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CONSUMER'S PERCEIVED QUALITY OF E-COMMERCE EXPERIENCES

Introduction

E-commerce retail sales currently account for only 1% of all retail sales; however, the spectacular growth over the past two years has fueled both the number of Internet businesses as well as an interest in the attributes of customer experience that lead to perceived quality and customer satisfaction. In the most recent holiday season, estimates of revenue were between 3 and 10 billion, with the first week ever that a billion dollars of sales had been accomplished by consumers over the Internet (December 6- 12). This growth represents 2 to 4 times the sales over the 1998 holiday season. Our research (5 offline and 4 online focus groups of online buyers conducted in conjunction with Harris Interactive) indicates that current consumers of e-commerce are satisfied overall and expect to increase their e-commerce spending in the future as availability of products increases. At the same time, there are areas of improvement identified by focus group participants, and there are widespread reports in the press of dissatisfaction with some aspects of e-commerce.

Our focus groups were designed to cover issues identified by published research as being important, including selection, convenience, ease of use, price and personalization. We probed each of these issues to understand how consumers define these terms, and how these attributes are traded off against each other. Moreover, we asked focus group participants to compare online and offline shopping which increased our understanding of the underlying determinants of online shopping. As well, we investigated the degree to which online buyers perform relatively narrow product searches as opposed to browsing online. Market research has found that present online behavior is currently focused and search-oriented. We investigated both searching and browsing, and report why and when online consumers browse.

This report will focus on some of the early themes emerging from our research of customer satisfaction with e-commerce experiences. These themes include:

- ?? Product selection
- ?? Accessibility and convenience
- ?? Ease of use/website design
- ?? Consumer involvement and commitment
- ?? Price and price comparison
- ?? Product return
- ?? Enjoyment
- ?? Sociality
- ?? Personalization

In the following verbatims, "UCI" refers to focus groups conducted with MBA students and GSM staff who are online buyers, while "OC" refers to online buyers recruited by an affiliate of Harris Interactive in Orange County. The participants identified as "online" were recruited from the Harris Interactive online panel and they were interviewed in an online focus group environment; they came from all over the United States, with one member from Canada as well.

Product Selection

The variety of product selection was frequently offered as a reason to shop online. Several of our online participants lived a long distance from retail centers. Moreover, some buyers enjoyed purchasing specialized products consistent with their hobbies, such as camping equipment or collectibles, which are much more available online. Online was also perceived to be a potential source of inventory when the local store was out of stock.

"The [retailer has] all these things in the catalog and when you go in the bricks and mortar stores they are never in stock. Online it's always there because it comes directly out of their warehouses." (Offline, UCI)

Online buyers' perceptions that e-commerce offered them better selection, however, often referred to the selection available on the Internet as a whole, rather than the selection on individual sites, which was often perceived as limited compared to offline stores and even catalogs.

"You know the selection [offered by the seller] is really huge, but you go to find something [on their web site and] you are given like 16 and you know they make 50...you think, well gosh, why aren't the other 35 there?" (Offline, UCI)

Accessibility and Convenience

The availability of websites 24 hours a day/7 days a week and not having to wait on the phone to place an order make websites attractive to many consumers. Many informants felt they needed the convenience either because of time pressure, or how far away major stores were located from their homes. Control and freedom seemed to underlie the idea of convenience, which could be conceptualized as:

- * not having to be dressed to shop (e.g., "shopping nekked" or "in my underwear")
- * not having to take along the spouse and kids (the spouse could be annoying either because he/she interfered with their shopping or because they bought too much while shopping)
- * not having to walk from store to store
- * not having to drive to the store or from store to store
- * ease of comparing products on various attributes, including price

- * availability of information on websites
- * not having to negotiate with pushy salespeople

Representative comments follow:

What is the single most important factor in your satisfaction with shopping online? "The freedom to shop when & where I want...So easy & convenient." (Online, female, 51)

"You probably saw the large ad in the newspapers for Home Grocers...I live alone and recently I had pneumonia. I think I would have starved to death if I hadn't had access to that. It will enable me, I'm 81 now, to live at home alone a lot longer because when I get home at night, I'm not going to walk to the grocery store to buy a half gallon of milk.." (Offline, OC)

The ability to locate desired information on a web site -- including manufacturer's websites where products were not necessarily sold -- was very important to most buyers:

"I like getting the information. I like to find out everything about everything before I make a decision...And it's hard to get for a lot of products, before it was impossible, now you can." (Offline, UCI)

Websites, however, were less convenient in several ways:

- * Can't touch or try on items.
- * No one to talk to when help is needed/ slow response to email.
- * No immediate gratification from product purchase.

