Empirical Insights on the Effect of User-Generated Website Features on Micro-Conversions

Christian Holsing, Faculty of Business Administration and Economics, University of Hagen, Hagen, Germany
Carsten D. Schultz, Faculty of Business Administration and Economics, University of Hagen, Hagen, Germany

ABSTRACT

Based on 2.91 million user sessions, this study analyzes the effect of user-generated social-shopping features on micro-conversions. In the authors’ specific case of a social shopping community (SSC), the authors define a micro-conversion as a visit to a product-detail page. These visits are a requisite for visits to participating online-shops (click-out) for which the operator of a SSC receives a fee. In addition to general metrics and traditional Website shopping features, several user-generated social shopping features, such as recommendation lists, styles (e.g., user-generated assortments), tags, and user profiles are analyzed. Lists, styles, and tags positively affect the number of micro-conversions indicating their ability to facilitate browsing and product shopping. In contrast, the authors’ results show a negative effect of user profiles on the number of micro-conversions. However, profiles facilitate community building activities. Implications for researchers and management are provided.

Keywords: Clickstream Data, Consumer Behavior, Conversion Rate Optimization, Social Commerce, Social Shopping, User-Generated Content

INTRODUCTION

The digital networked environment provides a variety of new possibilities to communicate, to interact, and to purchase. Especially the advent of Web 2.0 is moving the online landscape into a consumer-driven era (Bucklin & Sismeiro, 2009; Stephan & Toubia, 2010). Specifically, Web 2.0 provides consumers with many methods of creating and sharing user-generated content (UGC), leading to the rapid growth of social media such as blogs, message boards, and content-sharing platforms (Bucklin & Sismeiro, 2009). UGC can be referred to as consumer initiated contributions (Fader & Winer, 2012), such as the creation of lists, profiles, styles, and tags in this study. Within the scope of this development, a new form of e-commerce is emerging: social shopping. Social shopping is the linkage of

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online shopping and social networking. More generally, social shopping is about connecting consumers and shopping together (Stephen & Toubia, 2010), which is also the focus of social shopping communities (SSC). A SSC is an online-shopping service that connects consumers and lets them discover, share, recommend, rate, and purchase products (Laudon & Traver, 2009). Thus, the existence of a community is a core element of social shopping (Olbrich & Holsing, 2011). As previous research shows, consumers have several different motivations to participate in communities, e.g., belonging, entertainment, and prestige (Flavain & Guinaliu, 2005; Rohearmel & Sugiyama, 2001; Wang et al., 2009). In general, resources offered by virtual communities can foster shopping needs-satisfaction (Macaulay et al., 2007). For example, consumers can exchange opinions on company products and help each other with specific problems, which may lead to a more personal shopping experience (Ghose & Ipeirotis, 2009). The sharing of user-generated product reviews and giving advice can increase trust, thus reducing perceived risk when purchasing online (Ghose & Ipeirotis, 2009).

Besides these developments as well as an increasingly competitive e-commerce market, measuring and managing key performance metrics, such as the number of users, view time, and conversion rates, have become crucial to Website managers (Ayanso & Yoogalingam, 2009; Moe & Fader, 2004a). However, conversion rates are not limited only to purchases and may also entail generating leads or the download of a document, e.g., a white paper.

But until now, existing research has provided few insights into the effect of user-generated features on purchasing behavior and conversion rates (Olbrich & Holsing, 2011). Thus, an understanding of what influences these performance metrics is of considerable interest to researchers and Website managers. In our study, we analyze the micro-conversion of product-detail page views. This micro-conversion is crucial for the operator of a SSC, because such a visit is the requirement for a click-out. Against this background, we study the following research question: What is the effect, if any, of user-generated Website features on the micro-conversion product-detail page?

The remainder of the paper is organized as follows. The next section briefly discusses the related literature. Then, the hypotheses are derived. Afterwards, the dataset of an existing SSC is presented and analyzed. The empirical results and limitations of our study are discussed and directions for future research outlined.

CLICKSTREAM RESEARCH AND CONSUMER BEHAVIOR

Clickstream data is a powerful source of information on online consumer behavior (Bucklin et al., 2002; Chatterjee et al., 2003). In addition to the tracking of transactions, such as purchases, clickstream data also facilitate tracking earlier consumer actions, such as searching and browsing. Therefore, existing clickstream studies have analyzed several aspects, including information search and usage (Moe & Fader, 2004a), consumer motives to continue browsing (Bucklin & Sismeiro, 2003), identifying consumer goals (Moe, 2003), investigating online decision-making processes (Senecal et al., 2005), and identifying consumers with a high probability to purchase (Moe & Fader, 2004a, Montgomery et al., 2004). In addition, these studies focus on several different types of Websites, e.g., an automotive Website (Bucklin & Sismeiro, 2003) or an online shop for nutrition products (Moe, 2003). However, clickstream modelers have focused predominantly on ‘search type’ products, e.g., books and CD’s (Johnson et al., 2003, Moe & Fader, 2004b). Furthermore, the data volume is quite varied, with the number of observations ranging from a few hundred (Huang et al., 2009) over several thousand (Danaher et al., 2006) to some million (Olbrich & Holsing, 2011; Holsing & Olbrich, 2012).

However, using clickstream data confronts researchers with a number of difficulties (Cooley et al., 1999), such as capturing the purchasing environment of consumers and the complex data pre-processing. Moreover, the
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