Chapter 5

Identifying the Direct Effect of Experience and the Moderating Effect of Satisfaction in the Greek Online Market

Michail N. Giannakos
Ionian University, Greece

Adamantia G. Pateli
Ionian University, Greece

Ilias O. Pappas
Ionian University, Greece

ABSTRACT

The scope of this paper is to examine the perceptions which induce the Greek customers to purchase over the Internet, testing the direct effect of experience and the moderating effect of satisfaction. A review of research conducted in the Greek online market demonstrates that satisfaction, self-efficacy, and trust keep a prominent role in the Greek customers’ shopping behavior. To increase understanding of this behavior, two parameters of the UTAUT model, performance expectancy and effort expectancy, are incorporated. The findings demonstrate that customers’ perceptions about all of the parameters do not remain constant, as the experience acquired from past purchases increases. Moreover, the relationship of experience with self-efficacy and intention to repurchase changes, as satisfaction gained from previous purchases increases. The implications of this study are interesting not only for the Greek but also for the Mediterranean researchers and e-retailers, since the Mediterranean ebusiness market shares several cultural similarities with the Greek market.

INTRODUCTION

Retaining online customers is of great importance for all firms as it makes them capable of gaining advantage over their competitors. Customers who spend more money, buy more often, refuse to respond to competitors’ promotions and use positive word-of-mouth constitute the loyal customers of a firm. Those customers are the most important ones (Dick & Basu, 1994; Bolton, 1998; Rust & Donthu, 1995). Studies have shown that by increasing customer retention there are increased
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profits for companies that compete in mature and highly competitive markets, especially service industries, such as banking, hotels and airlines (Fornell & Wernerfelt, 1987; Reichheld & Sasser, 1990). For instance, Reichheld and Schefter (2000) found that increasing customer retention by just 5 percent could increase firms’ profitability by 25 percent to 95 percent.

The economic growth, the technological infrastructure, the regulatory framework, the living standards and the weather conditions are just some of the factors affecting the digital profile of a country (Observatory of the Greek Information Society, 2010). Specifically, compared to the rest European countries, the Mediterranean countries are considered as laggards of e-commerce adoption (Vehovar, 2003). According to Turk et al. (2008), the character, the culture and the lifestyle of the Mediterranean inhabitants set the intention to repurchase as a matter of high priority. This study aims at increasing understanding of the special features of online Mediterranean customers and their behavior towards repurchasing.

Greece, as a country with low levels of Internet and e-commerce adoption (Papazafeiropoulou et al., 2001; Buhalis & Deimezi, 2003; European Commission, 2009), as well as a member of the European Union, geographically located in the Mediterranean area, comprises a very interesting case study. According to a recent study of the Observatory of the Greek Information Society (2010), consumer awareness of Greeks is underdeveloped and this seems to be a matter of idiosyncrasy. Although Greece is rated fifth among European counties in complaining about online retailers’ services, Greeks (72%) are first among Europeans on not doing anything to dispense justice.

Recent research in the area of online customer behavior has revealed that customers’ previous online experience is likely to have an effect on their future intention to re-use an online application (Chiu et al., 2009). Saprikis et al. (2010) point out differences between the perceptions of adopters and non-adopters (non experienced users) in the Greek market. Since the Greek electronic market is currently in growth (European Commission, 2009), young Greeks are becoming more willing to adopt e-commerce practices (Angeli & Kyriakoullis, 2006). Nevertheless, the Greek market comprises a mixed market, consisting of users with diverse levels of experience and great differences in behavior and perceptions.

The overall purpose of the study is to examine the key factors of the B2C e-commerce in the Greek market. The detailed objectives include: a) identifying the key factors affecting the online shopping behavior of the Greek consumers, b) empirically validating and testing the constructs corresponding to these factors using data gathered from a sample of online consumers in Greece, c) investigating the direct effect of online shopping experience on the key factors identified, and d) investigating the moderating effect of satisfaction on the key factors identified.

More specifically, in this paper, we investigate the relationship between the Greek users’ online experience and the following key factors affecting their online shopping behavior; self-efficacy (SEF), effort expectancy (EE), performance expectancy (PE), trust (TR) and intention to repurchase (IR). These key factors have stemmed from review of studies on the special features of the Greek online market as well as from dominant theoretical research in the area of technology acceptance. We argue that they are positively associated with users’ number of purchases and they are also indirectly affected by satisfaction that derives from previous experience. In order to support our arguments, we are based on a set of models and theories, such as Unified Theory of Acceptance and Use of Technology (UTAUT) (Venkatesh et. al., 2003), Expectation Confirmation Theory (ECT) (Oliver & DeSarbo, 1988) and Social Cognitive Theory (SCT) (Bandura, 1986).

The paper is organized as follows. In the next section, we discuss existing status of research con-