Consumers sometimes coped with the inability to touch or try on products by not purchasing items such as clothing or shoes online, or by checking out items offline before buying online. Email was sometimes helpful when the response time fell within 24 hours. Some sites are now offering live help, but only one of our focus group respondents mentioned using this kind of help system as yet. When customers needed immediate gratification, they coped by shopping offline rather than online.

Ease of Use/Website Design/Overall Appearance

Consistent with market research published to date, ease of use is important to consumers. Ease of use consisted of several different factors:

- * Quick download
- * "Intuitive" navigation, good search engines

- * Graphics that show products, including options to get bigger and more detailed pictures upon request
- * Absence of features that were "cool" but make the site more difficult to use
- * Overall appearance, including immediate comfort level with the site

Informants agreed that navigation should be intuitive, easy to understand and quick. They often said they preferred sites that offered them several ways of categorizing items. There was nearly universal impatience with confusing navigation, and there were high expectations for the ability to search quickly. Features that improved navigational ease and reduced the number of clicks to get to the wanted products - in this case mouseover pull-down menus shown to online informants -- evinced user enthusiasm. However, some web site features are perceived as a hindrance (one informant used the word "featur-itis" to describe having too many options on a site).

Since half to three quarters of users are coming online with a specific purchase in mind (rather than browsing) and because they want the transaction to be quick and efficient, a site that is difficult to use is like a store with a "closed for business" sign. Consumers report clicking to another site quickly if the download was slow or if they had to click too many times before finding what they wanted. Consistent with market research on the topic, consumers did not like large graphics that took a long time to download. However, consumers did like to be able to download larger graphics of products they wanted to inspect more closely. The other issue the informants raised with website functionality had to do with the process of placing an order. A surprising number of informants mentioned that they often filled their shopping carts, entered all their information, and then didn't know whether or not an order actually went through!

The primary coping mechanism for dealing with navigational or order difficulties is leaving the site. Yet, when asked when poor web site design might be tolerated, users often said that unique selection (something they "REALLY" wanted) and sometimes lower price would result in them tolerating poor navigation.

Consumer Involvement/Commitment

One of the more striking findings is that consumers are very involved with the search and buying process online, but paradoxically, not very committed. In fact, this quality of online shopping is very desirable to participants. If they have 20 minutes in their schedule, they can sit down at the computer and search for a needed item, and if they complete the transaction, fine, and if not, they feel they can pick up where they

left off soon. Thus, commitment may be low because the barriers to shopping are low online -- it is not, a "dedicated experience" where a buyer drives the car and goes to the trouble of going to the store, and thus feels disappointed if nothing is purchased. The availability of broadband "always-on" connections should further lower the barriers.

"You're not as committed (online). You haven't driven over there and parked and walked around so you have a little bit more flexibility and you can get around a lot faster." (Offline, UCI)

"If it's out of stock in the stores, you've just wasted all this time going to the store. If it's out of stock on the computer, well you've wasted two minutes, and it's not there. Okay, next place." (Offline, UCI)

Thus, shopping carts are easily abandoned not only because of shipping costs, but the lack of investment in the time and trouble it takes when buying online. One element that also decreases commitment is the absence of a salesperson. Several focus group members suggested that they often feel obligated to make a purchase when they have received salesperson assistance. These buyers liked online because they did not feel this unwanted pressure.

Price/Price comparison

As with offline shopping, price is important to many online shoppers. Many informants checked prices of products both on and off-line; some of these shoppers said they *only* purchased online when it was cheaper than offline. In addition, online buyers feel that the online environment facilitates easy price comparison compared to offline as multiple sites can easily be visited; in this sense, the online medium is the message. Informants also used online searching to help them price products even when the products are ultimately purchased offline.

