses that “cookie”, and
 - tells you all of this in simple language, and in a place that is easy for you to find on that Web site (e.g., in its privacy policy)?

If the participant is generally comfortable with the idea of buying over the Internet, ask ...

- 49 It seems that you’re generally comfortable with the idea of buying over the Internet.

Are there any types of things that you wouldn’t want to buy over the Internet? For example, clothes, or footwear? What about food – say, fruit and vegetables, or meat?

Note each type of thing that the participant wouldn't want to buy over the Internet. Then, for each type of thing, ask (if they haven't already explained):

50 You've said that one type of thing that you wouldn't want to buy over the Internet is _____ .

Why wouldn't you want to buy that over the Internet?

51 OK, as we've agreed, you're generally comfortable with the idea of buying over the Internet.

How would you feel about shopping over the Internet to buy something that's quite expensive?

Then, if the participant hasn't already explained:

52 Why do you feel like that about shopping over the Internet to buy something that's quite expensive?

53 One reason that some people like shopping in shops (as opposed to shopping over the Internet) is that they like the social aspects of shopping – e.g., they like shopping with friends, or they like chatting to the shop assistants, or they just like the buzz of the crowd.

Now, if you shop over the Internet, those social aspects of shopping are all missing.

How do you feel about the absence of those social aspects when you shop over the Internet?

Then, if the participant hasn't already explained:

54 Why do you feel like that about the absence of those social aspects when you shop over the Internet?

55 Have you ever thought about what one or more people who you know – e.g., family members, friends, people with whom you work - might say if they thought that you might shop over the Internet?

If the answer is "No", go to Q. 58 below.

56 You've just said that you have thought about what one or more people who you know might say if they thought that you might shop over the Internet.

What effect did your thoughts have on how you feel about shopping over the Internet?

Then, if the participant hasn't already explained:

57 Why did your thoughts have that effect on how you feel about shopping over the Internet?

If the participant's answer to Q. 4 above shows that he/she has never made a purchase over the Internet, go to Q. 61 below.

58 Have one or more people who you know – e.g., family members, friends, people with whom you work – ever said anything to you about you shopping over the Internet?

If the answer is "No", go to Q. 61 below.

59 You've just said that one or more people who you know have said things to you about you shopping over the Internet.

What effect did what they said have on how you feel about shopping over the Internet?

Then, if the participant hasn't already explained:

60 Why did what they said have that effect on how you feel about shopping over the Internet?

61 Now consider two possible situations.

In both situations, you're thinking about buying something over the Internet.

In one, you're thinking about buying something from a business of which you've previously heard. Maybe you hadn't known that they had a Web site, but you have heard of them before – you recognise their name.

In the other situation, you've never heard before of the business that's running the Web site.

If you were buying something over the Internet, in which situation would you feel more like buying it:

- if you've previously heard of the business that's running the Web site selling it, or
- if you've never previously heard of that business?

Then, if the participant hasn't already explained:

62 Why would you feel more like buying it in that situation?

63 Now consider two more possible situations.

Again, in both situations you're thinking about buying something over the Internet. This time, in both situations you're thinking about buying from the same Web site.

In one situation, you're previously bought things from that Web site, and you've always been satisfied with the outcomes.

In the other situation, you've never previously bought anything from that Web site.

If you were buying something over the Internet, in which situation would you feel more like buying it:

- if you've previously bought successfully from the Web site selling it, or
- if you've never previously bought anything from that Web site?

Then, if the participant hasn't already explained:

64 Why would you feel more like buying it in that situation?

65 Now consider two more possible situations, which are quite similar to the two that we've just discussed.

Again, in both situations you're thinking about buying something over the Internet, and from the same Web site.

In one situation, you're previously bought things from that Web site, and the last time that you bought from it you had a bad outcome.

In the other situation, you've never previously bought anything from that Web site.

If you were buying something over the Internet, in which situation would you feel more like buying it:

- if you've previously bought from the Web site selling it, and you had had a bad outcome the last time that you bought from that Web site, or

- if you've never previously bought anything from that Web site?

Then, if the participant hasn't already explained:

66 Why would you feel more like buying it in that situation?

I've asked you about a lot of different issues that relate to shopping on the Internet, and a lot of different aspects of shopping on the Internet.

67 Have I mentioned all of the issues that relate to shopping on the Internet that are of concern to you?

68 Are there any other aspects of shopping on the Internet that I haven't mentioned, but which are of concern to you?

Appendix 3 – Some variables that may moderate (some) consumer concerns

Evelyn, Glenda and Tim were three of the participants who I interviewed. Their answers to some questions were somewhat different to those of most or all of the other participants.

Firstly, all other participants who mentioned buying cars said that they would not be prepared to buy a car on-line – i.e., they would require to evaluate the potential purchase “face-to-face” (i.e., off-line) before making a decision (and would then presumably perform the ordering and payment processes off-line). However, Evelyn said that “When we were in the UK we were looking into buy a car on the Internet - which we would have been perfectly happy to do”.

Tim was similarly not concerned about the inability to evaluate a potential purchase “face-to-face” – and this was because “I’ve bought stuff over the Internet ... yeah, that doesn’t bother me” (however, in his interview Tim did not discuss buying a car).

