MICROCOMPUTER PURCHASE DECISIONS IN SMALL RETAIL BUSINESSES*

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The number of microcomputers purchased by small retail businesses continues to increase. Little is known, however, about retailers’ purchase process and its relationship to postpurchase satisfaction. This study investigated the stages of that purchase process beginning with the search for information. Results indicate that postpurchase satisfaction is dependent upon choices and decisions made in the early stages of the purchase process. In addition, data analyses reveal that the sources of purchase information are changing and that all available sources are not being used. Finally, the study indicates that small retailers continue to experience relatively low levels of postpurchase satisfaction despite the increasing power and decreasing prices of computer systems. Reasons for low satisfaction levels are discussed. Then both practical and research-oriented recommendations are made for improving the microcomputer purchase decisions of small retailers.

An increasing percentage of small retail businesses use microcomputers in their daily activities. For firms that employ less than 50 people, microcomputer purchases increased by an average of 65% between 1981 and 1986 (Bacas, 1985). More recent studies indicate that this demand has continued and is expected to increase in the near future (Lyons, 1988; Nazem & Price, 1989). For example, Nazem and Price found that approximately one-third of noncomputerized small businesses plan to purchase a computer soon, and that over two-fifths believe that there is a need in their company for a computer.

With the increase in microcomputer purchases by small businesses there has come a growing research interest in the purchase decision. In 1983, Garris and Burch cautioned small businesses to purchase computers only for those tasks that could be performed better when computerized.
computerized. Two years later, a survey conducted by Farhoomand and Hrycyk (1985) concluded that the primary reasons for small businesses’ purchase of microcomputers were: reduction of information overload; improvement in competitive position; and capitalization on the potential benefits of computer systems.

Of the small businesses surveyed by Farhoomand and Hrycyk, a large number (72%) incurred a total hardware-plus-software expenditure exceeding $15,000. The most frequently reported uses for computers were accounting (32%), word processing (16%), spreadsheet analysis (13%), and database management (12%). In addition, most of Farhoomand and Hrycyk’s respondents used IBM or IBM-compatible micros.

Other researchers continued to make contributions to the accumulating knowledge regarding small businesses’ microcomputer purchase decisions. For example, Romney and Stocks (1985) constructed a prescriptive eight-step process for the purchase decision. Each step identified possible pitfalls and listed suggestions for their prevention.

Many of these researchers stressed the importance of software selection during the microcomputer purchase decision. Cheney (1983) found inflexibility of software packages to be the second ranked item in a list of implementation problems encountered by small businesses and errors in the program to be the seventh ranked. Karasik (1984), Malone (1985), and Wolfe and Smith (1986) stressed the importance of selecting appropriate software before concentrating on the hardware for a system.

Along with the emphasis on software selection in the computer purchase decision came a growing dissatisfaction with vendors. Users stated that promises made by computer suppliers were not kept (Falvey, 1985). In fact, one article pointed out that it is common practice for computer vendors to exaggerate benefits while underestimating the cost of computer systems (Romney & Stocks, 1985). Two years later, Lees and Lees (1987) found that dissatisfaction with vendors was still high, as did Nazem and Price in 1989.

Thus previous literature on small business microcomputer use documents low levels of satisfaction with vendors and microcomputers despite the accelerating rate of computer purchases occurring in the marketplace. In addition, studies reveal an acute awareness of the importance of software and its selection to the purchase decision. None of the studies, however, specifically examined the relationship between the purchase process and later levels of satisfaction. Toward that end, this study investigated the microcomputer purchase process in order to answer the following questions:

1. Where are small retailers obtaining information prior to making a microcomputer purchase?
2. Where are small retailers purchasing hardware and software?
3. Have computer usage activities changed in recent years?
4. Have satisfaction levels improved since earlier studies?
5. Do short and long-term satisfaction levels differ by selected vendor?

Method

Sample and Procedure

The sample consisted of 62 small retail businesses located in a mid-Atlantic state. Each business was contacted in person by a trained interviewer who identified an appropriate company representative by asking to speak to the “person in your company who is responsible for the management and maintenance of your computer system.” The appropriate person was usually the president or owner (37%), office manager (27%), or vice-president (10%) of the selected business. Once identified, the representa-
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