Consistent with the fact that many sites are offering prices to encourage online shopping and to build online sales quickly, many shoppers are buying primarily on price. Most (but not all) participants felt that online prices were lower, and they offered reasons such as the fact that buyers could go from site to site much more easily, that there were no salespeople to pressure customers, and that the overhead was lower. Informants rarely offered special promotions as an explanation for some of the low prices online. The lower prices were attractive to most consumers and many informants said they would try no-name web sites for lower prices, especially if the financial risk was low (such as when purchasing a CD).

So you're willing to take a chance but you'd rather not if you don't have to for the same price. That's right. Everyone deals on price...Response: Choose the one with the better reputation. Response: But if it isn't you're going to choose the one who you don't care about they're working out of their garage or a shoe box. Response: It depends on what you're buying. If I'm

buying a new computer at \$1000, I am going to go with a more reputable company, but if I'm buying a CD, you'll try anybody." (OC, Offline)

However, the role of price in purchases sometimes changed as buyers gained experience. Once they were burned by having chosen a "low price" seller with poor service, their models changed, and reputation and customer service became more important in their considerations.

"I used to worry about finding the best price, but I've had enough negative experiences now that if I find that I get good service I will only use that site..." (Offline, UCI)

For online shopping, shipping and taxes are considered to be part of the total cost of the product. Many focus group participants felt that shipping and handling costs should be revealed upfront, and should be added to the shopping cart along with the item so that they would know the total price before they spent a lot of time on the site, placed items in the shopping cart, and then determined that the shipping costs were too high. A recent Forrester survey indicated that 82% of online buyers include shipping in the price of the item.

"ALL prices given should INCLUDE shipping. For multiple purchases from the same site there should be a running total that INCLUDES all purchases and the shipping ALWAYS in view."(Online, male, 35-50)

Several buyers coped with shipping costs by buying multiple items to lower the price of shipping per item. Interestingly, when buying offline, few buyers consider gas and wear and tear on the car to be part of the total price of acquiring goods. Those buyers who did consider the drive were those who had to drive further distances to get to shopping centers.

Product return

One of the most important drawbacks to online shopping is the perceived difficulty and expense of returning items. Consumers who are already accustomed to these difficulties -- specifically catalog shoppers -- have been estimated to be four times as likely to become online shoppers.

"I feel like it's just an extension of how I think and it's not any more of a hassle to return by online than it is through the catalog." (Offline, UCI)

The clicks and mortar combination is especially well suited to aiding consumers to cope with the trouble and expense of returning products, and most online buyers are enthusiastic about being able to return products to physical stores. Many consumers coped with the risk of return by buying items that they had

already seen offline, by shopping with a company with whose products they were relatively familiar (e.g. sizes of clothing were known), and by buying items that are commodities (e.g. books and CDs).

Enjoyment

Offline shopping was perceived by many participants (particularly in our offline focus groups) to be more enjoyable. Factors such as ambiance, smells, sounds, and people watching, which are associated with shopping and browsing, were mentioned as enjoyable elements of offline shopping. The absence of these factors online could mean that online shopping is less enjoyable for consumers and might change the focus of shopping from a browsing and buying based activity to transaction based activity. Indeed, a Jupiter Communications study indicates that 77% of consumers have a specific product in mind before going online to shop, and are thus, not shopping for fun. However, while some informants felt that it took too much effort to browse online, and therefore made mostly planned purchases online, other informants mentioned browsing in some circumstances. There were four types of browsing activity online:

(1) auction activities

"Sure you can browse, in an auction site you type in a keyword (like 'art deco') and see what's interesting..." (Online, male, 35-50)

(2) ongoing hobby-type search

Many informants did regularly visit sites to find new products that facilitated hobbies, interests or their career. These sites regularly had new products that made it worthwhile for browsers to check relatively regularly.

"Yes, I'm a software guy, and its always interesting to see what the latest program will do, so I visit all kinds of software companies...I visit Apple almost every day." (Online, male, 39)

(3) searching for and locating great deals

"[For browsing] I like 'buy.com' to see what deals they have. (Online, female, 27)

(4) to avoid offline shopping.

"I don't like malls, so consequently I use the Internet. I go to my stores, but I do it on the Internet rather than to malls...I check out the [online] stores like when people check out the malls. I mean I enter my store, check out the sales and end up buying and buying." (Offline, UCI).