Evelyn also said that she would be prepared to buy something via the Internet if, once she’d decided that she was going to buy it, the Internet enabled her to get the best deal. For example, when I asked her whether she would be prepared to buy home appliances on-line, Evelyn replied “again, it comes down to cost. I’d probably have done research before purchasing whatever it was, and so, if I could find it cheaper on the Internet, including delivery, then I would be quite happy to buy that”. Jennifer, Kevin and Henry were the only other participants who were also prepared to buy via the Internet if it resulted in them getting a better deal.

And – unlike all other participants - high prices did not deter either Evelyn or Tim from buying via the Internet. When I asked Evelyn “How would you feel about shopping over the Internet to buy something that’s quite expensive?” she replied “Haven’t really got a problem with that. Think we actually bought our laptop over the Internet”. And Tim’s reply to the same question was “Yeah; done that”.

When given a choice between a Web site run by a business of which he'd heard and one run by a business of which he'd never heard, Tim said that he would be prepared to buy from either - "as long as they've got a secure site". However, all other interview participants (including Evelyn and Glenda) said that they would send their credit card details to the known one.

Some, but not all, participants talked about buying groceries on-line. All of those who did specifically mentioned buying food. Evelyn and Glenda were among those who did, but were the only ones who were prepared to buy – and who were in fact already buying - perishable items on-line.

However, when it came to buying clothing on-line (as mentioned above), Evelyn said that she would buy some types of clothing over the Internet, but they were "things that I know I'm not going to have a problem with, like socks, or a scarf and hat and gloves". And she also said that, for example, she would not buy trousers over the Internet, because she would want to try them on to be sure that they were a good fit. That is, her attitudes to, and her concerns about, buying clothing on-line were identical to those of many other participants. And on many of the issues that were discussed Evelyn, Glenda and Tim all had attitudes and concerns that were similar to those of other participants.

In other words, on some matters the views of those three participants differed from the views of the others, but on other matters their views were the same as the other participants. I therefore thought that it might be instructive to see if, based on the very limited demographic data that I had collected, I could identify any possible reason for this.

Evelyn, her husband and their children had recently come to New Zealand from the UK. Her husband was a software engineer; before they had started a family, Evelyn "used to be an IT teacher". And – although I did not approach this issue systematically – it seems very likely that Evelyn had made more B2C e-commerce purchases, and had been making those purchases for a longer time, than any other participant in this study.

Glenda had also come to New Zealand from the UK. Unlike Evelyn and her husband, neither Glenda nor her husband were, or had been, involved in any aspect of IT. Glenda had not made as many B2C e-commerce purchases as Evelyn, but was (it seemed to me) one of the more experienced B2C users who I interviewed.

Tim and his wife had also, relatively recently, come to New Zealand from the UK. Neither of them were, or had been, involved in any aspect of IT. It seemed to me that Tim was also one of the more experienced B2C users who I interviewed, and had probably made roughly the same number of B2C e-commerce purchases as Glenda.

Also, Tim was probably the most “relaxed” B2C user whom I interviewed. He was aware of the issues, and what to watch out for, he had made a lot of purchases, and he had never had any problems. Also, he seemed to be less concerned about several issues than many of the other – less experienced – B2C users whom I interviewed. I got the impression that this was because, in all of the B2C purchases that he had made, none of those issues had ever resulted in any problems.

It seems to me that – as well as being more experienced B2C e-commerce users - Evelyn, Glenda and Tim may all also have been used to shopping in a B2C e-commerce environment that was “richer” than the one that has existed to date in New Zealand. One indicator of this was Evelyn’s comment that in the UK there are many more comparison shopping sites for B2C e-commerce than there are in New Zealand. And another indicator was the comment, from both Evelyn and Glenda, that by comparison with the UK, in New Zealand far fewer of the retail companies that one might reasonably have expected to have Web sites actually did.

The above information suggests that compared to most, if not all, of the other participants Evelyn probably:

- is more “computer-literate”, and more “net-savvy”, and

- has been using B2C e-commerce for longer, and has made more purchases using B2C e-commerce.

And it also suggests that Glenda and Tim are both ahead of most of the other participants.

I have suggested above that one possibility for further research would be to study more deeply some of the issues that I have identified, and that as part of doing so one should consider various demographic factors such as gender, education level, and age. Based on the differences that I have noted above between, on the one hand, Evelyn's, Glenda's and Tim's views, and on the other hand the views of the other participants, I suggest that it may also be desirable – if not necessary – to also consider other demographic factors for each participant, such as:

- the number of years for which they have been using computers, using the Internet, and using B2C e-commerce
- the number of B2C e-commerce purchases they have made, and
- their levels of literacy with regard to computers, with regard to the Internet, and with regard to B2C e-commerce.

Also, the above comments suggest that it might be desirable to try to recognise, and hopefully to understand, such things as the influence that the UK's richer B2C e-commerce environment has had on Evelyn's, Glenda's and Tim's views. As a result, in future research it might be desirable to ask each participant in which countries they have lived in the past ten years.