Sociality

Offline shopping was perceived as involving many more people than online shopping -- including salespeople, other shoppers and friends and family coming along on the shopping trip. The relative lack of sociality online had strong positive and negative aspects. On the positive side, when online shopping, buyers liked the fact that they could locate information unfiltered by incompetent or pushy salespeople. Their spouse was not pushing them either to be quick or to buy something they didn't want. Crowds of people and lines were not in their way.

"Freedom. 90% of shopping hassle is dealing with people. I need them, but not as much as they think I need them." (Online, male, 19)

The negative side of not having salespeople online was that online customers wanted sales help to be available when they wanted more information. Customers liked the relatively rare but *good* help they received offline. E-mail assistance was viewed as a form of online help, but was sometimes perceived as being too slow and not individualized enough for them (e.g. form email responses). Online sources were sometimes mentioned as being as unhelpful as offline sources:

"I found that e-mail addresses on several websites don't seem to have anybody on the other end. You know, it's just there for someplace to complain to or whatever, but a lot of times you never hear anything again." *Response:* Well, you get a computer-generated response. You get a lot of those." (Offline, OC)

Personalization

While research is emerging with findings that indicate the method of personalization has an impact on its acceptability to buyers, our focus groups show that there are strong individual differences in responses to personalization. Many online shoppers liked the convenience that registering on a site offered them, such as automatic order form fill-in. They enjoyed the suggestions for other products that they may want to purchase.

"Sure I like for the site to fit my tastes." (Online, male, 22)

"I'm willing to put [my personal] information out there to a certain extent. And I think if it helps them refine their service or their products, I'll think that's fine. For me it's an even exchange." (Online, UCI)

Nevertheless, many users strongly disliked personalization: one advantage of being online after all is that without the face to face contact, a user can be relatively anonymous. Some users were offended that e-commerce sites took it upon themselves to predict their likes and dislikes, feeling they are unique and

their purchase history not particularly revealing of their preferences. Users also complained that the personalization resulted in more unwanted e-mail solicitations.

"I think it's really presumptuous. *Presumptuous?* Well, some computer algorithm shouldn't know what I want to buy...Gee Willie, you might like these things too and then there's the whole list...I just don't like anyone or anything second guessing what I'd like or want to purchase."
(Offline, UCI)

"It [personalization] gives me...that Big Brother feeling...[one site you deal with] is linked with other companies. It distributes your information all around so they know you even before you know them." (Offline, OC)

However, even users who are negative about personalization in general often like sites that store much of their information (except for perhaps their credit card) in order to make the transaction quicker:

"[Saving information] makes it easy and quick for sites you use a lot." (Online, male, 34)

Summary

Published marketing research consistently lists product selection, convenience and price as being the top three reasons consumers choose to shop online. Our focus group sheds light on the notion of selection, as online buyers were impressed with the selection on the web as a whole, rather than the selection on individual websites. Moreover, convenience and accessibility are defined and explained by our online buyers in detail. As has been indicated by market research, ease of use (an element of "user experience") and navigation are important to online buyers; however, we found that ease of use is balanced against unique selection and prices for users. The overall appearance of professionalism as well as a relatively quick judgment of being comfortable and welcome at a website were found as intangibles not previously noted in published market or scholarly research.

Rather striking for us was the underlying consumer motivations for shopping online; consumers reported a sense of freedom and control, with the ease of finding information and purchase being particularly important in their overall experience. Online buyers think of the online medium as a high involvement, but low commitment resource. We also found that although a majority of our focus group participants engaged in focused product search, some of them browsed websites that featured products which facilitated an ongoing hobby, checked out prices regularly, or enjoyed the unique atmosphere offered by auctions, particularly eBay. In addition, we found that there are strong individual differences in responses to personalization efforts. Moreover, online buyers who did not like other elements of personalization nevertheless liked websites who saved information which speeded future transactions.

Our research using the focus group data collected from on-line shoppers is in process. We will use the focus group data presented in part in this paper to develop an online survey instrument that will measure each of the factors that we have determined are important in determining user satisfaction with e-commerce experiences. We will be doing further analysis to identify the determinants of e-commerce quality. The purpose of this paper is to offer some interesting preliminary findings and to stimulate discussion of possible managerial implications and research directions.